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Wuxi Life International Holdings Group Limited

悟喜生活國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8148)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of Directors (the “**Board**”) of the Company announces the condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding periods in 2023. The Group’s interim results for the six months ended 30 June 2024 are unaudited, but have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	2	36,749	13,331
Cost of sales		(20,471)	(5,113)
		<hr/>	<hr/>
Gross profit		16,278	8,218
Other income	4	1	36
Administrative expenses		(5,769)	(3,385)
Research and development expenses		(5,954)	(5,500)
Selling and distribution expenses		(1,402)	(1,022)
		<hr/>	<hr/>
Profit/(loss) from operations		3,154	(1,653)
Finance costs	5(a)	(119)	(250)
		<hr/>	<hr/>
Profit/(loss) before taxation	5	3,035	(1,903)
Income tax	6	(81)	–
		<hr/>	<hr/>
Profit/(loss) for the period from continuing operations		2,954	(1,903)
Discontinued operation			
Loss for the period from discontinued operation	7	–	(548)
		<hr/>	<hr/>
Profit/(loss) for the period		2,954	(2,451)
		<hr/> <hr/>	<hr/> <hr/>

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Attributable to:			
Owners of the Company			
– From continuing operations		2,957	(1,893)
– From discontinued operation		–	(548)
		<u>2,957</u>	<u>(2,441)</u>
Non-controlling interests			
– From continuing operations		(3)	(10)
– From discontinued operation		–	–
		<u>(3)</u>	<u>(10)</u>
Profit/(loss) for the period		<u>2,954</u>	<u>(2,451)</u>
		<i>HK cents</i>	<i>HK cents</i>
		(Unaudited)	(Unaudited)
Earnings/(loss) per share			
Basic and diluted (<i>HK cents</i>)			
– From continuing operations	<i>9</i>	0.23	(0.15)
– From discontinued operation	<i>9</i>	–	(0.04)
		<u>0.23</u>	<u>(0.19)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	2,954	(2,451)
Other comprehensive income/(expense) for the period, net of nil tax		
Item that may be classified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	—	1
	—	1
Total comprehensive income/(expense) for the period	2,954	(2,450)
Attributable to:		
Owners of the Company		
– From continuing operations	2,957	(1,862)
– From discontinued operation	—	(578)
	2,957	(2,440)
Non-controlling interests		
– From continuing operations	(3)	(10)
– From discontinued operation	—	—
	(3)	(10)
Total comprehensive income/(expense) for the period	2,954	(2,450)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Expressed in Hong Kong dollars)

	Note	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		435	–
Intangible assets		–	–
Goodwill		–	–
Right-of-use assets		–	–
Loans receivable	10	–	–
		435	–
Current assets			
Inventories		6,073	–
Trade and other receivables	11	21,110	5,505
Loans receivable	10	–	–
Interest receivables	10	–	–
Cash and cash equivalents		10,210	3,198
		37,393	8,703
Current liabilities			
Trade and other payables	12	22,133	846
Contract liabilities	13	10,651	6,641
Interest-bearing borrowing	14	740	790
Amount due to a director	15	4,069	2,852
Lease liabilities		776	757
Current tax payable		81	–
		38,450	11,886
Net current liabilities		(1,057)	(3,183)
Total assets less current liabilities		(622)	(3,183)

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Defined benefit plan obligations		852	852
Lease liabilities		133	526
		<u>985</u>	<u>1,378</u>
NET LIABILITIES		<u>(1,607)</u>	<u>(4,561)</u>
Capital and reserves			
Share capital	16	50,906	50,906
Reserves		(47,145)	(50,102)
		<u>3,761</u>	<u>804</u>
Total equity attributable to owners of the Company		<u>3,761</u>	<u>804</u>
Non-controlling interests		(5,368)	(5,365)
		<u>(1,607)</u>	<u>(4,561)</u>
TOTAL CAPITAL DEFICIENCY		<u><u>(1,607)</u></u>	<u><u>(4,561)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company							Total	Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Capital surplus	Exchange reserve	Other reserve	Accumulated losses			
At 1 January 2023 (audited)	50,906	381,490	2,427	16,699	1	(102)	(441,224)	10,197	(4,572)	5,625
Changes in equity for the period:										
Loss for the period	-	-	-	-	-	-	(2,441)	(2,441)	(10)	(2,451)
Other comprehensive expense for the period, net of nil tax										
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	1	-	-	1	-	1
Total comprehensive expense for the period	-	-	-	-	1	-	(2,441)	(2,440)	(10)	(2,450)
At 30 June 2023 (unaudited)	<u>50,906</u>	<u>381,490</u>	<u>2,427</u>	<u>16,699</u>	<u>2</u>	<u>(102)</u>	<u>(443,665)</u>	<u>7,757</u>	<u>(4,582)</u>	<u>3,175</u>
At 1 January 2024 (audited)	50,906	381,490	2,427	16,699	1	(102)	(450,617)	804	(5,365)	(4,561)
Changes in equity for the period:										
Profit/(loss) for the period	-	-	-	-	-	-	2,957	2,957	(3)	2,954
Other comprehensive income for the period, net of nil tax										
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	2,957	2,957	(3)	2,954
At 30 June 2024 (unaudited)	<u>50,906</u>	<u>381,490</u>	<u>2,427</u>	<u>16,699</u>	<u>1</u>	<u>(102)</u>	<u>(447,660)</u>	<u>3,761</u>	<u>(5,368)</u>	<u>(1,607)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated/(used in) from operating activities	6,791	(4,595)
Net cash used in investing activities	(453)	(91)
Net cash generated from financing activities	674	1,610
Net increase/(decrease) in cash and cash equivalents	7,012	(3,076)
Cash and cash equivalents at beginning of the period	3,198	4,445
Effect of foreign exchange rate changes	—	—
Cash and cash equivalents at end of the period	10,210	1,369

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and GEM Listing Rules. They are prepared under the historical cost convention.

The accounting policies adopted in preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new and revised HKFRSs.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2024. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

2. REVENUE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
From continuing operations		
Provision of software platform services	17,925	13,331
Provision of advertising e-commerce platform services	15,647	–
Sales of products	3,177	–
Mobile games and applications	–	–
	<u>36,749</u>	<u>13,331</u>

3. SEGMENT REPORTING

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

The Group has four (2023: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

- i) Software platform : Developing and marketing of patented server based technology and the provision of communications software platform and software related services;
- ii) Advertising e-commerce platform “紫紅盒子” : a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development. The platform provides a tailored product recommendations and incentives in the form of advertising rewards or discounts;
- iii) Sales of products : sales of a wide spectrum of product categories, mainly including skin care products, agricultural products, gold jewelry, daily necessities, etc., in the platform “紫紅盒子” through content writing, platform promotion, short videos, live streaming and natural traffic, etc; and
- iv) Mobile games and applications : Game publishing, development of mobile games and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions.

Discontinued operation

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

(a) **Business segments**

	2024						
	Continuing operations				Discontinued operation		
Software platform	Advertising e-commerce Platform	Sales of products	Mobile games and applications	Sub-total	Money lending	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
For the six months ended 30 June							
Disaggregated by timing of revenue recognition							
Point in time	6,087	-	3,177	-	9,264	-	9,264
Over time	11,838	15,647	-	-	27,485	-	27,485
Revenue from external customers	17,925	15,647	3,177	-	36,749	-	36,749
Reportable segment profit/(loss) ("adjusted EBITDA")	4,523	1,158	17	(7)	5,691	-	5,691
As at 30 June							
Reportable segment assets	15,958	7,290	14,416	5	37,669	-	37,669
Additions to non-current assets	12	423	-	-	435	-	435
Reportable segment liabilities	(12,549)	(5,733)	(14,899)	(179)	(33,360)	-	(33,360)
2023							
	Continuing operations			Discontinued operation			
	Software platform	Mobile games and applications	Sub-total	Money lending	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
For the six months ended 30 June							
Disaggregated by timing of revenue recognition							
Point in time	4,427	-	4,427	-	4,427		
Over time	8,904	-	8,904	-	8,904		
Revenue from external customers	13,331	-	13,331	-	13,331		
Reportable segment profit/(loss) ("adjusted EBITDA")	619	(24)	595	(548)	47		
As at 30 June							
Reportable segment assets	10,130	1,974	12,104	5,114	17,218		
Additions to non-current assets	39	-	39	-	39		
Reportable segment liabilities	(7,714)	(178)	(7,892)	(38)	(7,930)		

The measure used for reporting segment result is “adjusted EBITDA”, i.e., “adjusted earnings before interest, taxes, depreciation and amortisation”, where “depreciation and amortisation” is regarded as including impairment losses on non-current assets.

(b) **Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue from continuing operations	36,749	13,331
Reportable segment revenue from discontinued operation	–	–
	<u>36,749</u>	<u>13,331</u>
Profit/(loss) for the period		
Reportable segment profit from continuing operations	5,691	595
Reportable segment profit from discontinued operation	–	(548)
Unallocated corporate income and expenses	(2,737)	(2,498)
	<u>2,954</u>	<u>(2,451)</u>
Total assets		
Reportable segment assets from continuing operations	37,669	12,104
Reportable segment assets from discontinued operation	–	5,114
Unallocated corporate assets	159	1,897
	<u>37,828</u>	<u>19,115</u>
Total liabilities		
Reportable segment liabilities from continuing operations	33,360	7,892
Reportable segment liabilities from discontinued operation	–	38
Unallocated corporate liabilities	6,075	8,010
	<u>39,435</u>	<u>15,940</u>

The unallocated corporate income and expenses mainly include depreciation and amortisation, finance costs, impairment loss on goodwill, staff costs and legal and professional fees of head office. The unallocated corporate assets and liabilities mainly include goodwill, property, plant and equipment, right-of-use assets, prepayments, lease liabilities and interest-bearing borrowings. This is the measure reported to the chief operating decision-maker for the purposes of performance assessment and resource allocation.

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reversal of impairment loss on trade receivables	–	–
Gain on disposal of a subsidiary	–	6
Sundry income	1	30
	<hr/>	<hr/>
	1	36
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit/(loss) before taxation from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs:		
Interest on lease liabilities	29	9
Interest on other borrowings	90	241
	<hr/>	<hr/>
	119	250
	<hr/>	<hr/>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	9,720	8,265
Contributions to defined contribution retirement plan	451	347
	<hr/>	<hr/>
	10,171	8,612
	<hr/>	<hr/>
(c) Other items:		
Depreciation of property, plant and equipment	18	83
Depreciation of right-of-use assets	–	421
Reversal of impairment on trade receivables	–	–
Loss of disposal of property, plant and equipment	–	3
	<hr/> <hr/>	<hr/> <hr/>

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

Taxation in the condensed consolidated statement of profit or loss represents:

(i) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for both periods as the subsidiaries incorporated in Hong Kong have no assessable profits for 2023, and the subsidiaries have tax losses carried forward which exceed assessable profits, or have no assessable profits for 2024.

(ii) PRC Enterprise Income Tax

The subsidiary incorporated in the People's Republic of China ("PRC") are subject to the PRC Enterprise Income Tax rate of 25% (2023: 25%), except for certain subsidiaries which are eligible for the tax rate of 5% in Zhejiang Province, the PRC, for the period.

Income tax represents PRC Enterprise Income Tax provided based on the assessable profit of PRC subsidiaries for the period. No provision for the PRC Enterprise Income Tax has been made for 2023 as the subsidiary incorporated in the PRC have estimated tax losses for 2023.

(iii) Income tax from other tax jurisdictions

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

7. DISCONTINUED OPERATION

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

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

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

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Results of discontinued operation:		
Revenue	–	–
Other income, net	–	23
Administrative expenses	–	(571)
	<hr/>	<hr/>
Loss from operation	–	(548)
Finance costs	–	–
	<hr/>	<hr/>
Loss before taxation	–	(548)
Income tax	–	–
	<hr/>	<hr/>
Loss for the period	–	(548)
	<hr/>	<hr/>
(b) Loss for the period from discontinued operation is arrived at after charging/(crediting):		
Reversal of impairment on loans and interest receivables	–	(23)
	<hr/> <hr/>	<hr/> <hr/>

8. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the following profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue during the periods:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company		
– From continuing operations	2,957	(1,893)
– From discontinued operations	–	(548)
	<hr/>	<hr/>
	2,957	(2,441)
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June	
	2024	2023
	Number of shares '000	Number of shares '000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period	1,272,640	1,272,640

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for the periods ended 30 June 2024 and 2023 is the same as the basic earnings/(loss) per share as there were no potentially dilutive ordinary shares in issue.

10. LOANS AND INTEREST RECEIVABLES

The Group's loans and interest receivables arose from the Money Lending Business which has been classified as discontinued operation in September 2021 as a result of the Group's decision to cease the operation.

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

	At 30 June 2024			At 31 December 2023		
	Loan portion <i>HK\$'000</i> (Unaudited)	Interest portion <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Loan portion <i>HK\$'000</i> (Audited)	Interest portion <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Secured loans by mortgage	–	–	–	–	–	–
Personal guaranteed loans	–	–	–	–	–	–
Unsecured loans	3,841	–	3,841	3,841	–	3,841
	3,841	–	3,841	3,841	–	3,841
Less: loss allowance	(3,841)	–	(3,841)	(3,841)	–	(3,841)
	–	–	–	–	–	–

Loans receivable were interest-bearing at rates ranging from 10.0% to 58.9% (2023: 10.0% to 58.9%) per annum and repayable on maturity date under the terms in contractual agreements or on demand in writing by the Group.

Ageing analysis

Ageing analysis was prepared based on contractual due date:

	At 30 June 2024			At 31 December 2023		
	Loan portion <i>HK\$'000</i> (Unaudited)	Interest portion <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Loan portion <i>HK\$'000</i> (Audited)	Interest portion <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Current (not past due)	-	-	-	-	-	-
Less than 3 months past due	-	-	-	-	-	-
3 to 6 months past due	-	-	-	-	-	-
Over 6 months past due	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Gross amount of trade receivables	8,692	6,535
Less: Loss allowance	(3,958)	(3,958)
	<u>4,734</u>	<u>2,577</u>
Deposits and other receivables	882	545
Prepayments	15,494	2,383
	<u>21,110</u>	<u>5,505</u>

All of the Group's trade and other receivables, apart from certain deposits and prepayments of HK\$222,000 (2023: HK\$216,000), are expected to be recovered or recognised as expenses within one year.

Ageing analysis

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

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Within 1 month	2,053	987
More than 1 but less than 3 months	1,238	988
More than 3 but less than 6 months	793	331
More than 6 but less than 12 months	650	271
	<u>4,734</u>	<u>2,577</u>

12. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	589	–
Receipts in advance	19,605	–
Other payables	1,939	846
	<u>22,133</u>	<u>846</u>

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Within 1 month	479	–
More than 1 but less than 3 months	–	–
More than 3 but less than 6 months	110	–
More than 6 but less than 12 months	–	–
	<u>589</u>	<u>–</u>

The credit period granted by suppliers is normally within 30 days as at 30 June 2024.

13. CONTRACT LIABILITIES

These represent billings in advance of performance under IT service contracts with customers.

When the Group receives a deposit before the service commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the project exceeds the amount of the deposits. The Group typically receives a certain deposit, which is negotiated on case by case basis with customers, on acceptance of IT service contracts.

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
At 1 January	6,641	7,361
Decrease in contract liabilities as a result of recognising revenue during the period/year that was included in the contract liabilities at the beginning of the year	(4,300)	(6,138)
Increase in contract liabilities as a result of billing in advance of performance under IT service contracts	12,654	14,428
Decrease in contract liabilities as a result of recognising revenue in respect of the new contract liabilities entitled during the period/year	(4,344)	(9,010)
At period/year end	<u>10,651</u>	<u>6,641</u>

The amount of billings in advance of performance expected to be recognised as revenue after more than one year is HK\$71,000 (2023: HK\$48,000).

14. INTEREST-BEARING BORROWING

The interest-bearing borrowing is unsecured, repayable within one year or on demand (including those with repayable on demand clause).

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Loan from a third party	<u>740</u>	<u>790</u>

15. AMOUNT DUE TO A DIRECTOR

The amount due to a director, Mr. Liu Guanzhou, is interest free, unsecured and repayable on demand.

16. SHARE CAPITAL

Authorised and issued share capital

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024 of HK\$0.04 each		
	3,000,000	120,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024 of HK\$0.04 each		
	1,272,640	50,906

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

18. RELATED PARTY TRANSACTIONS

Save as disclosed in this announcement, the Group had the following significant transactions with related parties during the period:

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the period was as follows:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short term employee benefits	1,003	628

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024 (the “**Period**”), the Group recorded a total revenue of approximately HK\$36,749,000, representing an increase of approximately HK\$23,418,000 or 175.7% as compared with that of approximately HK\$13,331,000 for the same period in 2023. The revenue of the Group was derived from continuing operations as follow:

- the developing and marketing of the patented server-based technology and the provision of communications software platform, software related services and the custom-made software development services (the “**Software Platform Business**”);
- Advertising e-commerce platform “紫紅盒子”, a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development, which provides a tailored product recommendations and incentives in the form of advertising rewards or discounts (the “**Advertising E-commerce Platform Business**”);
- sales of a wide spectrum of product categories, mainly including skin care products, agricultural products, gold jewelry, daily necessities, etc., in the platform “紫紅盒子” (the “**Sales of Products Business**”); and
- the game publishing, development of mobile game and related intellectual property and platform, mobile application and data solutions and provision of IT related solutions (the “**Mobile Games and Applications Business**”).

The increment in the Group’s revenue was attributed by the increase in segment revenue from the Software Platform Business by approximately HK\$4,594,000, which recorded a segment revenue of approximately HK\$17,925,000 for the Period as compared with that of approximately HK\$13,331,000 in 2023, and new segment revenue from the Advertising E-commerce Platform Business and the Sales of Products Business of approximately HK\$15,647,000 and HK\$3,177,000 respectively.

The obsolescence of the current mobile games and the postponement of its mobile game development plan as a result of the reassessment of the Group’s strategy led to the segment revenue from the Mobile Games and Applications Business to be nil for the Period (2023: HK\$ nil).

Cost of Sales

For the Period, the cost of sales of the Group Period, which mainly comprised of purchases and staff costs, increased by approximately HK\$15,358,000 or 300.4% to approximately HK\$20,471,000 (2023: approximately HK\$5,113,000), mainly due to the increase in purchases.

Gross Profit

As a result of the aforementioned increase in revenue, gross profit of the Group for the Period increased by approximately HK\$8,060,000 or approximately 98.1% to approximately HK\$16,278,000 (2023: approximately HK\$8,218,000).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Period increased by approximately HK\$3,218,000 or 32.5% to approximately HK\$13,125,000 (2023: approximately HK\$9,907,000), which comprised of administrative expenses, research and development expenses and selling and distribution expenses. The increase in overall expenses was mainly due to the increase in staff costs and administrative expenses incurred for the new business operation in the PRC for the Period.

Finance Costs

Finance costs was approximately HK\$119,000 for the Period (2023: approximately HK\$250,000), which mainly comprised of interest on other borrowings and interest on lease liabilities.

Profit/(loss) for the Period

The consolidated net profit attributable to owners of the Company for the Period amounted to approximately HK\$2,957,000, compared with that of a net loss of approximately HK\$2,441,000 for the same period in 2023. The significant change in results was mainly due to the increase in gross profit as a result of the increase in sales of the Software Platform Business and the revenue from new segments, the Advertising E-commerce Platform Business and the Sales of Products Business, and partly set off by the increase in the administrative and other operating expenses, during the Period.

Dividend

The Board does not recommend the payment of any interim dividend for the Period (2023: Nil).

Financial Resource and Liquidity

The Group's main business operations and investments are in Hong Kong and the PRC. At 30 June 2024, the Group had cash and cash equivalents of approximately HK\$10,210,000 (as at 31 December 2023: approximately HK\$3,198,000). Most of the cash and cash equivalents are denominated in Hong Kong dollars. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Gearing Ratio

At 30 June 2024, total assets of the Group were approximately HK\$37,828,000 (as at 31 December 2023: approximately HK\$8,703,000) whereas total liabilities were approximately HK\$39,435,000 (as at 31 December 2023: approximately HK\$13,264,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 104.2% (as at 31 December 2023: approximately 152.4%) and the current ratio, calculated as current assets over current liabilities, was approximately 0.97 (as at 31 December 2023: approximately 0.73). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Capital Structure

As at 30 June 2024, the authorised share capital of the Company was HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each, of which 1,272,640,000 ordinary shares were in issue and fully paid.

Funding and Treasury Policies

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

Foreign Exchange Exposure

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

Pledge of Assets

The Group did not have any pledge of assets as at 30 June 2024.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2024.

Employees and Remuneration Policies

As at 30 June 2024, the Group had approximately 76 employees (as at 30 June 2023: 55 employees). The staff costs (including directors' remuneration) were approximately HK\$10,171,000 (2023: approximately HK\$8,612,000) for the Period.

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

BUSINESS REVIEW AND PROSPECT

For the Period, the Group focuses on four principal businesses, they are (i) Software Platform Business, (ii) Advertising E-commerce Platform Business, (iii) Sales of Products Business, and (iv) Mobile Games and Applications Business.

Software Platform Business

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

The Software Platform Business performed satisfactorily and achieved the increase of the segment revenue by approximately 34.5% (2023: approximately 8.5%), and accounted for 48.8% (2023: 100%) of the Group's total revenue for the Period. Facing the competition in the fiercely competitive and ever-changing market, the Group will continue to put in enough resources to meet the increasingly innovative industry standards for customer's demand.

Advertising E-commerce Platform Business

Recognising the growing significance of advertising e-commerce, the Company decided to launch its own advertising e-commerce platform which targets active online shoppers with personalized advertisements. The advertising e-commerce platform “紫紅盒子” has been launched in late 2023 which is a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development. The platform offers customers a wide spectrum of product categories such as fashion and beauty products, household necessities and home appliances, apparel and accessories. The platform provides a tailored product recommendations and incentives in the form of advertising rewards or discounts. The Company believes that by capitalising on the precise marketing capabilities and the potential for increased profitability, the advertising e-commerce platform will contribute significantly to its overall business growth and success. The Group will continue to focus on its two principal business, namely the Software Platform Business and the Mobile Games and Applications Business, while diversifying its revenue stream by developing the advertising e-commerce platform.

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

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

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

The Advertising E-commerce Platform Business performed satisfactorily and achieved the segment revenue of HK\$15,647,000, and accounted for 42.6% of the Group's total revenue for the Period.

Sales of Products Business

During the Period, the Company commenced the business of sales of a wide spectrum of product categories, mainly including skin care products, agricultural products, gold jewelry, daily necessities, etc., in the platform “紫紅盒子” through content writing, platform promotion, short videos, live streaming and natural traffic, etc.

The Sales of Products Business achieved the segment revenue of HK\$3,177,000, and accounted for 8.6% of the Group's total revenue for the Period.

Mobile Games and Applications Business

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

Discontinued Operation

The Directors, upon their appointment, had reviewed the operation of the Money Lending Business and obtained relevant documents to assess its performance. On 14 December, 2023, the Money Lending Business was disposed of to an independent third party in order to generate cash flows for the expansion of the Group's other businesses. The Board shall take all necessary measures to protect the interest of the Company and the shareholders of the Company as a whole.

OUTLOOK

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

The Group will continue to strengthen its competitiveness and develop its software platform in the context of the advancement in technology. The Group will also continue to maintain a long-term relationship with the existing clients while actively participate in tendering for different projects with an aim of expanding its customer base as well as securing more sales orders from existing customers. On the other hand, as the result of the Group’s strategic review, the management of the Company temporarily postponed the development of the Group’s mobile games business and will prudently allocate the existing resources to expand its software platform business.

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

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

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

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors, in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 under the laws of Hong Kong)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of director	Capacity	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Liu Guanzhou	Beneficial owner	370,000,000 (L)	29.07%

Notes:

1. The letter "L" denotes a long position in the shares of the Company.
2. The total number of 1,272,640,000 shares in issue as at 30 June 2024 has been used for the calculation for the approximately percentage.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this announcement, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors and chief executive, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES OF THE COMPANY

Substantial Shareholders

To the best knowledge of Directors, as at 30 June 2024, the interests and short positions of the persons, other than Directors, in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Zhang Dong	Beneficial owner	143,565,955 (L)	11.28%
Ms. Zhang Jiahui (Note 3)	Interest of Spouse	370,000,000 (L)	29.07%

Notes:

1. The letter "L" denotes a long position in the shares of the Company.
2. The total number of 1,272,640,000 shares in issue as at 30 June 2024 has been used for the calculation for the approximately percentage.
3. Ms. Zhang Jiahui is the spouse of Mr. Liu Guanzhou. Under the SFO, Ms. Zhang is deemed to be interested in all the Company's shares in which Mr. Liu is interested.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of other interests or short positions of any other person (other than the Directors, chief executives and the substantial shareholders of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

On 8 May 2013, the Company passed an ordinary resolution at the annual general meeting to adopt a new share option scheme (the "**Share Option Scheme**") whereby the Board may grant share options to employees, directors, suppliers, consultants, agents and advisers or any person, at its discretion, for the primary purpose to recognise and motivate their contributions to the Group. The Share Option Scheme is valid for a period of 10 years commencing from 8 May 2013. Details of the Share Option Scheme were set out in the circular of the Company dated 27 March 2013.

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of "Eligible Participant" of the Share Option Scheme and the definition of "Invested Entity" be added to the Share Option Scheme ("**Amendments to the Share Option Scheme**"). Details of the Amendments to the Share Option Scheme are set out in the Company's announcement dated 29 April 2016 and the Company's circular dated 13 April 2016.

At the annual general meeting of the Company held on 25 June 2018, shareholders approved the refreshment of the maximum number of shares which may be allotted and issued upon the exercise of all share options under the Share Option Scheme to a total of 127,264,000 shares, representing 10% of the shares of the Company in issue on that date.

During the Period and up to date of this interim report, the Company had not granted any options and there were no outstanding options under the Share Option Scheme. As at the date of this interim report, the total number of options available for granting by the Company under the Share Option Scheme was 127,264,000, representing 10% of the shares of the Company in issue.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 9 July 2024, a Capital Reorganisation became effective:

The Capital Reorganisation involving:

- (i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.04 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.4 each;
- (ii) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$0.4 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.39 on each issued Consolidated Share;
- (iii) the Share Subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.4 each will be subdivided into 40 Adjusted Shares of par value of HK\$0.01 each; and
- (iv) the credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses. The balance of the credit (if any) after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by all applicable laws and the Memorandum and Articles and as the Board considers appropriate. Each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other in accordance with the Memorandum and Articles.

After the Capital Reorganisation, the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$0.12 per Rights Share, to raise up to approximately HK\$30.54 million before expenses by way of the rights issuing up to 254,528,000 Rights Shares, will be implemented and completed in August 2024.

Details of the above Capital Reorganization and Rights Issue are set forth in the circular of the Company dated 9 April 2024, and the prospectus of the Company dated 24 July 2024 respectively.

Save as disclosed above, there was no important events affecting the Group which have occurred since the end of the Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Period and up to the date of this announcement, as far as the Directors are aware of, none of the Directors has an interest in any business which competes or may compete with the business in which the Group is engaged.

CORPORATE GOVERNANCE CODE

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

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

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

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

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

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in the information of the Directors subsequent to the date of the annual report 2023 are as follows:

Mr. Tai Chin Ho (“**Mr. Tai**”) has tendered his resignation as independent non-executive Director and the chairman of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 14 June 2024.

Following the resignation of Mr. Tai, Mr. Liu Guanzhou (“**Mr. Liu**”) has been appointed as the chairman of each of the remuneration committee and the nomination committee of the Company, and Mr. Fu Yan Ming (“**Mr. Fu**”), has been appointed as the chairman of the audit committee of the Company, all with effect from 14 June 2024.

Following the resignation of Mr. Tai and the appointment of Mr. Liu and Mr. Fu, the Company does not have at least three independent non-executive Directors under Rule 5.05 of the GEM Listing Rules and the audit committee of the Company does not comprise a minimum of three members under Rule 5.28 of the GEM Listing Rules, the remuneration committee of the Company is not chaired by an independent non-executive Director under Rule 5.34 of the GEM Listing Rules, and the nomination committee of the Company does not comprise a majority of independent non-executive Directors under Rule 5.36A of the GEM Listing Rules.

The Company is endeavouring to identify suitable candidate to meet the requirement under the GEM Listing Rules as soon as practicable, with the relevant appointment to be made within three months from the effective date of Mr. Tai's resignation and the appointment of Mr. Liu and Mr. Fu as required under Rule 5.06, 5.33 and 5.36 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

Ms. Lam Yuen Man Maria was appointed as a non-executive director of PanAsialum Holdings Company Limited (stock code: 2078), the shares of which are listed on the Stock Exchange, on 1 July 2024.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review, in draft form, the Company's annual report and accounts, half-year report, quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process, risk management and internal control of the Group. As at the date of this interim report, the Audit Committee comprises two independent non-executive Directors, namely Mr. Fu Yan Ming and Ms. Lam Yuen Man Maria. Mr. Fu Yan Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board about the internal controls and financial reporting matters, including a review of the unaudited interim report for the Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

Hong Kong, 1 August 2024

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

Executive Directors:

Mr. Liu Guanzhou (*Chairman*)

Ms. Liu Xingmei

Mr. Choi Pun Lap

Non-executive Directors:

Ms. Li Hui Ling

Independent non-executive Directors:

Mr. Fu Yan Ming

Ms. Lam Yuen Man Maria

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