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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 223)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1)
RIGHTS SHARE FOR EVERY FIVE (5) EXISTING SHARES
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS; AND
(2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS
UNDER THE SHARE OPTION SCHEME**

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$27.12 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 271,234,350 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$27.12 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$0.82 million) are estimated to be up to approximately HK\$26.30 million, which are intended to be applied for (i) developing the Group's brand promotion business, (ii) developing the Group's brand supply chain business and (iii) general working capital of the Group. The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.097.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered. Further announcement(s) will be made by the Company in respect of the timetable for the Rights Issue as and when appropriate.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

LISTING RULES IMPLICATIONS

Save as the Previous Rights Issue, the Company has not conducted any other rights issue or open offer within the 12-month period prior to the date of this announcement, the proposed Rights Issue (together with the Previous Rights Issue) will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates), therefore the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents containing further details of the Rights Issue will be despatched to the Qualifying Shareholders. Further announcement(s) will be made by the Company in respect of the timetable for the Rights Issue as and when appropriate.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

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

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

PROPOSED RIGHTS ISSUE

References are made to the announcements of the Company dated 30 September 2024 and 25 October 2024, in relation to, among other things, the Rights Issue. As disclosed by the Company on 30 September 2024, at the Board meeting on 26 September 2024, the terms of the Rights Issue, including the Subscription Price, were approved by the Board (except Mr. Zhao Zhenzhong, Ms. Qin Jiali and Mr. Guo Wei).

The Company proposes to raise up to approximately HK\$27.12 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 271,234,350 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The principal terms of the Rights Issue are as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share

Number of Shares in issue as at the date of this announcement	:	1,356,171,754 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	271,234,350 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Up to 1,627,406,104 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	Up to approximately HK\$27.12 million (assuming no changes in the number of Shares in issue on or before the Record Date)
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

As at the date of this announcement, there are 22,351,795 outstanding Share Options granted by the Company. Such outstanding Share Options are exercisable into 22,351,795 Shares. Save for the foregoing, the Company has no other outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 271,234,350 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 20.00% of the entire issued share capital of the Company as at the date of this announcement and will represent approximately 16.67% of the entire issued share capital of the Company as enlarged by the issue of the Rights Shares.

Non-underwritten basis

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

As the Rights Issue will proceed on a non-underwritten basis, the Qualifying Shareholder(s) who apply to take up his/her/its full entitlement under the Provisional Allotment Letter may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, their application (except for HKSCC Nominees Limited) can be scaled down to a level which does not trigger an obligation to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

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

The Subscription Price

The Subscription Price of HK\$0.10 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 6.54% to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.91% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.111 per Share;

- (iii) a discount of approximately 12.20% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.114 per Share;
- (iv) a discount of approximately 9.09% to the theoretical ex-rights price of approximately HK\$0.11 per Share based on the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 96.1% over the audited consolidated net asset value attributable to the Shareholders as at 31 March 2024 as extracted from the annual report of the Company for the year ended 31 March 2024 of approximately HK\$0.039 per Share;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 0.61%, represented by the theoretical diluted price of approximately HK\$0.103 per Share to the benchmarked price of approximately HK\$0.1038 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Shares on the Price Determination Date of HK\$0.103 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Price Determination Date of approximately HK\$0.1038 per Share); and
- (vii) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregate with the Previous Rights Issue represented by a discount of approximately 0.73%, represented by the cumulative theoretical diluted price of approximately HK\$0.423 per Share to the benchmarked price of approximately HK\$0.426 per Share (as defined under Rule 7.27B of the Listing Rules) in respect of the Previous Rights Issue.

The Subscription Price was determined by the Company with reference to the market price of the Shares under prevailing market conditions and financial positions of the Group.

Taking into account the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and the Use of Proceeds” below, the Board (except the Dissenting Directors) believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be one (1) Rights Share (in nil-paid form) for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Shareholders, who are not Non-Qualifying Shareholders, having a registered address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board (except the Dissenting Directors) will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

In order to be registered as a member of the Company by the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by no later than 4:30 p.m. on the Last Day for Transfer.

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

Based on the register of members of the Company as of the date of this announcement, there are nine Overseas Shareholders with registered addresses situated in the PRC.

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

This announcement is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2) (a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by any controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board (except the Dissenting Directors) will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares will be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, will be despatched to the applicants without interest to their registered addresses by ordinary post at their own risks. Further announcement(s) will be made by the Company in respect of the timetable for the Rights Issue as and when appropriate.

Stamp duty and taxation

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 20,000 Shares.

Admission of Rights Shares into CCASS

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

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE

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

- (a) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) before the first day of dealings of the Rights Shares in their nil-paid forms;
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (e) there shall not have occurred and be continuing any of the following:
 - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
 - (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or

- (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
- (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for condition (e) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered. Further announcement(s) will be made by the Company in respect of the timetable for the Rights Issue as and when appropriate.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming only China Innovation Investment Limited subscribes for the Rights Shares and none of the other Qualifying Shareholders subscribes for the Rights Shares; and (iii) immediately after completion of the Rights Issue assuming all Rights Shares are subscribed by the Qualifying Shareholders, assuming there is no change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming only China Innovation Investment Limited subscribes for the Rights Shares and none of the other Qualifying Shareholders subscribes for the Rights Shares)		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder						
China Innovation Investment Limited	226,000,000	16.66	271,200,000	19.35	271,200,000	16.66
Directors of the Company and its subsidiaries						
Mr. Chiu Sui Keung	14,014,200	1.03	14,014,200	1.00	16,817,040	1.03
Mr. Zhang Shaoyan	12,966,000	0.96	12,966,000	0.93	15,559,200	0.96
Ms. Qin Jiali	51,672,000	3.81	51,672,000	3.69	62,006,400	3.81
Mr. Zhao Zhenzhong	63,192,000	4.66	63,192,000	4.51	75,830,400	4.66
Mr. Guo Wei	41,688,000	3.07	41,688,000	2.97	50,025,600	3.07
Mr. Lam Williamson	436,200	0.03	436,200	0.03	523,440	0.03
Other directors of the subsidiaries of the Company	45,000,000	3.32	45,000,000	3.21	54,000,000	3.32
Ex-Directors						
Dr. Lam Lee G (Note 1)	200,000	0.01	200,000	0.01	240,000	0.01
Mr. Cheng Wing Keung, Raymond (Note 2)	408,200	0.03	408,200	0.03	489,840	0.03
Mr. Wong Hoi Kuen (Note 3)	436,200	0.03	436,200	0.03	523,440	0.03
Sub-total:	456,012,800	33.63	501,212,800	35.77	547,215,360	33.62
Public Shareholders	900,158,954	66.37	900,158,954	64.23	1,080,190,744	66.38
Total:	1,356,171,754	100.00	1,401,371,754	100.00	1,627,406,104	100.00

Notes:

1. Dr. Lam Lee G. resigned as an independent non-executive Director with effect from 7 February 2024. He is no longer required to make disclosure of any change in shareholding of the Company as a Director after 7 February 2024. His shareholding set out in the above table is derived from public information and based on the best knowledge of the Directors.
2. Mr. Cheng Wing Keung, Raymond retired as an independent non-executive Director with effect from the conclusion of the annual general meeting of the Company on 30 September 2024. He is no longer required to make disclosure of any change in shareholding of the Company as a Director after 30 September 2024. His shareholding set out in the above table is derived from public information and based on the best knowledge of the Directors.
3. Mr. Wong Hoi Kuen retired as an independent non-executive Director with effect from the conclusion of the annual general meeting of the Company on 30 September 2024. He is no longer required to make disclosure of any change in shareholding of the Company as a Director after 30 September 2024. His shareholding set out in the above table is derived from public information and based on the best knowledge of the Directors.
4. Percentage figures are rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group, guided by its business philosophy of delivering “an easier life and better livelihood”, serves as a brand digital and intelligence service provider and specialises in providing comprehensive lifecycle digitalisation service for brands, focusing on brand management, brand operation, brand promotion and brand supply chain. Leveraging an extensive array of scenario-based digital media in hotel platforms, the Group aims to offer brand strategic services and digital advertising system. The overarching goal is to assist brands in creating an experience-driven economy and fostering scenario-based integrated marketing. The Group’s operating objective is to expand its brand promotion and brand supply chain business into the six major segments of modern human production and living, namely “dining, lodging, transportation, travel, shopping and entertainment”.

The Group has strategically reallocated its workforce and resources towards the development of the brand promotion business and brand supply chain business. In November 2023 and February 2024, the Company has successively completed a round of share placements and a rights issue, raising net proceeds of approximately HK\$24.5 million and approximately HK\$19.38 million, respectively, which have both been fully utilised as intended. For the year ended 31 March 2024, the Group generated approximately HK\$122.4 million in revenue from provision of brand promotion services, accounting for approximately 66.5% of the total revenue of the Group, which highlights the Group’s proactive endeavours in this area.

For brand promotion business, the Group is expanding its media advertising resources, targeting various sources of screen to be developed as advertising resources and to carry out advertising, brand display and experience activities, so as to enhance the market reputation and influence of the brands. For brand supply chain business, in view of the Group's strength in nationwide supply chain resources and its online and offline sales channels across hotels in China, the Group will make use of its nationwide high-end hotels' scenario-based channels, sales spaces and online shops to facilitate the expansion of the brands' sales channels and source supply chain manufacturers and provide one-stop supply chain services to streamline transaction processes and shorten transaction cycle periods, in order to help enterprises improve supply chain efficiency and achieve total cost leadership and sales improvement. While no agreement have been entered into by the Group, the Group has been proactively identifying and ultimately aims to enter into annual merchandising agreements with brands and provide brand promotion services, inventory storage management, customers management, sales platform maintenance and store operations services.

The Group plans to continue developing its brand promotion and brand supply chain businesses and requires substantial financial and operational resources to expand and raise the scale of the operations. The Company aims to strengthen advertising and sales revenue, creating a new model for media e-commerce. Currently, the Company's advertising revenue mainly generated from wholesale. In future, the Company will further develop its brand promotion business by purchasing more media advertising resources in order to generate more revenue from retail. On the other hand, the Company will invest in purchasing a wider range of branded products for sale on e-commerce platforms.

In February 2024, the Company completed a rights issue, raising net proceeds of approximately HK\$19.38 million. As at the date of this announcement, such proceeds have been fully utilised in the manner disclosed in the paragraph headed "Proposed use of proceeds" under the section headed "Letter from the Board" in the prospectus of the Company dated 22 January 2024.

As disclosed in the circular of the Company dated 2 April 2024, there was a funding gap of at least HK\$71.96 million for the development of brand promotion business. In September 2024, the Company completed a share subscription, raising net proceeds of approximately HK\$27.7 million, which was used by the Company as to approximately HK\$13.85 million for replenishing the working capital of the Group; and as to approximately HK\$13.85 million for developing the Group's business. As at the date of this announcement, 30.83% of the net proceeds allocated for use as working capital have been utilised and 12.37% of the net proceeds allocated for developing the Group's business have been utilised. The Group will utilise the remaining balance of the net proceeds according to the use as disclosed in its announcement dated 15 September 2024 in relation to such share subscription.

Given that (a) the Company has been sustaining a substantial loss for a number of consecutive years, which included a loss for the year in the amount of HK\$30,908,000 for the year ended 31 March 2024, HK\$25,236,000 for the year ended 31 March 2023, HK\$49,375,000 for the year ended 31 March 2022, HK\$30,644,000 for the year ended 31 March 2021, HK\$95,945,000 for the year ended 31 March 2020, HK\$161,177,000 for the year ended 31 March 2019, HK\$144,506,000 for the year ended 31 March 2018, and the Company is in a net current liabilities position of HK\$3,014,000 for the year ended 31 March 2024; and (b) the operating subsidiaries of the Company having sustained low cash in bank balance of approximately HK\$2,950,000 as at 30 September 2024, the Company is in urgent funding needs in order to support its existing operations and further its business development. The net proceeds from the Rights Issue will not only provide the necessary funding to facilitate the development and expansion of the Group's brand promotion business and brand supply chain business but also strengthen the financial positions of the Group.

The Board (except the Dissenting Directors) considers that it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. Before resolving to proceed with the proposed Rights Issue, the Board (except the Dissenting Directors) has considered other fund-raising alternatives, including but not limited to debt financing, placing and open offer. In respect of debt financing, the Group has approached a bank in the PRC in early 2024 for the possibility of taking out a loan, however, no positive response was received. Furthermore, it will result in additional interest burden and higher gearing ratio of the Group and banks and financial institutions usually require the borrowers to put up its assets as security for the loan and corporate guarantees, and the Group has limited assets to be pledged. In addition, debt financing may not be achievable on favourable terms in a timely manner. Therefore, the Board (except the Dissenting Directors) considers that debt financing from financial institutions is of limited accessibility and undesirable effects and such funding method is not in the interests of the Company and its Shareholders as a whole. As for placing of new Shares, the Board (except the Dissenting Directors) considers that it is not a better alternative. The Company has conducted subscription of new Shares under general mandate on 15 September 2024 and such subscription was completed on 25 September 2024. The Company has utilised almost the entire general mandate granted to the Directors by the Shareholders at the extraordinary general meeting of the Company held on 29 April 2024 to allot and issue new Shares, with the remaining of the general mandate had expired upon the conclusion of the annual general meeting of the Company held on 30 September 2024. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

On the other hand, the Board (except the Dissenting Directors) considers that the Rights Issue, being pre-emptive in nature, will allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$27.12 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$0.82 million) are estimated to be up to approximately HK\$26.30 million, which are intended to be applied as follows:

- (a) approximately HK\$7.89 million, being approximately 30% of the net proceeds, for developing the Group's brand promotion business in 2025, as to approximately 60% of such allocated net proceeds for online brand promotion through influencer live marketing and advertorial through social networking sites, as to approximately 25% for offline brand promotion through outdoor large screen and elevator advertising and as to approximately 15% for offline brand promotion through seasonal display and manufacturing of promotion goods at chain supermarkets for alcoholic and non-alcoholic beverages brands;
- (b) approximately HK\$13.15 million, being approximately 50% of the net proceeds, for developing the Group's brand supply chain business in 2025, as to approximately 1% of such allocated net proceeds for procuring and selecting original equipment manufacturing (OEM) factories and testing of samples, as to approximately 8% for tooling and manufacturing customised branded products packaging, as to approximately 45% for prepayments for manufacturing customised products and as to approximately 46% for channel credit sales and storage of products for sale of alcoholic and non-alcoholic beverages on e-commerce platforms; and
- (c) approximately HK\$5.26 million, being approximately 20% of the net proceeds, as general working capital of the Group, which will be used for the rental payments and staff cost for the head office of the Company of approximately HK\$1.1 million per month and other overhead expenses such as professional fees and other general overhead expenses. The net proceeds from the Rights Issue are expected to support the Group's general working capital for approximately 4 months.

The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.097.

Based on the above, the Board (except the Dissenting Directors) considers that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DISSENTING DIRECTORS' VIEW

At a Board meeting held on 26 September 2024 to discuss the Rights Issue, the Dissenting Directors disagreed with the Board's decision regarding the Rights Issue due to the following reasons:

- (a) they felt they did not have sufficient time to adequately consider the Rights issue before the Board meeting;
- (b) they were seeking a more detailed breakdown of the intended use of proceeds from the Rights Issue; and
- (c) they questioned who would be responsible for the brand promotion business and brand supply chain business of the Group.

RESPONSE TO THE DISSENTING DIRECTORS' CONCERNS

The Board (excluding the Dissenting Directors) believes that the proposed brand promotion and brand supply chain initiatives are integral to the Company's overall business strategy. All members of the Board are encouraged to contribute their proposals for the Board's consideration, and the Board is committed to collaborating with various segments and responsible parties within the Company. This collaborative approach aims to enhance the Company's performance and ultimately benefit the Company and the Shareholders as a whole.

During the Board meeting held on 26 September 2024, in addressing the concerns of the Dissenting Directors, the other Directors have raised the urgency of the proposal for the Rights Issue given the funding needs of the Company notwithstanding the insufficiency of time to consider the proposal in details, and that in preparing for the circular for the Rights Issue, the Company will be required to collate and include the suitable materials detailing the brand promotion business and brand supply chain business of the Group to support its intended use of proceeds and the Directors can review and consider such materials as and when these materials are being collated and provided to the Directors.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company has not conducted any fund-raising activities in the past twelve months immediately prior to the date of this announcement:

Date of announcements	Description of fund-raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
28 December 2023, 22 January 2024 and 9 February 2024	Rights issue	HK\$19,380,000	The net proceeds were intended to be used as to HK\$8,213,000 for developing the Group's brand promotion business, as to HK\$8,213,000 for developing the Group's brand supply chain business and as to HK\$2,954,000 for general working capital of the Group.	The net proceeds have been fully utilised as intended.
15 September 2024, 23 September 2024 and 25 September 2024	Subscription of new Shares under general mandate	HK\$27,700,000	The net proceeds were intended to be used as to HK\$13,850,000 for replenishing the working capital of the Group and as to HK\$13,850,000 for developing the Group's businesses	Approximately HK\$6,000,000 has been utilised as at the date of this announcement. The remaining unutilised proceeds will be utilised according to the intentions. They are expected to be fully utilised by June 2025 (for working capital) and March 2025 (for development of the Group's businesses).

LISTING RULES IMPLICATIONS

Save as the Previous Rights Issue, the Company has not conducted any other rights issue or open offer within the 12-month period prior to the date of this announcement, the proposed Rights Issue (together with the Previous Rights Issue) will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates), therefore the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents containing further details of the Rights Issue will be despatched to the Qualifying Shareholders. Further announcement(s) will be made by the Company in respect of the timetable for the Rights Issue as and when appropriate.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

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

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the meanings respectively ascribed below:

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Elife Holdings Limited (Stock Code: 223), a company duly incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dissenting Directors”	Ms. Qin Jiali, Mr. Zhao Zhenzhong and Mr. Guo Wei
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Day for Transfer”	the last date for lodging transfer of Shares prior to the closure of the register of members of the Company
“Last Trading Day”	Thursday, 21 November 2024, being the date of this announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board (except the Dissenting Directors), after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Rights Issue”	the previous issue by way of rights of the rights shares on the basis of one (1) rights share for every five (5) then existing Shares held on 19 January 2024, which was completed in February 2024
“Price Determination Date”	the date on which the Subscription Price is fixed, being 26 September 2024
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Prospectus Posting Date”	the date for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company, being Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 271,234,350 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of the Company
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 8 October 2010
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share under the Rights Issue
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

By order of the Board
Elife Holdings Limited
Chow Chi Fai
Company Secretary

Hong Kong, 21 November 2024

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Qiu Bin, Mr. Chiu Sui Keung, Mr. Zhang Shaoyan, Ms. Qin Jiali, Mr. Zhao Zhenzhong and Mr. Guo Wei, the non-executive Director is Ms. Chen Xinqiong, and the independent non-executive Directors are Mr. Lam Williamson, Mr. Moy Yee Wo, Matthew and Mr. Wong Tsz Fung.