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HOPE LIFE INTERNATIONAL HOLDINGS LIMITED
曠逸國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1683)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTIONS
(1) ACQUISITION OF THE TARGET ASSETS INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE; AND (2) ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE AGREEMENT INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE AND (3) PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of Hope Life International Holdings Limited dated 29 May 2025 (the "**Acquisition Announcement**") in relation to the Purchase and the Lease and announcement of the Company dated 30 May 2025 in relation to the Placing (the "**Placing Announcement**"). Capitalised terms used is this announcement shall have the same meanings as those defined in the Acquisition Announcement and the Placing Announcement unless otherwise defined.

In addition to the information contained in the Acquisition Announcement, the Board would like to provide supplemental information on the Purchase and the Lease to the Shareholders and potential investors of the Company as follows:

Book value of the Target Assets

The book value of the Target Assets as at 30 April 2025 was approximately HK$23 million which comprise (i) the Production and Ancillary Assets of approximately HK$6.9 million; and (ii) the Huangjiu Base Wine of approximately HK$16.1 million.

Further information on the qualification of the Independent Valuer

The Company would like to further supplement that the Independent Valuer has about ten years' experience in the valuation of wine industry and related assets. The projects include (i) huangjiu base wine assets in Anhui, Fujian and Jiangxi; (ii) rice wine assets in Guangdong; (iii) white wine assets in Guizhou; (iv) winery and related assets in France; and (v) White wine assets in Australia.

Further details on the Valuation

The Production and Ancillary Assets

In the course of the valuation of the Production and Ancillary Assets, the Independent Valuer has taken into account of the quantitative inputs in arriving at the gross replacement cost: the cost of replacing the Production and Ancillary Assets, the cost of transportation of the Production and Ancillary Assets from manufacturers to the place of installation, labour cost in installing the Production and Ancillary Assets and material costs in installing such items. The cost of replacing the Production and Ancillary Assets are taken reference from quotations from manufacturers for similar products. All the ancillary costs, i.e. transportation/installation costs etc. are considered with reference to quotations from specializing firms or the manufacturers themselves. For reference of some cases, the Independent Valuer has also sought information from other clients who have such experience in buying and installing similar items in their production lines or in their factories. The calculation formula of the replacement cost of the Production and Ancillary Assets is as follows:

Replacement costs = purchase price of equipment + transportation costs + installation costs labour costs in installation + material costs in installation

For the physical and economic obsolescence, the Independent Valuer has applied three batches of timelines for different categories of subject items, i.e. 10 years, 15 years and 20 years. The main consideration is the real useful/working life of each item: this is taken reference to market information and experience of the Valuer and his technical team. The amount of depreciation adjustment of each item is the useful life minus the already used year which is equal to the remaining useful life of each item. As all the items are not technically delicate, we have not considered the effect of technical deficiency.

The Independent Valuer applied the same calculation method for the discount rate for each of the Production and Ancillary Assets. The calculation formula for discount of 15% to 50% of the Production and Ancillary Assets are set out below:

Discount rate = (Useful life – Remaining life) / Useful life

Regarding useful life, the main consideration is the real useful / working life of each item. This is taken reference to market information and experience of the Independent Valuer and his technical team.

In the final computation process, the Independent Valuer has applied the above-mentioned remaining useful life ratio figure into the respective gross replacement cost of each item.

Below is a table showing a summary of the valuation findings:

Asset Name	Age	Category	Unit	Book Value (HK$)	Quotation (HK$)	Useful Life	Remaining Life	Discount	Valuation
Video jet machine	2021	Production facilities	1	42,019.98	46,329.72	10.00	6.00	40%	27,797.83
Quick membrane filter	2021	Production facilities	1	30,922.39	33,400.49	10.00	6.00	40%	20,040.30
Pasteurizer	2021	Production facilities	1	152,995.81	161,615.29	10.00	6.00	40%	96,969.17
Filling machine	2020	Production facilities	1	1,937,551.85	2,370,357.60	10.00	5.00	50%	1,185,178.80
Oil-fired gas-steam boiler	2020	Production facilities	1	484,845.87	495,620.23	10.00	5.00	50%	247,810.11
Vertical diatomaceous earth filter	2021	Production facilities	1	148,686.07	161,615.29	10.00	5.00	50%	80,807.65
VGS air compressor	2022	Production facilities	1	27,474.60	29,090.75	20.00	17.00	15%	24,727.14
Workshop insulation tank	2022	Production facilities	1	61,976.36	64,646.12	10	7	30%	45,252.28
Production line	2020	Production facilities	1	2,745,771.86	3,016,818.76	20	15	25%	2,262,614.07
Air compressor	2022	Production facilities	1	24,313.80	26,935.88	15	12	20%	21,548.71
Oil-fired gas-steam boiler	2021	Production facilities	1	386,160.43	398,651.05	20	16	20%	318,920.84
Commercial and logistics vehicles	2020–2021	Vehicles	4	3,485,938.42	2,999,579.80	10–20	5–16	20%–50%	2,388,602.17
Other assets including air-conditionings and computers etc.	2020–2022	Other ancillary assets	–	152,592.24	146,746.68	10–20	5–16	20%–50%	88,931.51
Grand Total:									6,809,200.58
say HK$:									6,8000,000.00

Note: The quotation prices include all those ancillary cost items such as installation costs, materials costs, costs of transportation and labor costs.

The Huangjiu Base Wine

The Huangjiu Base Wines were brewed in 2011 and 2022 respectively. In establishing the valuation model of the Huangjiu Base Wine, the Independent Valuer has gathered base wines listed in Alibaba Web of which the main selection criteria are:

a. base wines are belonged to the family of huangjiu (yellow wine);

b. base wines are over 5 years of brewing history (below 5 years are not considered as base wines);

c. base wines are produced within the same province or neighboring provinces;

d. to the best of the Independent Valuer's knowledge, the manufacturers are skillful and quite renowned in the industry with good reputation; and

e. main materials of brewing are up to industrial standards.

The comparables gathered are summarised below (per ton, about):

a. 5-year base wine: RMB41,667 (average)

b. 8-year base wine: RMB56,000 to RMB79,600 (average: RMB67,800)

c. 10-year base wine: RMB35,000/RMB69,333/RMB156,190 (median: RMB69,333)

As sourced from Alibaba Web, on best effort basis, the Independent Valuer obtained the following exhaustive list of comparable base wines based on the above selection criteria:

Product	**Age**	**Manufacturer**	**Price/Kg** *(RMB)*	**Calculated price/Ton** *(RMB)*
Huangjiu base wine	10	Shaoxing Zhengfan Food Co., Ltd.* (紹興市正帆食品有限公司)	69.33	69,333
Huangjiu base wine	8	Shaoxing Xianheng Hotel Food Co., Ltd.* (紹興市咸亨酒店食品有限公司)	79.60	79,600
Huangjiu base wine	10	Shaoxing Xianheng Hotel Food Co., Ltd.* (紹興市咸亨酒店食品有限公司)	35.00	35,000
Huangjiu base wine	5	Bai Ta* (白塔)	41.67	41,667
Huangjiu base wine	8	Ta Pai* (塔牌)	56.00	56,000
Huangjiu base wine	10	Beijing Zuiniu Wine Co., Ltd.* (北京醉牛酒業有限公司)	43.33	43,333
Huangjiu base wine	10	Ta Pai* (塔牌)	156.19	156,190

Note: Base wine comparables are scarce in the market and no base wine over 10 years has been found in the market for sale. Some of the comparables in the web are not adopted due to unknown manufacturers or the vendors are being agents or middle-men.

As one of the Huangjiu Base Wine are brewed in 2011 which are over 10 years of history, and are very rare in the open market, the Independent Valuer has adopted the median 10-year (i.e. year 2015) price of RMB69,333 as the basis for calculation. The lowest price of RMB35,000 and the highest price of RMB165,190 are out of tone. Adjustments have been made for large quantity involved and a discount rate of 20% reflecting the factor of bulk discount was applied: result being RMB55,467. In terms of relativity of year-to-year adjustments, the Independent Valuer has adopted a 5% of increment per year for older years from 2015 (i.e. down to 2011) whilst a 5% discount for newer years from 2015 (i.e. up to 2022). This 5% discount factor per year has been generally adopted by Chinese valuers in assessing various base wines in China market and the Independent Valuer has reviewed and conformed this percentage is fair and reasonable. The resultant prices respectively for the subject 2011 base wine and 2022 base wine are RMB67,420 and RMB39,419 respectively.

Regarding the determination of bulk purchase discount, bulk discount rate refers to a situation where a buyer looks for price discount in purchasing a large quantity of items in comparison with a single piece or few items. The Independent Valuer advised that there is no specific rate in determining the bulk purchase discount but the valuation industrial norm and rates has been adopted for valuing various assets when coming across large quantities are generally appended below:

Real estate:	5% to 20%
Merchandising items:	10% to 40%
General assets:	10% to 30%

In the determining the bulk purchase discount of the Huangjiu Base Wines, the Independent Valuer has chosen a moderate rate of 20% reflecting large quantity. In addition, the Independent Valuer has also consulted wine manufacturers of their discount offered when buyer intends to buy in large quantity. The replies were depending on individual items and consideration like the quality of base wine, the payment method, amount of stock piling in their warehouses, the liquidity situation of the manufacturers themselves etc. The usual discounts the manufacturers offered are generally ranging from 5% to 30%. Based on the above, the Independent Valuer is of the view that the adoption of 20% bulk purchase discount, which is within the range of both the industrial norm and the discount rate offered by manufacturers approached by the Independent Valuer is fair and reasonable.

In respect of the determination of the 5% discount and increment rate, the Independent Valuer has consulted the Huangjiu Branch Association of the China Alcoholic Drinks Association (中國酒業協會黃酒分會) ("**CADA**"). The senior liquor valuer of the CADA advised that when coming across appraisal of asset type like the Huangjiu Base Wine, the members of the CADA generally adopt a norm of 5% increment/discount per year, basing on a basic adopted appraised value identified by valuer. The senior liquor valuer further advised that he and other members of the CADA had dealt with several huangjiu base wines valuation cases in the PRC and the above-mentioned 5% increment/discount had been adopted in their appraisals. The CADA was established in 1992 after being examined and approved by the former Ministry of Light Industry of the People's Republic of China (中華人民共和國輕工業部), and registered by the Ministry of Civil Affairs of the People's Republic of China (中華人民共和國民政部).

The CADA is a national, industry-based social group and is a non-profit social organization voluntarily formed by enterprises, institutions, social organizations and individuals engaged in the brewing, distribution, science and education, equipment and services of national alcoholic beverages. The obligation of the CADA includes but is not limited to 1. research the development direction of the alcoholic beverage industry and provide recommendations to government departments regarding industrial policies and legislation; 2. participate in the formulation and revision of standards for alcoholic products, covering basic, general, methodological, and management aspects; and 3. organize industry technical training and professional skill education, and conduct vocational skill certification with approval from relevant government departments. Based on the above, the Independent Valuer is of the view the advise from the CADA on the adoption of 5% increment/discount adjustment on huangjiu base wine assets is persuasive. The Independent Valuer realizes that no perfect linear results would be achieved by this equation and the Independent Valuer hence has compared the subject case for the reasonableness and soundness of the above-mentioned valuation parameter adopted by Chinese liquor valuers.

In performing the comparison, the Independent Valuer has first identified the market prices of the 8-year base wines (i.e. year 2017) and the 5-year base wine (i.e. year 2020) from the Alibaba Web and compared those prices with the adjusted price of the 8-year base wines and the 5-year base wines base on the market selling prices of the 10-year base wines (i.e. year 2015) from the Alibaba Web and adopting the 5% increment/discount per year. The steps and results of which are as follow:

(A) Comparison of the market prices of 8-year base wines with the adjusted prices of 8-year base wines determined by the Independent Valuer:

- from market data (per ton) sourced from Alibaba Web, the price for 8-year (i.e. 2017) base wine ranging from RMB56,000 to RMB79,600;
- by adopting the formula of the adjustment factor to calculate the price from year 2015 to year 2017 adopting 5% discount per year for 2 years is (1.05)^-2 = 0.9070;
- by multiplying the adjustment factor of 0.9070 and the market price of 10-year base wine (i.e. 2015) sourced from the Alibaba Web of RMB55,467 = RMB50,310;
- the difference with the lowest range of 8-year base wine price (i.e. RMB56,000) is -10%.

(B) Comparison of the market prices of 5-year base wines with the adjusted prices of 5-year base wines determined by the Independent Valuer:

- from market data (per ton) sourced from Alibaba Web, the price for 5-year base wine is RMB41,667;

- by adopting the formula of the adjustment factor to calculate the price from year 2015 to year 2020 adopting 5% discount per year for 5 years is (1.05)^-5 = 0.7835;

- by multiplying the adjustment factor of 0.7835 and the basic price of 10-year base wine (i.e. 2015) sourced from the Alibaba Web of RMB55,467 = RMB43,458;

- the difference with the 5-year base wine price (i.e. RMB41,667) is +4%.

As advised by the Independent Valuer, the above two results are within the valuation industrial standard range of valuation deviation +/-10% to 15%. In this regard, the Independent Valuer is of the view that the adoption of 5% discount and increment rate is justifiable in this regard.

In establishing the valuation model of wine tanks, the Independent Valuer has gathered wine tanks listed in Alibaba Web of which the main selection criteria are:

a. wine tanks are of 20-kg bearing or thereabout;

b. manufacturers have good track records and reputation; and

c. for the tank itself, no surface decoration is needed, i.e. earthenware unglazed potteries.

As sourced from Alibaba Web, on best effort basis, the Independent Valuer obtained the following exhaustive list of comparable wine tanks based on the above selection criteria:

a. RMB48.5 (per tank)

b. RMB39.58 (per tank)

In the course of valuation, the Independent Valuer has gathered comparables ranging from RMB48.5 per tank to RMB39.58 per tank. The Independent Valuer has adopted the lower price of RMB39.58 and round up to RMB40 per tank and from this a total 50% adjustments have been made, reflecting a 30% wear and tear discount and a 20% bulk purchase discount. A total of 55,654 numbers of wine tanks are then multiplied by the parameter of RMB20.

In respect of the bulk purchase discount of 20%, the Independent Valuer has adopted the same approach in determining the bulk purchase discount of the Huangjiu Base Wines.

In respect of the wear and tear adjustment, the Independent Valuer advised that during the physical inspection, the Independent Valuer has observed that the wine tanks were stored in a fair condition (i.e. surface has been piled with mud and dust and without proper washing). In the industrial practice for valuing earthenware unglazed potteries, the industrial norm of deciding wear and tear condition is by means of the following subjective judgement parameters:

Excellent condition:	5% to 10% discount
Good condition:	10% to 20% discount
Fair condition:	20% to 30% discount
Poor condition:	30% to 50% discount

Note: As per the Independent Valuer, unless the potteries are broken, industrial standard will not be lower than 50% discount as the life span of such properties is very long and durable.

Based on the above, the Independent Valuer is of the view that applying 30% wear and tear discount is within the range of industrial norm in this regard.

Note: As advised by the Independent Valuer, pricing multiples are not applicable in this case and have not been used for valuation of the Huangjiu Base Wine.

Further information on the Lease

On 17 June 2025 (after trading hours of the Stock Exchange), the Lessee and the Lessor entered into a supplemental lease agreement (the "**Supplemental Lease Agreement**") to amend the terms of the Lease Agreement such that a new non-waivable condition has been added to the existing conditions of the Lease Agreement as follows:

The Lessor shall execute a first ranking charge over the Properties in favour of the Lessee to secure the 20-year rent in the amount of RMB20 million received from the Lessee for a term commencing from the date of the Lease Completion up to and including the expiry date of the lease term (the "**Asset Charge**").

Pursuant to the Asset Charge, the secured amount shall be capped at the total rental payment paid by the Lessee over the term of the Lease Agreement of RMB20 million. The Asset Charge shall be automatically discharged on the date upon the fulfillment of the lease term under the Lease Agreement. In the event of early termination of the Lease Agreement for any reason attributable to the Lessor, the Lessee has the right to 1. require the Lessor to compensate the Lessee an amount equals to the daily rent of the Properties (i.e. approximately RMB0.28/sq.m.) multiplied by the total rental area of the Properties of 9,901 sq.m. and the total remaining days of the lease term under the Lease Agreement, calculated from and including the effective date of such early termination (the "**Compensation**") payable on a dollar-to-dollar basis within seven Business Days following such early termination and the Lessee shall release the Asset Charge immediately upon receipt of the Compensation; or 2. in the event of the Lessor's failure to satisfy the Compensation, the Asset Charge shall become immediately enforceable to secure the Lessee's outstanding contractual rights and interest under the Lease Agreement.

Save as the above-mentioned amendment, all other terms of the Lease Agreement shall remain valid.

As disclosed in the Announcement, the total rent payable for the 20-year lease term of the Properties, amounting to RMB20 million (equivalent to approximately HK$21.8 million), shall be settled by the Lessee in full upon Lease Completion by the allotment and issue of the Lease Consideration Shares. During the negotiations, the Lessee sought to minimize cash outflows and securing long-term operational stability. Consequently, the Lessee has agreed to offer and the Lessor has agreed to accept the settlement of the rent by means of procuring the Company to allot and issue Shares. However, given that it would be impracticable to allot and issue the Lease Consideration Shares monthly under the General Mandate for 20 years, the Lessee has further negotiated with the Lessor to settle the 20-year rent in full upon the Lease Completion and in return, (i) the Lessee could enjoy a discount on the rental rate of approximately 12.5% compared to the lowest prevailing market rates of nearby similar factories identified by the Group; (ii) pursuant to the term of the Lease Agreement, there is no early termination clause and the Lessor has no right to adjust the rent during the lease term. This could allow the Group to (a) avoid any exposure to future rent increase given that industrial factory rents in Fuqing City have risen by more than 45% in the past ten years; and (b) achieve the benefits of greater operational stability at a suitable location for the Group's huangjiu business in the long run; and (iii) as at the date of announcement, the Properties are free from encumbrances. Pursuant to the terms of the Lease Agreement, the Lessor shall grant a charge over the Properties in favour of the Lessee until the expiry of the lease term upon the Lease Completion to secure the right of the Lessee throughout the 20-year rental period.

Based on the above, the Board is of the view that (i) the one-off full payment of the 20-year rent upon Lease Completion is justifiable; and (ii) there are no circumstances leading to early termination of the Lease Agreement given the absence of early termination clause and sufficient safeguards are in place to protect the Lessee's right throughout the lease term.

AMENDMENT TO THE PLACING AGREEMENT

On 17 June 2025 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into a supplemental placing agreement (the "**Supplemental Placing Agreement**"), pursuant to which the long stop date to fulfill the conditions of the Placing Agreement has been changed from 25 June 2025 to 20 June 2025 (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Save and except for the aforesaid change, all the terms and conditions of the Placing Agreement remain unchanged and continue in full force and effect.

FURTHER INFORMATION ON THE GROUP'S HUANGJIU BUSINESS

Background of the commencement of the Group's huangjiu business

In October 2020, the Group established a non-wholly owned subsidiary, Jiangxi Zhongniang Jiuye Co., Ltd.* 江西中釀酒業有限公司 (the "**Opt. Co.**") with Jiangxi Gushan Wine Co., Ltd* 江西鼓山酒業有限公司 (the "**Partner**"). The Opt. Co. is held as to 70% by the Group and 30% by the Partner and is principally engaged in Chinese traditional wine production and sales (details were disclosed in the announcement of the Company dated 15 October 2020). Following the successful application of relevant business license and completion of the operational setup including but not limited to procurement of machineries and equipment (details were disclosed in the announcement of the Company dated 23 November 2020) the Opt. Co. has started to commence the huangjiu business in early 2021.

The operation of the huangjiu business, relevant infrastructure and the revenue model

The Group's huangjiu business is principally engaged in the production and sales of huangjiu products in the PRC which comprises drinking huangjiu from medium to high grade with different flavors and modern-packaging designs to target young and middle-aged middle class to high class consumers. The source of revenue of the huangjiu business is derived from the sales of its huangjiu products under the brand labels "Minyue Hong" (閩越紅), "Xian Shisha" (曇石山) and "Xingyun Zhi Guang" (幸運之光) to its clients. The Group has also scheduled to introduce a new huangjiu product line – sparkling huangjiu "氣泡黃酒" in the second half of 2025, strategically positioned to target the youth consumer market. The preliminary market testing of the Group's new huangjiu product line through the Group's distributor network has yielded encouraging feedback, the Group is optimistic about the sales potential of the new wine product.

Currently, the Group operates a wine production plant in Jiangxi with annual production capacity of approximately 3,000 tons. As disclosed in the announcement of the Company dated 29 May 2025, the Company has further leased a new production plant and acquired additional production facilities to expand its huangjiu production capacity to prepare for the expected future demand growth of the Group's huangjiu products.

The Group's huangjiu products for sale are produced from its own production plant. The Group formulated its own blending formula using different aged wine bases fermented from at least two years to over ten years in producing the Group's huangjiu products and design the appearance of the huangjiu products. Wine bases are the most essential materials which accounted for the largest portion of the total production cost. Currently, the Group purchased different ages of ready-made huangjiu wine bases directly from suppliers. On the other hand, the Group has been fermenting its own huangjiu base wines since the mid of 2024 and it is expected that the Group can deploy its first batch of self-fermented huangjiu base wines into production by the second half of 2026, meaning that the Group could gradually reduce the procurement volume of young age base wines from external suppliers, thereby improve the profitability and achieve sustainability of the Group's huangjiu business.

Source and diversity of clients

The Group considers that a prompt and precise marketing and brand-building strategy is one of the essential elements to succeed in the huangjiu wine market in the PRC. In light of the above, the Group mainly source its clients via hosting wine-tasting events, participating in wine exhibitions and wine trade fairs in the PRC and Hong Kong as well as placing large scale advertisements in the PRC to attract more recognition from the public and thereby, attract more wine distributors to purchase the Group's huangjiu products. The Group is also operating three huangjiu-themed bistros in Hong Kong to promote the huangjiu products and huangjiu culture outside China.

The huangjiu products are mainly sold through wine distributors in the PRC. Currently, the Group is dealing with 6 wine distributors whose in aggregate possess end customer base of over 1,500 customers across different business sectors including but not limited to restaurants, hotels, supermarkets, department stores, cigarette and liquor specialty stores and more.

Management expertise and scale of staff

The operation of the Group's huangjiu business is managed by a team of ten members led by the chairman of the Company. The composition of the management team consists of (i) qualified wine technician in the PRC; (ii) professionals with over 10 years experiences in the marketing and brand-building industry; (iii) professionals with 13 to 15 years experiences in managing the operation of wine factory and merchandise procurement; and (iv) experienced professionals in finance. Currently, the Group's huangjiu business has over 50 employees. The Group has a well-established organisational structure to operate the huangjiu business which includes (i) a production department responsible for the operation of the production plant of yellow wine products; (ii) a sales department responsible for formulating marketing strategies and maintaining customer relationship; (iii) a procurement department for the procurement of materials and merchandises necessary for the production of yellow wine products and daily operation of the Group's consumer goods business; (iv) a research, development and quality control department to ensure the quality of the Group's huangjiu wine products as well as launching new wine products; and (v) other supporting departments such as finance department and administration department.

The Production and Ancillary Assets and the Huangjiu Base Wine can be used for producing a wide varieties of huangjiu products including the existing huangjiu products, the new sparkling huangjiu and beyond.

The main differences between the New Product and the existing huangjiu products are (i) the alcohol content of the New Product (approximately 8%) is much lower than the existing huangjiu products (approximately 14% to 20%). As a result, it requires lesser young-aged wine base and much lesser old-aged wine base than existing huangjiu, allowing it to be sold at a much attractive price; (ii) unlike existing huangjiu with rich huangjiu taste and thick non-sparkling texture, the New Product has a light huangjiu taste, beer-like texture and is suitable for iced consumption. This aligns with current trends in trendy alcoholic beverages, making the New Product more appealing to younger consumers' tastes and drinking preferences.

Accounting treatment for the Huangjiu Base Wine, the Production and Ancillary Assets and the huangjiu products

Accounting treatment for the Huangjiu Base Wine, the Production and Ancillary Assets and the huangjiu products are as follows:

Huangjiu Base Wine

The Huangjiu Base Wine are classified as raw materials and measured at the lower of cost (purchase price) and net realizable value.

The Production and Ancillary Assets

The Production and Ancillary Assets fall under HKAS 16 – Property, Plant, and Equipment ("**PPE**"), the Company recognized new PPE at cost (purchase price) and depreciated over their useful life.

Huangjiu products

Finished huangjiu products ready for sale are classified as finished goods and measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Revenue generated from the Group's huangjiu business for the year ended 31 December 2024 was approximately HK$122.7 million, representing a decrease of approximately 41.4% when compared with the same period in 2023. The Company considers such decrease was an exceptional short-term fluctuations. The Chinese consumer retail market has experienced an unprecedented wave of "retaliatory consumption" phenomenon with exceptional surge in consumer demand throughout 2023 following the full relaxation of pandemic controls in the PRC in early 2023. The sales of the Group's huangjiu products was benefited from the "retaliatory consumption" phenomenon and experienced a significant increase in 2023. However, as China's consumer market returns to rational in 2024, sales of the huangjiu have gradually returned to rational scale in 2024. Notwithstanding the decrease in the sales in 2024 when compared with 2023 due to exceptional circumstances as above-mentioned, the annual sales of 2024 still represents a growth of approximately 45.55% and 66.49% when compared with the annual sales in 2023 and 2022 respectively, demonstrating the underlying strength of the Group's huangjiu business.

Following the introduction of Several Policies for the Revitalization and Development of Shaoxing Huangjiu Industry* (紹興黃酒產業發展振興若干政策) by the Chinese government on 11 September 2024, which provides a number of tax incentive policies and enterprise support measures with an aim to promote the development of the Huangjiu industry, the Company believes huangjiu industry in the PRC has entered into a new phase of long-term growth. Since January 2025, the Group has received an obvious increase in purchase orders from the Group's customers when compared with the same period in 2024. After enquiries, customers advised that the Group's huangjiu products have comparatively stronger market preference over competing brands among their end customers. As disclosed in the announcement of the Company dated 29 May 2025, the sales of the Group's huangjiu products since January 2025 experienced an increase by approximately 50% when compared with the same period in 2024. In addition, following the announcement of the Group to introduce a new huangjiu product line – sparkling huangjiu "氣泡黃酒" into the market in the second half of 2025, the Group has received numerous enquiries and has secured a number of purchase commitments from the Group's wine distributors.

As above-mentioned, the increase in the sales of huangjiu products in 2023 when compared with 2022 was an effect due to the exceptional short-term "retaliatory consumption" phenomenon following the full relaxation of pandemic controls in the PRC in early 2023. The Company is of the view that the huangjiu business has been generally growing obviously since 2021. Based on the business records, in respect of the revenue generated from the total sales of huangjiu products for each of the years ended 2022, 2023 and 2024, the corresponding usage of base wines to produce these sold huangjiu products was approximately 980 tons, 2,200 tons and 1,500 tons respectively. Having considered (i) the expected sales growth in 2025 due to the growing demand of the Group's existing products and the forthcoming launch of the New Product, meaning more huangjiu base wines have to be utilised; (ii) the existing ready-for-use base wines inventory level of approximately 2,100 tons is expected to be utilised within a year; and (iii) as part of the Group's strategic inventory management, the Group maintains a reserve of young base wines to serve as both a supply buffer and enabling continued fermentation and aging for future usages. This approach allows the Group to gradually reduce external procurement of aged base wines, achieving long-term cost savings. Based on the above, the existing level of inventories were considered tight and the purchase of approximately 1,336 tons of base wines (with the wine tanks to store the base wines) to stock up the level base wines inventory is considered adequate to cope with the expected business scale of the huangjiu business for the next twelve months.

Shareholders and potential investors of the Company shall be aware that the Placing is on a best effort basis and Completion is subject to fulfillment of the conditions set out in the Placing Agreement (as supplemented by the Supplemental Placing Agreement). As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

By Order of the Board
Hope Life International Holdings Limited
LU Zhaowei
Chairman

Hong Kong, 17 June 2025

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LU Zhaowei, Mr. XIAO Yi, Mr. LI Ka Chun Gordon and Mr. LI Congwei as executive Directors; and Mr. ZHEN Jian, Ms. ZHAO Hongqin and Ms. CHAN Wai Yan as independent non-executive Directors.

* *For identification purpose only*