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ALLEGRO CULTURE LIMITED

律齊文化有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

VOLUNTARY ANNOUNCEMENT – (1) DISPOSAL OF SUBSIDIARIES; (2) RECENT BUSINESS UPDATE; AND (3) CONTINUE SUSPENSION OF TRADING

This announcement is made by Allegro Culture Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the Shareholders and potential investors of the Company of the latest business development of the Group.

(1) DISPOSAL OF SUBSIDIARIES

References are made to the announcements of the Company dated 18 March 2024 and 28 March 2024 in relation to the delay in the completion of the 2023 Audit and the delay in the publication of the 2023 Annual Results, the announcement of the Company dated 20 May 2024 in relation to the resignation of the auditor, the announcement of the Company dated 6 June 2024 in relation to the appointment of the auditor, the announcement of the Company dated 24 June 2024 in relation to the Resumption Guidance, the announcement of the Company dated 25 September 2024 in relation to the quarterly update on resumption progress of the Company, the announcement of the Company dated 28 October 2024 in relation to the formation of the Independent Investigation Committee and the engagement of the Independent Forensic Investigator and the announcement of the Company dated 4 November 2024 in relation to the Modified Resumption Guidance.

In order to deal with the Audit Issues, the Company has resolved to dispose of KK Wecheck and Hopeful Top with details as follows:

Disposal of Beyond Noble and Smart Path

On 23 December 2024, the Company entered into a sale and purchase agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, all the issued share capital of Beyond Noble, which is the legal and beneficial owner of 51% of the entire issued share capital of KK Wecheck, for the consideration of HK\$19,000.

On 23 December 2024, the Company entered into another sale and purchase agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, all the issued share capital of Smart Path, which is the legal and beneficial owner of the entire issued share capital of Hopeful Top, for the consideration of HK\$1.

Consideration

The consideration for the disposal of Beyond Noble and Smart Path was determined based on (i) arm's length negotiation between the Company and the Purchaser; and (ii) the valuation of the entire issued share capital of Beyond Noble and Smart Path respectively. The Company considers that the consideration of the disposal of Beyond Noble and Smart Path is fair and reasonable and is beneficial to the Company and its Shareholders as a whole, as the disposal of Beyond Noble and Smart Path (and in turn, KK Wecheck and Hopeful Top) will assist the Company in dealing with the Audit Issues, and thus facilitate the progress of its resumption of trading.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons under the Listing Rules. The Purchaser is ultimately beneficially owned by Mr. Lam Kai Pun who is a legal practitioner in Hong Kong.

The disposal of Beyond Noble and Smart Path have both completed on 30 December 2024. After completions, the Company ceased to have any interest in the Beyond Noble Group Companies and the Smart Path Group Companies.

Recovery sharing undertaking by the Purchaser

The Purchaser undertakes to the Vendor that if the Purchaser (or its nominee): (i) enters into any agreements, arrangement or assignment with any third party for the sale or transfer of any share capital, economic interests or assets of the Beyond Noble Group Company; or (ii) recovers any assets of the Beyond Noble Group Company from any persons; or (iii) receives any dividend from the Beyond Noble Group Company whether by way of liquidation or otherwise:

- (a) on or before the first anniversary of the Completion Date, the Purchaser agrees to pay to the Vendor, within five (5) business days upon receipt of the net proceeds (i.e. the amount recovered as mentioned above less the reasonable expenses incurred by the Purchaser and all advancement of loans made by the Purchaser to the Beyond Noble Group Company for the recovery), a sum equivalent to 50% of the net proceeds;

- (b) after the first anniversary of the Completion Date and up to the second anniversary of the Completion Date, the Purchaser agrees to pay to the Vendor, within five (5) business dates upon receipt of the net proceeds, a sum equivalent to 30% of the net proceeds.

Reasons for the Disposals

As disclosed in the announcement of the Company dated 21 February 2024, the incumbent Board was unable to retrieve sufficient documentary evidence and acquire any meaningful understanding of the business operations and financial positions of KK Wecheck and Hopeful Top. Subsequently, the incumbent Board has spent all possible effort to retrieve the relevant information including initiating legal action against a former executive Director for handing over of books and records, and approaching the management of KK Wecheck and Hopeful Top for understanding the status and condition of the two entities.

As at the date of the Disposal Agreements, the Company remained unable to resume control over KK Wecheck and to retrieve certain of its books and records; on the other hand, the Company managed to appoint directors to Hopeful Top and changed the bank signatories of Hopeful Top, hence resuming control over Hopeful Top, yet, certain books and records thereof may not have been located by the Company.

In light of the fact that (i) it is uncertain whether the Company could retrieve all the books and records of KK Wecheck and Hopeful Top to complete their audit works, (ii) based on the available information of the Company in relation to KK Wecheck, it was engaged in the trading of COVID-19 testing kits and provision of related professional medical services, and the business has drastically shrunk in the post-COVID-19 era with minimal financial substance; and (iii) Hopeful Top was engaging in investments in relation to certain custom integrated circuit chip design project but based on the information available to the Company, there was no successful development of such business and the Company may have to continue investing in the business with uncertainty on the chance of return, as such, the Company has decided to divest the investment in KK Wecheck and Hopeful Top to resolve the uncertainty as to their audit works and hence the impediment brought by them to the audit of the financial accounts of the Group, to simplify the structure of the Group and to avoid unnecessary spending and investment in entities which do not suit the development plan of the Company or yield no return to the Group and the Shareholders.

The Company has spent much time in seeking for advice in the mode of divestment, and due to the lack of full control and/or all financial information of KK Wecheck and Hopeful Top, the Company was advised that members voluntary winding up of the two entities may not be procedurally feasible. In particular, Hopeful Top, together with the Smart Path Group Company as a whole, has no identifiable asset, nil bank balance, and nil unaudited net assets value in material time of year 2024. It would not be commercially sound to spend additional effort aiming to dissolve it, or to recover

anything through disposal of it. Subsequently, the Company was able to obtain the assistance from the Purchaser which is beneficially owned by a legal practitioner in Hong Kong who might have ways and knowhow to attempt recovering any residual assets which may be owned by KK Wecheck, as such, the Company engaged an independent valuer to prepare valuation on each of the Beyond Noble Group Company and the Smart Path Group Company, and decided to dispose of the interest in them, with an undertaking given by the Purchaser which leave a chance to the Company for recovering any residual assets or value of KK Wecheck. Based on the best available information obtained by the Company, the unaudited net assets value of KK Wecheck was approximately HK\$45,000, and the valuation of the Beyond Noble Group as at 30 September 2024 was approximately HK\$19,000.

As KK Wecheck was the only one subsidiary of the Company in operating the business of sale of medical and health products, the Company will cease to have business in this segment upon the completion of the disposal of Beyond Noble and Smart Path.

Listing Rules implications

As all the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the Disposal Agreements and the transactions contemplated thereunder are less than 5%, the entering into of the Disposal Agreements and the transactions contemplated thereunder does not constitute a discloseable transaction on the part of Company under Chapter 14 of the Listing Rules.

(2) RECENT BUSINESS UPDATE

(i) Exempted Continuing Connected Transaction

In March 2024, Shenzhen Allegro Culture Limited (深圳市律齊文化有限公司), an indirect wholly-owned subsidiary of the Company (“**SZ Allegro**”), entered into a business promotion cooperation framework agreement (the “**Framework Agreement**”) with Shenzhen Kingkey Real Estate Holdings Limited (深圳市京基房地產股份有限公司) (“**SZ Kingkey**”), pursuant to which SZ Allegro agreed to provide and have provided advertising and promotional services to SZ Kingkey for its real estate projects for the period commencing from 12 March 2024 to 31 December 2024. The cap for the service fee for the aforesaid period is RMB2.5 million, and the actual amount of services conducted under the Framework Agreement was approximately RMB2.4 million for the year ended 31 December 2024.

As SZ Kingkey is a non-wholly owned subsidiary of Kingkey Group, which is majority-owned by the father of Mr. Chen Jiajun, a substantial shareholder of the Company, SZ Kingkey is considered as a connected person under Chapter 14A of the Listing Rules, and the transactions contemplated under the Framework Agreement are considered as continuing connected transactions of the Company.

Under the Framework Agreement, SZ Allegro is responsible for organising promotional work for the specific real estate projects of SZ Kingkey. SZ Allegro designed and proposed various promotional activities for the subject real estate projects which include both offline and online promotional works, and upon agreement on the promotional works details, SZ Allegro identified suitable service providers for the implementation of the relevant promotion activities.

The Board is of the view that the transactions conducted under the Framework Agreement is a natural expansion of the advertising and promotional activities of the Group, and mark the first step of the Group to expand its business beyond Hong Kong. Leveraging on the expertise, experience and network of the Group in the advertising and promotional business, the Group has experimented the extension of its services in the PRC with positive results. The Company is considering to further develop such business in the PRC to broaden the income sources of the Group.

Listing Rules implications

As all the applicable percentage ratios of the annual cap of the Framework Agreement are less than HK\$3 million and less than 5%, the transactions contemplated under the Framework Agreement are considered to be a de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and is exempted from annual review, all disclosure and shareholders' requirements.

(ii) Advertising and Promotional Services in the PRC to Independent Third Parties

The Company has further developed its business in the provision of advertising and promotional services in the PRC through SZ Allegro. Since November 2024, SZ Allegro has entered into agreements in providing advertising and promotional services, including but not limited to the formulation of promotion plan and advising on advertising strategy, to its customers. On the other hand, to strengthen the Company's competitiveness in the PRC advertising and promotional market, SZ Allegro has also engaged certain service providers for the provision of technological support, such that SZ Allegro could provide advertising and promotional services to its customers via social media platforms in the PRC, such as Douyin (抖音). To the best of the Directors' knowledge, all the aforesaid customers and service providers are third parties independent of the Company and the connected person of the Company.

The Company will continue to explore business opportunities in the advertising and promotional markets in the PRC.

(3) CONTINUED SUSPENSION OF TRADING OF SHARES

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended until further notice.

Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

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| “Audit Issues” | the issues as stated in the letter dated 6 May 2024 from BDO Limited, the former auditor of the Company, details of which are stated in the announcement of the Company dated 6 May 2024 |
| “Beyond Noble” | Beyond Noble Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which holds the entire issued share capital of KK Wecheck |
| “Beyond Noble Group Company” | Beyond Noble and any of its subsidiaries |
| “Board” | the board of Directors of the Company |
| “Company” | Allegro Culture Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal Agreements” | collectively (i) the sale and purchase agreement dated 23 December 2024 entered into between the Company and the Purchaser in relation to the sale and purchase of the entire issued share capital of Beyond Noble; and (ii) the sale and purchase agreement dated 23 December 2024 entered into between the Company and the Purchaser in relation to the sale and purchase of the entire issued share capital of Smart Path |

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| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hopeful Top” | Hopeful Top Limited, a company incorporated in Hong Kong with limited liability |
| “Kingkey Group” | Kingkey Group Co., Ltd. a company established in the People’s Republic of China with limited liability, which is the holding company of SZ Kingkey, and a company majority-owned by the father of a substantial shareholder of the Company |
| “KK Wecheck” | KK Wecheck Medical Technology Limited, a company incorporated in Hong Kong with limited liability |
| “Listing Rules” | the Rules Governing the Listing of Securities of the Stock Exchange |
| “Purchaser” | Wise World International Investment Limited, a company incorporated in the British Virgin Islands |
| “RMB” | Renminbi, the lawful currency of the People’s Republic of China |
| “Shareholder(s)” | holder(s) of the issued shares of the Company |
| “Smart Path” | Smart Path Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, which holds the entire issued share capital of Hopeful Top |
| “Smart Path Group Company” | Smart Path and any of its subsidiaries |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “SZ Allegro” | Shenzhen Allegro Culture Limited (深圳市律齊文化有限公司), a company established in the People’s Republic of China with limited liability and indirect wholly-owned subsidiary of the Company |

“SZ Kingkey”

Shenzhen Kingkey Real Estate Holdings Limited (深圳市京基房地產股份有限公司), a company established in the People’s Republic of China with limited liability, which is majority-owned by Kingkey Group

“%”

per cent

By order of the Board
Allegro Culture Limited
Yiu Sze Wai
Executive Director

Hong Kong, 14 March 2025

As at the date of this announcement, the Board comprises Ms. Yiu Sze Wai as executive Director; Ms. Chung Anita Mei Yiu and Ms. Sun Jing as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. Chan Chiu Hung, Alex, Mr. Li Chaobo and Ms. Yang Wanning, as independent non-executive Directors.