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## **Mobile Internet (China) Holdings Limited**

**移動互聯(中國)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1439)**

### **THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **I. THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

##### **The Consolidated Financial Statements**

Reference is made to the announcement of Mobile Internet (China) Holdings Limited (the “**Company**” which together with its subsidiaries is collectively referred to as the “**Group**”) dated 31 March 2022, in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Unaudited Annual Results**”). Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board is pleased to announce that the Company’s auditor, HLB Hodgson Impey Cheng Limited, has completed its audit of the annual results of the Group for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. As at the date of this announcement, the 2021 Audited Annual Results have been reviewed by the audit committee of the Company and approved by the Board.

The consolidated annual results for the year ended 31 December 2021 of the Group, together with comparative figures for the year ended 31 December 2020 as follows:

## MATERIAL DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS

Taking into account that the financial information contained in the 2021 Unaudited Annual Results was unaudited as at the date of its publication and subsequent adjustments have been made to such information, the shareholders and potential investors of the Company are advised to pay attention to the material differences between the 2021 Unaudited Annual Results and 2021 Audited Annual Results of the Group for the year ended 31 December 2021. Set forth below are the principal details and reasons for the material differences:

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>2021 Audited Annual Results</b> <i>(RMB'000)</i>	<b>2021 Unaudited Annual Results</b> <i>(RMB'000)</i>	<b>Differences</b> <i>(RMB'000)</i>	<i>Notes</i>
<b>Non-current assets</b>				
Property, plant and equipment	119,688	170,049	(50,361)	1,2
Right-of-use assets	<u>2,015</u>	<u>4,801</u>	(2,786)	3
	<u>121,703</u>	<u>174,850</u>	(53,147)	
<b>Current assets</b>				
Inventories	51,961	59,458	(7,497)	4
Trade receivables	60,011	72,916	(12,905)	5
Prepayments, deposits and other receivables	7,756	11,986	(4,230)	6
Cash and bank balances	<u>1,941</u>	<u>2,116</u>	(175)	6
	<u>121,669</u>	<u>146,476</u>	(24,807)	
<b>Current liabilities</b>				
Trade, other payables and accruals	321,590	276,701	44,889	6,7
Borrowings	274,250	274,250	—	
Lease liabilities	<u>—</u>	<u>872</u>	(872)	3,8
	<u>595,840</u>	<u>551,823</u>	44,017	
<b>Net current liabilities</b>	<u>(474,171)</u>	<u>(405,347)</u>	(68,824)	
<b>Total assets less current liabilities</b>	<u>(352,468)</u>	<u>(230,497)</u>	(121,971)	

	<b>2021</b> <b>Audited</b> <b>Annual</b> <b>Results</b> <i>(RMB'000)</i>	<b>2021</b> <b>Unaudited</b> <b>Annual</b> <b>Results</b> <i>(RMB'000)</i>	<b>Differences</b> <i>(RMB'000)</i>	<i>Notes</i>
<b>Non-current liabilities</b>				
Non-current lease liabilities	—	2,760	(2,760)	3,8
<b>Net liabilities</b>	<u>(352,468)</u>	<u>(233,257)</u>	(119,211)	
<b>Equity</b>				
Share Capital	11,161	11,161	—	
Reserves	<u>(363,629)</u>	<u>(244,418)</u>	(119,211)	
<b>Capital deficiency</b>	<u>(352,468)</u>	<u>(233,257)</u>	(119,211)	

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<b>2021 Audited Annual Results (RMB'000)</b>	<b>2021 Unaudited Annual Results (RMB'000)</b>	<b>Differences (RMB'000)</b>	<i>Notes</i>
<b>Revenue</b>	182,553	182,553	—	
Cost of sales	<u>(167,511)</u>	<u>(166,913)</u>	(598)	2,4
<b>Gross profit</b>	15,042	15,640	(598)	
Other revenue	806	806		
Other income	1,037	210	827	8
Selling and distribution expenses	(14,073)	(14,073)	—	
Administrative expenses	(44,094)	(35,573)	(8,521)	2,6
Allowance of expected credit loss recognised in respect of financial assets carried at amortised costs, net	(12,905)	—	(12,905)	5
Other operating costs	<u>(53,809)</u>	<u>—</u>	(53,809)	1
<b>Loss from operations</b>	(107,996)	(32,990)	(75,006)	
Finance costs	<u>(81,938)</u>	<u>(39,869)</u>	(42,069)	7
<b>Loss before tax</b>	(189,934)	(72,859)	(117,075)	
Income tax	<u>—</u>	<u>—</u>	—	
Loss for the year	<u>(189,934)</u>	<u>(72,858)</u>	(117,076)	
<b>Other comprehensive income for the year, net of tax</b>				
Exchange differences on translating foreign operations	<u>15,061</u>	<u>17,196</u>	(2,135)	9
<b>Total comprehensive loss for the year, net of tax</b>	<u>(174,873)</u>	<u>(55,663)</u>	(119,211)	
<b>Loss attributable to owners of the Company</b>	<u>(189,934)</u>	<u>(72,859)</u>	(117,076)	

	<b>2021</b> <b>Audited</b> <b>Annual</b> <b>Results</b> <i>(RMB'000)</i>	<b>2021</b> <b>Unaudited</b> <b>Annual</b> <b>Results</b> <i>(RMB'000)</i>	<b>Differences</b> <i>(RMB'000)</i>	<i>Notes</i>
<b>Total comprehensive loss attributable to owners of the Company</b>	<u>(174,873)</u>	<u>(55,663)</u>	(119,211)	
<b>Loss per share attributable to owners of the Company</b>				
— Basic and diluted (RMB cents)	<u>(13.79)</u>	<u>(5.29)</u>	(8.50)	

*Notes:*

1. The change resulted from impairment of the property, plant and equipment of approximately RMB53,809,000 upon finalisation of the valuation by independent valuers.
2. The net change resulted from overstatement of the depreciation of approximately RMB3,448,000, including overstatement of approximately RMB6,826,000 to cost of sales and understatement of approximately RMB3,378,000 to administrative expenses.
3. The change resulted from recognition exemption from recognising right-of-use assets for leases which the lease term is short term in nature.
4. The change resulted from recognition of write off of slow-moving inventories of approximately RMB7,497,000.
5. The change resulted from recognition of allowance of excepted credit loss recognised in respect of financial assets carried at amortised costs, net of approximately RMB12,905,000.
6. The change mainly resulted from recognition of additional expenses upon finalisation of the bank reconciliation and review of corresponding debit notes, and/or invoices for the administrative expenses.
7. The change resulted from understatement of the interest expenses of approximately RMB42,069,000.
8. The change mainly resulted from gain on lease termination of approximately RMB827,000 and was recognised in other income and lease liabilities was decreased by the corresponding amount.
9. The amount represents the exchange effect of adjustments above.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Revenue</b>	5	<b>182,553</b>	214,535
Cost of sales		<u>(167,511)</u>	<u>(178,335)</u>
<b>Gross profit</b>		<b>15,042</b>	36,200
Other revenue	6	<b>806</b>	1,037
Other income	7	<b>1,037</b>	3,868
Selling and distribution expenses		<b>(14,073)</b>	(23,462)
Administrative expenses		<b>(44,094)</b>	(56,093)
Amortisation of intangible assets		—	(8,496)
Allowance for expected credit loss (“ECL”) recognised in respect of financial assets carried at amortised costs, net		<b>(12,905)</b>	(7,412)
Other operating loss	9	<u>(53,809)</u>	<u>(114,669)</u>
<b>Loss from operations</b>		<b>(107,996)</b>	(169,027)
Finance costs	8	<u>(81,938)</u>	<u>(71,250)</u>
<b>Loss before tax</b>	9	<b>(189,934)</b>	(240,277)
Income tax	10	<u>—</u>	<u>1,410</u>
<b>Loss for the year</b>		<u><b>(189,934)</b></u>	<u>(238,867)</u>
<b>Other comprehensive income for the year, net of tax</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>15,061</u>	<u>27,853</u>
Other comprehensive income for the year, net of tax		<u>15,061</u>	<u>27,853</u>
<b>Total comprehensive loss for the year, net of tax</b>		<u><b>(174,873)</b></u>	<u>(211,014)</u>
<b>Loss for the year attributable to owners of the Company</b>		<u><b>(189,934)</b></u>	<u>(238,867)</u>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(174,873)</b></u>	<u>(211,014)</u>
<b>Loss per share attributable to owners of the Company</b>			
— Basic and diluted (RMB cents)	12	<u><b>(13.79)</b></u>	<u>(17.34)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>119,688</b>	199,688
Right-of-use assets		<b>2,015</b>	2,209
		<u><b>121,703</b></u>	<u>201,897</u>
<b>Current assets</b>			
Inventories		<b>51,961</b>	52,240
Trade receivables	<i>13</i>	<b>60,011</b>	71,877
Prepayments, deposits and other receivables		<b>7,756</b>	16,224
Cash and bank balances		<b>1,941</b>	61,646
		<u><b>121,669</b></u>	<u>201,987</u>
<b>Current liabilities</b>			
Trade, other payables and accruals	<i>14</i>	<b>321,590</b>	268,648
Borrowings		<b>274,250</b>	311,304
Lease liabilities		—	461
Contract liabilities		—	60
Tax payable		—	334
		<u><b>595,840</b></u>	<u>580,807</u>
<b>Net current liabilities</b>		<u><b>(474,171)</b></u>	<u>(378,820)</u>
<b>Total assets less current liabilities</b>		<u><b>(352,468)</b></u>	<u>(176,923)</u>
<b>Non-current liability</b>			
Lease liabilities		—	672
<b>Net liabilities</b>		<u><b>(352,468)</b></u>	<u>(177,595)</u>
<b>Equity</b>			
Share capital		<b>11,161</b>	11,161
Reserves		<b>(363,629)</b>	(188,756)
<b>Capital deficiency</b>		<u><b>(352,468)</b></u>	<u>(177,595)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands on 12 July 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 1008A, 10th Floor, Ocean Centre, Harbour City, Kowloon, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 January 2014.

The Company acts as an investment holding company while its principal operating subsidiaries are engaged in manufacturing and sales of packaging materials and development, distribution and operation of mobile game products.

The directors of the Company (the “**Directors**”) consider the parent and the ultimate holding company of the Company to be Novel Blaze Limited (“**Novel Blaze**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability. Its ultimate controlling party is Ms. Zheng Xue Xia, who is a spouse of the executive director of the Company, Mr. Sun Shao Hua.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to the nearest thousand (RMB’000), unless otherwise stated. RMB is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars (“**HK\$**”). The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time in the current year:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors estimated the application of the new and amendments to HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfer between Level 1, 2 and 3 in both years.

## Going concern

The Group incurred a net loss of approximately RMB189,934,000 (2020: RMB238,867,000) and operating cash outflow of approximately RMB32,819,000 (2020: RMB24,411,000) for the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB474,171,000 (2020: RMB378,820,000) and the Group was in net liabilities position of approximately RMB352,468,000 (2020: RMB177,595,000). In addition, included in the borrowings of the Group as at 31 December 2021 are promissory notes and convertible bonds of principal amounts of approximately HK\$160,000,000 (equivalent to RMB132,997,000) and approximately HK\$6,667,000 (equivalent to approximately RMB5,541,000) respectively (2020: approximately HK\$160,000,000 (equivalent to RMB134,645,000) and approximately HK\$6,667,000 (equivalent to approximately RMB5,610,000) respectively) which were matured on 19 May 2019 and 19 June 2019 and were not repaid as at 31 December 2021. These outstanding principal amounts and related overdue interests amounting to approximately HK\$272,969,000 (equivalent to approximately RMB226,900,000) (2020: HK\$193,690,000 (equivalent to approximately RMB162,996,000)), in aggregate were not repaid as at 31 December 2021. In addition, the Group had bank borrowings of RMB32,000,000 and RMB12,000,000 which matured on 17 June 2021 and 24 April 2022 respectively, which remaining outstanding as at the date of approval for issuance of the consolidated financial statements. As at the same date, the Group's interest-bearing bank borrowing and other borrowing amounted to approximately RMB1,000,000 and RMB75,738,000 respectively were due for repayment or renewal in the next twelve months. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB1,941,000, which is insufficient to fully repay the matured promissory notes, convertible notes, bank and other borrowings and relevant aggregated interest.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) The Group is in the process of negotiating with its promissory noteholders and convertible bondholders to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;
- (iii) The Group is negotiating with the banks for the extending of existing bank borrowings. Taking into accounting the Group's security provided to the banks, the Directors believe that the existing bank loans will have renewal or roll-over in the near future.
- (iv) The Directors are considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities, private placements, open offers or rights issue of new shares of the Company;
- (v) The director of the Company, Mr. Sun Shao Hua, has stated that he is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due; and
- (vi) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables in accordance with the repayment schedules agreed with them.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress and the future outcomes are inherently uncertain, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to achieve these plans and measures, including the ability to repay, renew or to restructure and/or refinance its borrowings with the promissory notes holders and convertible bonds holders, generate adequate financing and operating cash flows.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. In addition, the group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

#### **4. OPERATING SEGMENT**

The board of directors is the Group's chief operating decision makers ("CODM").

The Group engaged in two operating segments which are sales of paper-based packaging products and development, distribution and operation of mobile game products. The chief operating decision makers allocated resources and assessed performance based on the profit or loss for the year for the entire business comprehensively.

Segment revenue reported represents revenue generated from external customers. There were no intersegment sales for the year ended 31 December 2021 (2020: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segments loss represents the loss incurred from each segments without allocation of unallocated corporate expenses, unallocated finance costs and income tax. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Paper-based packaging products		Development, distribution and operation of mobile game products		Consolidated	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<u>181,984</u>	<u>201,984</u>	<u>569</u>	<u>12,551</u>	<u>182,553</u>	<u>214,535</u>
Segment results	<u>(95,577)</u>	<u>(79,897)</u>	<u>(5,816)</u>	<u>(77,515)</u>	<u>(101,393)</u>	<u>(157,412)</u>
Unallocated corporate expenses					<u>(8,380)</u>	<u>(14,970)</u>
Unallocated finance costs					<u>(80,161)</u>	<u>(67,895)</u>
Loss before tax					<u>(189,934)</u>	<u>(240,277)</u>
Income tax					<u>—</u>	<u>1,410</u>
Loss for the year					<u>(189,934)</u>	<u>(238,867)</u>

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Paper-based packaging products		Development, distribution and operation of mobile game products		Consolidated	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segments assets	<u>243,124</u>	<u>391,544</u>	<u>4</u>	<u>11,789</u>	<u>243,128</u>	<u>403,333</u>
Unallocated corporate assets					<u>244</u>	<u>551</u>
					<u>243,372</u>	<u>403,884</u>
Segments liabilities	<u>63,532</u>	<u>85,392</u>	<u>10,877</u>	<u>13,730</u>	<u>74,409</u>	<u>99,122</u>
Unallocated corporate liabilities					<u>521,431</u>	<u>482,357</u>
					<u>595,840</u>	<u>581,479</u>

The Company's and some dormant companies' assets are not considered to be segment assets for reporting to the CODM as they are managed by the central treasury function.

The Company's and some dormant companies' liabilities are not considered to be segment liabilities for reporting to the CODM as they are managed by the central treasury function.

## Other segment information

For the year ended 31 December 2021

	Paper-based packaging products <i>RMB'000</i>	Development, distribution and operation of mobile game products <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Capital expenditure ( <i>Note</i> )	(82)	—	—	(82)
Depreciation of right-of-use assets	(60)	(134)	—	(194)
Depreciation of property, plant and equipment	(26,191)	—	—	(26,191)
Allowance for ECL recognised in respect of financial assets carried at amortised cost, net	(12,905)	—	—	(12,905)
Written off of inventories	(7,497)	—	—	(7,497)
Impairment of property, plant and equipment	(53,787)	(22)	—	(53,809)
Finance costs	(1,627)	(150)	(80,161)	(81,938)

For the year ended 31 December 2020

	Paper-based packaging products <i>RMB'000</i>	Development, distribution and operation of mobile game products <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Capital expenditure ( <i>Note</i> )	(97,825)	—	(69)	(97,894)
Depreciation of right-of-use assets	(60)	(662)	(733)	(1,455)
Depreciation of property, plant and equipment	(25,384)	(9)	(49)	(25,442)
Amortisation of intangible assets	—	(8,496)	—	(8,496)
Allowance for ECL recognised in respect of financial assets carried at amortised cost, net	(7,419)	7	—	(7,412)
Gain on disposal of property, plant and equipment	26	—	—	26
Written off of inventories	(1,335)	—	—	(1,335)
Impairment of property, plant and equipment	(58,772)	(8)	(84)	(58,864)
Impairment loss on goodwill	—	(11,999)	—	(11,999)
Impairment of intangible assets	—	(7,135)	—	(7,135)
Impairment of right-of-use assets	—	—	(944)	(944)
Impairment of long-term prepayment	—	(35,727)	—	(35,727)
Finance costs	(3,232)	(123)	(67,895)	(71,250)

*Note:* Capital expenditure includes addition to property, plant and equipment.

During the years ended 31 December 2021 and 2020, all revenue is derived from customers in the PRC.

As at 31 December 2021 and 2020, most of the Group's non-current assets were located in the PRC. Accordingly, no analysis of the Group's result and assets by geographical area is disclosed.

For the year ended 31 December 2021, included in development, distribution and operation of mobile game products segment, no (2020: RMB1,321,000 arose from the Group largest distribution channel) revenue arose from the Group's distribution channel for the year ended 31 December 2021. For the year ended 31 December 2021, included in paper-based packaging products segment, approximately RMB8,679,000 (2020: RMB9,925,000) revenue arisen from the Group's largest customer. No single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2021 (2020: Nil).

## 5. REVENUE

Revenue represents the net amounts received and receivable for goods sold, net of discounts and excludes value-added tax, service fees and commission received and sales of in-game virtual items.

Disaggregation of revenue from customers by major products or services line and timing is as follows:

	<b>2021</b> <i><b>RMB'000</b></i>	2020 <i>RMB'000</i>
Revenue recognised at a point in time:		
Sales of paper-based packaging products	<b>181,984</b>	201,984
Revenue recognised over time:		
Development, distribution and operation of mobile game products	<u>569</u>	<u>12,551</u>
	<u><b>182,553</b></u>	<u>214,535</u>

## 6. OTHER REVENUE

	<b>2021</b> <i><b>RMB'000</b></i>	2020 <i>RMB'000</i>
Sales of residual materials	<b>739</b>	726
Bank interest income	<u>67</u>	<u>311</u>
	<u><b>806</b></u>	<u>1,037</u>

## 7. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government subsidies ( <i>Note</i> )	85	3,505
Rent concession	—	288
Gain on lease termination	827	—
Sundry income	125	75
	<u>1,037</u>	<u>3,868</u>

*Note:*

Government subsidies represent the financial subsidies given by the local government to encourage the Group's operation in the PRC. No unfulfilled condition and other contingencies attached to these government subsidies.

## 8. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expenses on borrowings	81,820	71,187
Interest expenses on lease liabilities	118	63
	<u>81,938</u>	<u>71,250</u>

## 9. LOSS BEFORE TAX

Loss before tax has been arrived after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Staff costs:</b>		
Employee benefit expense (including directors' emoluments):		
Wages and salaries	31,948	59,206
Retirement benefit schemes contributions	3,833	2,339
	<u>35,781</u>	<u>61,545</u>
<b>Other operating loss:</b>		
Impairment of properties, plant and equipment	53,809	58,864
Impairment of goodwill	—	11,999
Impairment of intangible assets	—	7,135
Impairment of right-of-use assets	—	944
Impairment of long term prepayment	—	35,727
	<u>53,809</u>	<u>114,669</u>
Auditors' remuneration	746	781
Amortisation of intangible assets	—	8,496
Allowance for ECL recognised in respect of financial assets carried at amortised cost, net	12,905	7,412
Written off of inventories	7,497	1,335
Gain on disposal of property, plant and equipment	—	(26)
Expense relating to short-term lease	364	118
Research and development costs	—	4,347
Cost of inventories sold	159,979	176,544

## 10. INCOME TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
— The PRC Enterprise Income Tax	—	333
— Over provision in prior year	—	(1,743)
	<hr/>	<hr/>
Total income tax credit recognised in profit or loss	<hr/> <hr/>	<hr/> <hr/> (1,410)

No Hong Kong profit tax is provided as the Group does not have any assessable profit from the Group's operation in Hong Kong for the year ended 31 December 2021 and 2020.

The PRC subsidiary is subject to the PRC Enterprise Income Tax at 25% during the year (2020: 25%). Pursuant to the relevant laws and regulations in the PRC, HongSheng (Jiangxi) Color Printing Packaging Co., Ltd (“**HongSheng**”), which qualified as a High and New Technology Enterprise (“**HNTE**”) in August 2014, was entitled to a reduced enterprise income tax rate of 15% from 1 January 2014 to 31 December 2016. During the year ended 31 December 2021, HongSheng renewed the qualification of HNTE and entitled to the reduced tax rate of 15% until the year ended 31 December 2021.

During the year ended 31 December 2021, Behill Science Technology Co., Limited was qualified as a HNTE and entitled to a reduced enterprise income tax rate of 15% from 1 January 2020 to 31 December 2021.

## 11. DIVIDENDS

The board of directors does not recommend payment of any dividend for the years ended 31 December 2021 and 2020.

## 12. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

### Basic and diluted loss per share

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss attributable to the owners of the Company for the purpose of basic loss per share	<u>(189,934)</u>	<u>(238,867)</u>

### Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares	<u>1,377,498</u>	<u>1,377,498</u>

Basic loss per share for the years ended 31 December 2021 and 2020 are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of shares in issue during the year.

For the years ended 31 December 2021 and 2020, the diluted loss per share and basis loss per share is the same as there was no potential ordinary shares outstanding during the years.

## 13. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	79,082	78,043
Less: Allowance for ECL	<u>(19,071)</u>	<u>(6,166)</u>
	<u>60,011</u>	<u>71,877</u>

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below is net of allowance for ECL:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–30 days	<b>9,955</b>	22,228
31–60 days	<b>9,263</b>	20,686
61–90 days	<b>5,254</b>	17,239
91–180 days	<b>20,470</b>	11,724
181–365 days	<b>15,069</b>	—
	<u><b>60,011</b></u>	<u>71,877</u>

#### 14. TRADE, OTHER PAYABLES AND ACCRUALS

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>15,529</b>	32,223
Accruals	<b>34,875</b>	34,559
Interest payable ( <i>Note</i> )	<b>266,399</b>	193,219
Other payables	<b>4,787</b>	8,647
	<u><b>321,590</b></u>	<u>268,648</u>

*Note:* Included in interest payable as at 31 December 2021 were overdue interest on promissory notes and convertible notes re-classified under borrowings of approximately RMB226,900,000 (2020: RMB162,996,000).

An aged analysis of the trade payables, based on invoice date, is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–30 days	<b>8,671</b>	17,390
31–60 days	<b>6,858</b>	14,833
	<u><b>15,529</b></u>	<u>32,223</u>

#### 15. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to be consistent with the current's presentation.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The following is the extract of the independent auditors' report on the Company's consolidated financial statements for the year ended 31 December 2021.

### **DISCLAIMER OF OPINION**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other aspect, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Material uncertainties relating to the going concern basis**

As explained in Note 3 to the consolidated financial statements, the Group incurred a net loss of approximately RMB189,934,000 and operating cash outflow of approximately RMB32,819,000 for the year ended 31 December 2021, and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB474,171,000 and the Group was in net liabilities position of approximately RMB352,468,000. The Group's convertible bonds and promissory notes with outstanding principal amounts of approximately HK\$6,667,000 (equivalent to approximately RMB5,541,000) and HK\$160,000,000 (equivalent to approximately RMB132,997,000) respectively as at 31 December 2021, classified as borrowings in current liabilities in the consolidated statement of financial position, matured and fell due for repayment during the year ended 31 December 2019. These outstanding principal amounts and related overdue interests, amounting to approximately HK\$272,969,000 (equivalent to approximately RMB226,900,000) in aggregate, were not repaid as at 31 December 2021. In addition, the Group had bank borrowings of RMB32,000,000 which matured during the year ended 31 December 2021, and another bank borrowings of RMB12,000,000 which matured on 24 April 2022, which remaining outstanding as at the date of approval for issuance of the consolidated financial statements. As at the same date, the Group's interest-bearing bank borrowing and other borrowing amounted to approximately RMB1,000,000 and RMB75,738,000 respectively were due for repayment or renewal in the next twelve months. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB1,941,000, which is insufficient to fully repay the matured promissory notes, convertible notes, bank and other borrowings and relevant aggregated interest.

The factors referred to above, along with other matters as described in Note 3 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The directors have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in Note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these measures, which are inherently uncertainty and subject to multiple uncertainties, including (i) whether the Group is able to implement its cost control measures to attain positive cash flows from operations; (ii) whether the Group is able to successfully negotiate with the banks other lenders, and holders of its promissory notes and convertible bonds to restructure and/or refinance these borrowings, including those with overdue principals and interests, and secure necessary credit facilities to provide additional funds to meet the Group's working capital and financial requirements in the near future; (iii) whether the Company is able to successfully implement alternative capital raising initiatives to strengthen the capital base of the Group; and (iv) whether the director of the Company, Mr. Sun Shao Hua is able to provide financial support to the Group to enable the Group to continue as a going concern and to settle the Group's liabilities as and when they fall due.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analysis provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Mobile Internet (China) Holdings Limited (“**Mobile Internet**” or the “**Company**”), I would like to present the results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021.

2021 was a challenging year for us. During the first half of 2021, the outbreak of COVID-19 and its escalation on a global scale has triggered unprecedented disruptions to the economy and business operations nation-wide. We inevitably felt the severe impact of a much weakened domestic economy resulted from the COVID-19 outbreak amid the ongoing US-China trade friction.

For our packaging products business, the business gradually picked up in the second half of the year, but the recovery of many SMEs in China including us lagged behind the recovery speed of the overall economy.

For our mobile game business, the industry sees dominant players with substantial financial and technical resources and superior at capturing market preferences and trends. Our existing games are at the recession stage of their respective life cycle, resulting in significant shrinkage in contribution to the annual results. We have been making efforts to review the strategies and resources for the segment.

As a result, 2021 saw decrease in business for both of our packaging and mobile game segments. The Group's revenue for 2021 was approximately RMB182.5 million, representing a year on year decline of 14.9%. However, the Group's net loss for 2021 was decreased to approximately RMB189.9 million (2020: RMB238.9 million). The decrease in loss is the combined result of a number of factors, with the decrease in impairment loss on assets and the increase in finance costs for 2021 being the primary factor.

Looking forward, we will continue to focus on strengthening our core businesses, optimising our product mix, and enhancing our operational efficiency while proactively exploring new opportunities.

I would like to take this opportunity to express my sincere gratitude to all fellow directors, management, and our staff for their dedication and contribution to our Group's development. I would also like to thank all our shareholders for their trust and continuous support over a challenging 2021. We remain committed to optimizing our business to generate satisfactory return for our shareholders.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is currently engaged in two business segments, (i) packaging business and (ii) mobile game business. In its packaging business, the Group manufactures and sells paper-based packaging products with operation in Jiangxi Province in China. Our products are used in packaging of a wide variety of products such as food and beverage, glass and ceramics articles, metal hardware and chemicals products, bamboo articles, shopping bags, etc. In its mobile game business, the Group offers free-to-play mobile, browser and client-based online games.

#### **Packaging business**

During the first half of 2021, the outbreak of COVID-19 and its escalation on a global scale has triggered unprecedented disruptions to the economy and business operations nation wide. The Group inevitably felt the severe impact of a much weakened domestic economy resulted from the COVID-19 outbreak amid the ongoing US-China trade friction.

The Group's business gradually picked up in the second half of the year, but the recovery of many SMEs in China including the Group lagged behind the recovery speed of the overall economy. As a result and on annual basis, the Group recorded a significantly lower revenue as compared to that of last year.

On the supply side, the Chinese government continued to promote economic and environmental development reforms and strictly implement environmental protection regulations. This has led to a tightened supply of both imported and domestically produced waste paper, which caused the average price of raw paper remaining high during the year.

In face of the intensified competition and higher raw material cost, while the fixed cost remained largely unchanged despite the decrease in revenue, the Group recorded a significant shrinkage in both revenue and profit. The Group recorded a sales volume of approximately 37.6 million square meters, representing a year on year decline of 12.1%, as compared to 42.8 million square meters last year. The Group's revenue from the packaging segment was approximately RMB182.0 million, representing a year on year decline of 9.9% with the gross profit margin dropped from 11.9% in 2020 to 8.0% this year.

#### **Mobile game business**

The mobile game industry in China is highly competitive, with frequent introduction of new games and rapid adoption of technological and product advancements. The industry also sees dominant players with substantial financial and technical resources.

The Group's existing games are at the recession stage of their respective life cycle, resulting in significant shrinkage in contribution to the segment results for the year under review. The Group has been making efforts to review its strategies and resources for the segment, and there is no new game launched during 2021.

As a result, the segment revenue decreased sharply to approximately RMB0.6 million in 2021, representing a year on year decline of 95.5% and comprising approximately 0.3% of the total revenue of the Group.

## FINANCIAL REVIEW

The revenue for the year ended 31 December 2021 was approximately RMB182.5 million, representing a decrease of approximately RMB32.0 million or approximately 14.9% as compared to that of approximately RMB214.5 million in 2020. The decrease in revenue was attributable to (i) decrease of 10% in revenue from our packaging segment; and (ii) sharp plunge of 95.5% in revenue from our mobile game segment.

The following table set out a breakdown of our revenue by product categories and their relative percentages of our total revenue during the year.

### Revenue by products

	2021		2020	
	<i>RMB'000</i>	<i>% of Total</i>	<i>RMB'000</i>	<i>% of Total</i>
Flexo-printed cartons	<u>61,277</u>	<u>33.6%</u>	<u>68,673</u>	<u>32.0%</u>
Offset-printed cartons				
— Traditional paper-based cartons	<u>53,483</u>	<u>29.3%</u>	<u>57,951</u>	<u>27.0%</u>
— Stone-paper based cartons	<u>67,224</u>	<u>36.8%</u>	<u>75,360</u>	<u>35.1%</u>
Sub-total	<u>120,707</u>	<u>66.1%</u>	<u>133,311</u>	<u>62.1%</u>
Packaging segment	<u>181,984</u>	<u>99.7%</u>	<u>201,984</u>	<u>94.1%</u>
Mobile game segment	<u>569</u>	<u>0.3%</u>	<u>12,551</u>	<u>5.9%</u>
Total	<u><u>182,553</u></u>	<u><u>100.0%</u></u>	<u><u>214,535</u></u>	<u><u>100.0%</u></u>

## Packaging segment

### *Flexo-printed cartons*

The Group's flexo-printed carton segment targeted food and beverage companies as its main customers. The goal is to provide products of good quality, load capacity and protection capabilities. Revenue from sales of flexo-printed cartons for 2021 was approximately RMB61.3 million (2020: approximately RMB68.7 million), which accounted for 33.6% (2020: approximately 32.0%) of our total revenue. The decrease in revenue was mainly due to the loss in sales as a result of the intense market competition.

### *Offset-printed cartons*

The Group's offset-printed carton segment includes traditional paper-based cartons and stone-paper based cartons. Revenue from sales of offset-printed cartons for the year ended 31 December 2021 was approximately RMB120.7 million (2020: approximately RMB133.3 million), which accounted for approximately 66.1% (2020: approximately 62.1%) of our total revenue. The decrease in revenue was mainly due to the decrease in sales of both traditional paper-based cartons and stone-paper based cartons resulted from the overall challenging market environment.

### Revenue by product categories of our customers (Packaging segment)

	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Food and beverage	<b>53,390</b>	<b>29.3</b>	57,990	28.7
Department stores	<b>44,820</b>	<b>24.6</b>	48,586	24.1
Metal hardware and chemical products	<b>20,503</b>	<b>11.3</b>	21,681	10.7
Glass and ceramics articles	<b>503</b>	<b>0.3</b>	2,752	1.4
Bamboo articles	<b>732</b>	<b>0.4</b>	1,895	0.9
Others ( <i>Note</i> )	<b>62,036</b>	<b>34.1</b>	69,080	34.2
Total	<b><u>181,984</u></b>	<b><u>100.0</u></b>	<b><u>201,984</u></b>	<b><u>100.0</u></b>

*Note:* Other products mainly include stationary, energy and electronic products, textile and pharmaceutical products.

The Group's main customers are manufacturers of food and beverage in the PRC. For the year ended 31 December 2021, revenue from food and beverage manufacturers was approximately RMB53.4 million (2020: RMB58.0 million), representing approximately 29.3% (2020: 28.7%) of the revenue of packaging segment.

### Mobile game segment

During the year ended 31 December 2021, revenue from mobile game segment was approximately RMB569,000 (2020: RMB12.6 million), accounting for approximately 0.3% of the total revenue (2020: 5.9%). The significant decrease in revenue contributed by the mobile game segment was mainly attributable to (i) the significant shrinking of contribution from the existing games when they enter into the recession stage; and (ii) no new game was launched during 2021 and 2020.

### Revenue by games (Mobile game segment)

	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Legend of the Journey to the West (大聖傳說) & updated version				
Chinese Odyssey (大話西遊)	—	—	43	0.3
Swordsman (七絕)	—	—	260	2.1
War of Heroes (天天打魔獸)	36	6.3	486	3.9
Hammer of Odin (奧丁之錘)	141	24.8	2,668	21.2
Heroes of Chaos (亂世群英傳)	228	40.1	4,272	34.0
Myths (天旗)	155	27.2	3,399	27.1
Hongyanjue (紅顏決)	—	—	1,315	10.5
Others	9	1.6	108	0.9
	<u>569</u>	<u>100.0</u>	<u>12,551</u>	<u>100.0</u>
Total	<u>569</u>	<u>100.0</u>	<u>12,551</u>	<u>100.0</u>

## GROSS PROFIT AND GROSS PROFIT MARGIN

	2021		2020	
	<i>RMB'000</i>	<i>GP margin (%)</i>	<i>RMB'000</i>	<i>GP margin (%)</i>
Flexo-printed cartons	<u>2,418</u>	3.9	<u>4,302</u>	6.3
Offset-printed cartons				
— Traditional paper-based cartons	2,062	3.9	5,295	9.1
— Stone paper based cartons	<u>10,028</u>	14.9	<u>14,499</u>	19.2
Sub-total	<u>12,090</u>	10.0	<u>19,794</u>	14.8
Packaging segment	14,508	8.0	24,096	11.9
Mobile game segment	<u>534</u>	93.8	<u>12,104</u>	96.4
Total	<u>15,042</u>	8.2	<u>36,200</u>	16.9

The overall gross profit for the Group for the year ended 31 December 2021 was approximately RMB15.0 million, representing a decline in 58.4% or approximately RMB21.2 million as compared to approximately RMB36.2 million in 2020. Overall gross profit margin decreased from approximately 16.9% in 2020 to approximately 8.2% in 2021. The decrease in gross profit is primarily due to the decrease in revenue from both the mobile game segment and the packaging segment, coupled with the fact that there is much sharper plunge in revenue from the mobile game business, where the margin is much higher than that from the packaging business.

Gross profit for the flexo-printed cartons segment for the year ended 31 December 2021 was approximately RMB2.4 million, representing a decrease of 43.8% as compared to approximately RMB4.3 million in 2020. Gross profit margin decreased from 6.3% in 2020 to 3.9% in 2021. The decrease in the gross profit was due to the combined effect of decrease in revenue coupled with the deterioration of the gross profit margin due to the fact that the fixed cost remained despite the plunge in revenue.

Gross profit for the offset-printed cartons segment for the year ended 31 December 2021 was approximately RMB12.1 million, representing a decrease of 38.9% as compared to approximately RMB19.8 million in 2020. The gross profit margin of offset-printed cartons decreased to 14.8% in 2021 from 10.0% in 2020. The offset-printed cartons are higher value added products than flexo-printed products, and the Group is able to pass part of the increase in raw material costs to clients. As a result, the Group managed to achieve relatively smaller decrease in the gross profit margin.

The gross profit from our mobile game segment for the year ended 31 December 2021 was approximately RMB534,000, representing a decline in approximately 95.6% as compared to approximately RMB12.1 million in 2020. The gross profit margin decreased to approximately 93.8% for the year ended 31 December 2021 from approximately 96.4% in 2020. The gross margin remain relative stable during the year.

#### **OTHER REVENUE AND INCOME**

Other revenue and income of the Group decreased by 62.4% or approximately RMB3.1 million from approximately RMB4.9 million in 2020 to approximately RMB1.8 million in 2021. The decrease was mainly due to the absence of government subsidies during the year.

#### **SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses of the Group decreased by 40.0% or approximately RMB9.4 million, from approximately RMB23.5 million in 2020 to approximately RMB14.1 million in 2021. The decrease was mainly due to the reduction in the marketing expenses incurred for the Group's stone paper products and reduction in transportation costs in the packaging segment for the period under review.

#### **ADMINISTRATIVE EXPENSES**

Administrative expenses of the Group decreased by 21.4% or approximately RMB12.0 million from approximately RMB56.1 million in 2020 to approximately RMB44.1 million in 2021. This was primarily because the decrease in administrative staff costs.

#### **LOSS FOR THE YEAR**

As a combined result of the factors discussed above, the Group's net loss for 2021 was approximately RMB189.9 million as compared to a net loss of approximately RMB238.9 million for the previous year.

#### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

## LIQUIDITY, FINANCIAL RESOURCES AND GOING CONCERN UNCERTAINTY

The Group generally finances its operation with internal resources and borrowings. As at 31 December 2021, cash and bank balances amounted to approximately RMB1.9 million (2020: RMB61.6 million), primarily denominated in Renminbi and Hong Kong Dollars. The Group's total borrowings amounted to approximately RMB274.3 million (2020: RMB311.3 million). As the Group recorded net deficit position as at 31 December 2021, the Group's gearing ratio calculated as total borrowings divided by total equity as at 31 December 2021 is not available (2020: N/A).

Promissory Note and Convertible Bond with outstanding principal amount of HK\$40,000,000, HK\$120,000,000 and HK\$6,666,667, respectively, matured on 19 May 2019 without redemption, default and were reallocated to borrowings. The Company has kept on discussing with its creditors with a view to reaching a settlement on this matter.

On 8 June 2021, the holders of Promissory Note with outstanding principal amount of HK\$90,000,000 extended the mature date to 7 June 2022.

As at 31 December 2021, the Group had net current liabilities of approximately RMB474.2 million (2020: net current liabilities of approximately RMB378.8 million). The Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) The Group is in the process of negotiating with its promissory noteholders and convertible bondholders to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;
- (iii) The Group is negotiating with the bank for the extending of existing bank borrowings. Taking into accounting the Group's security provided to the banks, the Directors believe that the existing bank loans will have renewal or roll-over in the near future;
- (iv) The Directors are considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities (manufacturing of medical supplies), private placements, open offers or rights issue of new shares of the Company;
- (v) The director of the Company, Mr. Sun Shao Hua, has stated that he is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due; and

- (vi) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavoring to request them to repay the trade receivables in accordance with the repayment schedules agreed with them.

Details regarding uncertainty on the going concern of the Group are set out in Note 3 to the consolidated financial statements. Despite the existence of such uncertainty, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis, and that each of the Company's operating subsidiaries has adequate resources to continue in operational existence.

## **EXCHANGE RISK EXPOSURE**

The Group mainly operates in the PRC while most of its operating transactions are settled in RMB. Most of its assets and liabilities are denominated in RMB. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group did not adopt formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the year ended 31 December 2021.

## **CONTINGENT CONSIDERATION AND LIABILITIES**

As at 31 December 2021, the Group did not have any material contingent liabilities or guarantees.

## **PLEDGE OF ASSETS**

As at 31 December 2021, the Group pledged certain assets with a carrying value of approximately RMB94.4 million (2020: RMB135.5 million) as collateral for the Group's bank borrowings.

## **OUTLOOK**

Looking forward, the Group will proactively explore new opportunities while strengthening the existing business.

For the packaging business, the Group will continue to strategically focus on market opportunities in its high-end packaging segment, which requires higher technical standards and enjoys higher margin. The Group will also continue its efforts in providing value added services, such as structural design and logistics management, with a view to enhancing its market position. For the mobile game segment, the Group will carefully review the mobile game market and take actions accordingly.

At the same time, the Group will continue to optimise operating costs in order to keep itself in a better position to weather the potentially challenging global economic prospect and lay down a solid foundation for future development when opportunities arise.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme pursuant to a shareholder's resolution passed on 13 December 2013 (the “**Share Option Scheme**”) as incentives or rewards to eligible participants who means full-time or part-time employees of our Company or members of our Group, including Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisors, consultants of our Group. The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Share Option Scheme is valid and effective during the period commencing on 13 January 2014 and ending on 12 January 2024, being the date falling 10 years from the date on which the Share Option Scheme becomes unconditional.

At 31 December 2021, the number of shares in respect of which had been granted and remained outstanding under the Share Option Scheme was nil (2020: nil).

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

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## **CORPORATE GOVERNANCE REPORT**

The Board is committed to maintaining a good standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with the increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Company has adopted the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board considers that up to the date of this annual announcement, in the opinion of the Board, save as deviations explained under sections “Board Composition”, “Chairman and Chief Executive” and “Audit Committee”, the Company has complied with the CG Code. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the evolving regulatory requirements and to meet the rising expectations of the shareholders and other stakeholders.

## CORPORATE GOVERNANCE PRACTICES

### (A) Board of Directors

#### *Responsibilities and Delegation*

The Board is responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions, internal control, risk management systems and monitoring the performance of the senior management. The management is responsible for the daily operations of the Group under the leadership of the Chairman. The Directors have the responsibility to act objectively in the interests of the Company.

The Board has delegated various responsibilities to the Board committees including the Audit Committee, the Remuneration Committee and Nomination Committee. Further details of these Committees are set out below in section B of this corporate governance report.

#### *Board Composition*

As at 31 December 2021 and the date of this announcement, the Board consists of the following members:

#### *Executive Directors:*

Mr. Chen Hong Cai	Chairman of the Board and Nomination Committee
Mr. Sun Shao Hua	Member of the Remuneration Committee
Mr. Wang Yun Fang	

#### *Independent Non-Executive Directors:*

Mr. Wu Ping	Chairman of the Remuneration Committee, and member of the Nomination Committee and Audit Committee
Mr. So Chi Ming	Chairman of the Audit Committee and member of the Remuneration Committee (appointed on 13 April 2022)
Mr. Wu Yu Kun	Member of the Audit Committee and Nomination Committee
Mr. Wang Chen Guang	
Mr. Fang Zhi Xiang	Chairman of the Audit Committee and member of the Remuneration Committee (resigned on 14 February 2022)

The Board currently comprises three executive Directors and four independent non-executive Directors from different business and professional fields. The profiles of each Director are set out in the “Biographical Details of Directors and Senior Management” section in this annual announcement. The Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions.

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the board.

The Company has received annual confirmation from each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Mr. Fang Zhi Xiang, an independent non-executive director of the Company, resigned on 14 February 2022. Following his resignation, the Company appointed Mr. So Chi Ming as an independent non-executive director on 13 April 2022.

### ***Board Meetings***

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operation and financial performance of the Group. Ad-hoc meetings will also be convened when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

Agenda and Board papers together with all appropriate, complete and reliable information will be provided to all the Directors before meetings. All the Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company’s expenses. All Directors will have the opportunity to include matters in the agenda for board meetings. The company secretary of the Company is responsible to keep the minutes of board meetings and meetings of Board committees. All minutes are open for inspection by any Director at reasonable time on reasonable notice.

For the financial year ended 31 December 2021, four Board meetings were held.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practices, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting.

### ***Chairman and Chief Executive***

The Company is aware of the requirement under paragraph A.2.1 of the CG Code that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not separately have any officer with the title of "chief executive". Mr. Chen Hong Cai, the Chairman of the Group, is also responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive. The Board is of the view that this structure provides the Group with strong and consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies, and ensures the generation of shareholders' benefits.

### ***Appointments, Re-election and Removal of Directors***

Each of the executive Directors has entered into a service contract with the Company for a term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

In accordance with the Company's Articles of Association, all Directors shall be subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. In accordance with the Articles of Association, Mr. Chen Hong Cai, Mr. Sun Shao Hua and Mr. Wu Yu Kun will retire and, being eligible, will offer themselves for re-election at the forthcoming AGM of the Company.

### ***Training Induction and Continuing Development of Directors***

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Directors have provided to the Company their records of continuous professional development during the year ended 31 December 2021.

During the year ended 31 December 2021, all Directors have attended training courses and read articles and materials in relation to corporate governance, Listing Rules update or financial markets update arranged by professional firms/institutions. Besides, the company secretary also conducted briefings on corporate governance, directors' duties and responsibilities and provided materials for Listing Rules amendments to all Directors for their reference.

### ***Model Code for Securities Transactions***

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Following a specific enquiry, all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

When the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors in advance.

## **(B) Board Committees**

The Board has established three committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and the Stock Exchange.

The majority of the members of each Board committee are independent non-executive Directors.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

### ***Audit Committee***

The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting and oversee the internal control procedures of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. So Chi Ming (Chairman), Mr. Wu Ping and Mr. Wu Yu Kun. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the Company's financial statements and the Group's consolidated financial statements for the year ended 31 December 2021 and the interim financial statements for the six months ended 30 June 2021, including the accounting principles and practices adopted by the Company and the Group.

The Audit Committee held three meetings during the year ended 31 December 2021, of which two meetings with external auditors' presence, and all members of the Audit Committee attended the meetings. At the meetings, it reviewed the financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors. No major issue on the internal control system of the Group has been identified.

The Company had established a whistleblowing policy and system for employees to raise concerns of possible improprieties where all concerns are addressed to the Audit Committee.

During the period under review, Mr. Fang Zhi Xiang, resigned as an independent non-executive director, chairman of audit committee and a member of the remuneration committee on 14 February 2022. Following his resignation, the Company appointed Mr. So Chi Ming as an independent non-executive director on 13 April 2022.

### ***Remuneration Committee***

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to our Directors and senior management and to ensure none of the Directors determine their own remuneration. The emoluments of executive Directors are determined based on their skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and the prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in their respective Board committees. The emoluments of independent non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends. The Remuneration Committee currently consists of two independent non-executive Directors, namely Mr. Wu Ping (Chairman) and Mr. So Chi Ming, and one executive Director, Mr. Sun Shao Hua.

For the year ended 31 December 2021, one meeting were held and all members attended the meetings.

### ***Nomination Committee***

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; to identify individuals suitably qualified to become Board members; to assess the independence of independent non-executive Directors; and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The Nomination Committee currently consists of two independent non-executive Directors, namely Mr. Wu Ping and Mr. Wu Yu Kun, and one executive director, Mr. Chen Hong Cai (Chairman).

The Nomination Committee held one meeting during the year ended 31 December 2021 and all members of the Committee attended the meetings.

### ***Board Diversity Policy***

The Company has adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, professional knowledge, personal integrity and time commitments.

In identifying and selecting suitable candidates to serve as a director of the Company, the Nomination Committee would consider the above criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

The Board will consider setting measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives.

The Nomination Committee will review the Diversity Policy, as appropriate, to ensure its effectiveness.

### ***Corporate Governance Function***

The Board is responsible for performing the functions set out in code provision D.3.1 of the Corporate Governance Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

### ***Number of meetings and attendance records***

The attendance of individual members of the Board and other Board Committees meetings for the financial year ended 31 December 2021 is set out in the table below:

		<b>Meeting attended/held</b>		
	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
<b>Executive Directors</b>				
Chen Hong Cai	4/4	N/A	N/A	1/1
Sun Shao Hua	4/4	N/A	1/1	N/A
Wang Yun Fang	2/4	N/A	N/A	N/A
<b>Independent non-executive Directors</b>				
Fang Zhi Xiang (appointed on 30 April 2021)	3/4	3/3	1/1	N/A
Wu Ping	4/4	3/3	1/1	1/1
Wu Yu Kun	4/4	3/3	1/1	1/1
Wang Chen Guang	2/4	N/A	N/A	N/A
Liu Da Jin (resigned on 2 May 2021)	2/4	2/3	1/1	1/1

### **(C) Accountability and Audit**

#### ***Directors' Responsibility in respect of the Financial Statements***

The Directors are responsible for overseeing the preparation of financial statements for the year ended 31 December 2021 with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and suitable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable; and the financial statements are prepared on a going concern basis.

Management had provided monthly updates to Directors for giving a balanced and understandable assessment of the Company's performance, position and projects to enable the Directors to discharge their duties.

Details regarding uncertainty on the going concern of the Group are set out in Note 3 to the consolidated financial statements. Despite the existence of such uncertainty, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis, and that each of the Company's operating subsidiaries has adequate resources to continue in operational existence.

***Auditor's Remuneration***

For the year ended 31 December 2021, the analysis of the remuneration payable to the external auditor of the Company, HLB Hodgson Impey Cheng Limited, in respect of audit services and non-audit services is set out below:

	<b>Amount</b> <i>(RMB'000)</i>
Audit services	746
Non-audit services	—
	<hr/>
Total	<u>746</u>

The Audit Committee will recommend the reappointment of HLB Hodgson Impey Cheng Limited for audit service, and consider the engagement of the non-audit services to ensure the independence and objectivity of audit service.

**(D) Risk Management and Internal Control**

The Board has overall responsibility for the internal control and risk management systems of the Company. Internal controls are used by the Board to facilitate the effectiveness and efficiency of operations, safeguard the investment of Shareholders and assets of the Company and to ensure compliance with relevant statutory and regulatory requirements. The Company's internal control policies are designed to provide reasonable, but not absolute, assurance against material misstatements and help the Board identify and mitigate, but not eliminate, risk exposure. The policies and procedures of internal controls (which include financial, operational and compliance controls) are considered to be adequate and effective based on the annual review conducted by the Board through the Audit Committee.

In light of the size and scale of the Group's businesses, the Group currently does not have an internal audit department. The Board will review and consider to establish such department as and when it thinks necessary. As such, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Company and for reviewing its effectiveness. In order to maintain a high standard of corporate governance, the Company engaged an external independent consultant with professional staff in possession of relevant expertise to assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems. The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended in the report to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Company's control environment and processes. Based on the findings and recommendations of the report as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

#### **(E) Dissemination of Inside Information**

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company.

## **(F) Company Secretary**

For the period under review, the Company Secretary, Mr. Cheng Kit Hung, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. For the year ended 31 December 2021, Mr. Cheng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## **(G) Shareholders' Rights**

The Board welcomes shareholders to present their views and shareholders may at any time submit their questions and concerns about the Group. Enquiries may be put to the Board or senior management by contacting the Company Secretary through our shareholders' email at [enquiry@hspack.com](mailto:enquiry@hspack.com) or by phone at 852-3468 3666 or directly by raising questions at the general meeting of the Company. Shareholder(s) holding not less than one-tenth of the Company's paid up capital may request the Board to convene an extraordinary general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office and addressing to the Company Secretary at the Company's principal place of business in Hong Kong. The extraordinary general meeting will be held within 2 months after the deposition of such requisition.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

## **(H) Investor Relations and Communication with Shareholders**

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. To promote effective communication, the Company maintains a website at <http://www.hs-pack.com.cn>, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

The Company endeavours to maintain an on- going dialogue with its shareholders and in particular, through AGMs or other general meetings to communicate with the shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf.

The last AGM of the Company was held on 30 June 2021 at Suite 1501, Greenfield Tower, Concordia Plaza No. 1, Science Museum Road, Kowloon Hong Kong.

### ***Constitutional Documents***

There was no change in the constitutional documents of the Company during the year ended 31 December 2021.

## **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) currently three independent non-executive Directors, namely Mr. So Chi Ming (Chairman), Mr. Wu Ping and Mr. Wu Yu Kun. The Audit Committee has reviewed with the management of the Company and the Company’s external auditors the consolidated financial statements of the Group for the year ended 31 December 2021, including accounting principles and practices adopted by the Group, and discussed the risk management, internal controls and financial reporting matters related to the preparation of the annual results of the Group for 2021.

The Group’s 2021 Audited Annual Results have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

## **SCOPE OF WORK OF AUDITORS**

Following the reclassification described above in this announcement, the figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in the 2021 Unaudited Annual Results have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the Board on 11 May 2022. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the 2021 Unaudited Annual Results or this further announcement.

**PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The results announcement is required to be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under “Latest Listed Company Information” and the designated website of the Company at <http://www.hs-pack.com.cn>. The annual report of the Company for the year ended 31 December 2021 will be dispatched to the shareholders and published on the Stock Exchange’s and the Company’s websites in due course.

By Order of the Board  
**Mobile Internet (China) Holdings Limited**  
**Chen Hong Cai**  
*Chairman*

Jiangxi Province, the PRC, 11 May 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Hong Cai (Chairman), Mr. Sun Shao Hua and Mr. Wang Yun Fang, and four independent non-executive Directors, namely Mr. So Chi Ming, Mr. Wu Ping, Mr. Wang Chen Guang and Mr. Wu Yu Kun.*