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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS AND THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement (the “**Announcement**”) of Mobile Internet (China) Holdings Limited (the “**Company**”, and together with its subsidiaries the “**Group**”) dated 11 May 2022 in relation to, among others, the annual results for the year ended 31 December 2021 and the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”).

The board of directors of the Company wishes to provide further information as follows to the shareholders and potential investors of the Company.

DISCLAIMER OF OPINION

As disclosed in the Announcement and the Annual Report, the auditors of the Company expressed a disclaimer of opinion to the consolidated financial statements for the year ended 31 December 2021 in relation to uncertainties relating to going concern (the “**Disclaimer of Opinion**”), details of which are set out in Note 3 to the consolidated financial statements included in the Announcement and the Annual Report.

Detailed plan to address the Disclaimer of Opinion

Latest status of negotiations with the banks, promissory noteholders and convertible bondholders for loan renewal, restructuring and/or refinancing

Based on the latest status of negotiations, the Company is considering a restructuring plan (the “**Restructuring Plan**”) as follows:

- The Company is discussing with Chance Talent Management Limited (“**Chance Talent**”) for a debt restructuring, which is proposed to involve, among others, a haircut on the amount due to Chance Talent under the relevant promissory notes and convertible bond with an aggregate outstanding principal amount of HK\$160.0 million and approximately HK\$6.7 million respectively issued by the Company, and is targeting to complete such debt restructuring by Q4 2022. Based on the latest status of negotiation, Chance Talent has preliminarily consented to a reduction of the debt owed, but the haircut amount has not been agreed and no agreement has been entered into as at the date of this announcement. The Company has also engaged legal advisors to advise on the said debt restructuring and to prepare the necessary documentation in relation thereto.

- The Company is considering fundraising activities, including but not limited to a rights issue to raise funds for the financing of its outstanding liabilities, which is targeted to be completed by Q4 2022 as soon as the abovementioned debt restructuring is completed, subject to market conditions.
- Subject to the completion of the intended fund raising activities, the relevant funds arising therefrom will be used for the settlement of the outstanding liabilities.

The Company has been actively discussing with Chance Talent for the said proposed debt restructuring and seeking investors and exploring different plans for the said proposed fundraising activities since 2020, and has been using its best efforts for the aforesaid in order to build a sustainable development environment for the Company. However, due to the severity of the COVID-19 situation in Hong Kong and the PRC for the year ended 31 December 2021 and onwards, it was difficult for the Board to seek investors for fundraising purpose, and accordingly the plans and progress relating to the Restructuring Plan were delayed, and the concrete discussions with its creditors and investors could only recommence from Q1 2022.

Details of re-negotiation of repayment schedules for receivables with its debtors

As of the date of this announcement, the Group is currently re-negotiating the repayment schedule with certain of its debtors whose trade receivables had become past due under the original repayment schedule as to procure them to repay the Group as soon as possible.

As at 31 December 2021, the total outstanding trade receivables of the Company before applying any expected credit loss amounted to RMB79,083,240.76, of which RMB40,873,076.21 had been past due. As at 30 April 2022, among the RMB40,873,076.21 which had been past due, approximately RMB28,700,000 had been repaid to the Group.

As of the date of this announcement, the Company does not expect any re-negotiation of repayment schedules for the trade receivables with its debtors which has yet to become past due.

Detailed plan and timeline of seeking new investment and business opportunities, and equity fundraising plans

As of the date of this announcement, the Company has no plan to seek new investment and business opportunities. For equity fundraising plans, as abovementioned, the Company is considering fundraising activities to raise funds to finance its debts.

Financial support provided by controlling shareholder

Mr. Sun Shao Hua has confirmed to the Company that his financial position is able to provide sufficient financial support to the Group and it is his present intention to provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the 12 months from 31 December 2021.

Detailed measures and timeline in relation to controlling the operating costs

As of the date of this announcement, the Company has taken measures to reduce its staff costs and rental costs. The Company has reduced its number of employees from 509 as at 31 December 2020 to 300 as at 31 December 2021 and the outsource of its business in Hong Kong, such that the total staff costs (including directors' emoluments) were reduced from approximately RMB61.5 million for the year ended 31 December 2020 to approximately RMB35.8 million for the year ended 31 December 2021. The office rental costs has also been reduced by 10% in the year 2021.

As of the date of this announcement, the Company does not have other concrete proposed measures and timeline in relation to controlling the operating costs.

Latest status of the Company's Indebtedness

The Company's indebtedness as at 31 December 2021 and 30 April 2022 is as follows:

	31 December 2021 <i>RMB,000</i>	30 April 2022 <i>RMB,000</i>
Secured bank borrowings	44,000	44,000
Non-secured bank borrowings	2,880	2,880
Secured other borrowings	138,538	140,341
Non-secured other borrowings	88,832	89,989
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Total	274,250	277,210
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Details of discussion between the Company and its auditors regarding the Disclaimer of Opinion

The management's position and basis on the going concern basis

The management of the Company is of the view that Group will be able to continue to operate as a going concern. Based on the discussions and negotiations by the Company with its creditors, the Company is optimistic about the prospects of its Restructuring Plan and is of the view that it is likely that it will have sufficient funds to continue as a going concern upon the completion of the Restructuring Plan.

As the management of the Company understands, the Disclaimer of Opinion resulted from the auditors not being able to obtain sufficient appropriate audit evidence to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements. In this regard, although no agreement has been entered into in relation to the Restructuring Plan such that the auditors were not able to obtain sufficient audit evidence, the management of the Company already had had numerous meetings with the relevant parties and is in an advanced stage of negotiation and is optimistic about the prospects thereof.

Details of discussion between the audit committee and the auditors regarding the Disclaimer of Opinion

The auditors have informed the audit committee about their view regarding the basis of operating as a going concern, that due to the absence of sufficient appropriate audit evidence, the auditors were unable to express their audit opinion whether the Group can continue to operate as a going concern.

The Disclaimer of Opinion was mainly due to the auditors' concern as to whether the Company will be able successfully to negotiate a restructuring of its debts with its major creditors. After discussion with the auditors, the Group expects that, on the assumptions (i) that the Company is able to restructure and/or refinance its borrowings, (ii) that the Company is able to obtain sufficient funds to continue its business for at least 12 months from the report date for the year ending 31 December 2022, and (iii) there are no other material threats to its status as a going concern, the modification opinion in relation to the current year may be removed for the year ending 31 December 2022.

Nonetheless, the audit committee has reviewed and agreed with the management's position concerning their judgment in major areas including the going concern assumptions on the basis that (i) the management has been and still is actively negotiating a restructuring of the Group's debt with its major creditors; (ii) each of the Company's operating subsidiaries has continued to operate as normal; and (iii) neither the Company nor any of its operating subsidiaries is the subject of any winding-up proceedings. Accordingly, the audit committee agreed that it was appropriate to use a going concern assumption to prepare the consolidated financial statements.

Auditors' view on whether the Company's plan could address the underlying matters leading to the Disclaimer of Opinion

As abovementioned, the Disclaimer of Opinion was mainly due to the auditor's concern as to (i) whether the Company will be able to successfully negotiate a restructuring of its debts; (ii) whether the Company will be able to generate sufficient appropriate operating cash flow; and (iii) whether the Company or any subsidiaries of the Company was subject to any winding-up proceeding.

Base on auditors understanding, there is no change in the recovery plans of the Group. Although it is third consecutive year for the Company's auditor to express a disclaimer of opinion on the going concern basis, absence of any new information and/or evidence, the auditors were unable to form their view whether the recovery plans will be successfully implemented.

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

Jiangxi Province, the PRC, 23 August 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chen Hong Cai (Chairman) and Mr. Wang Yun Fang, and two independent non-executive Directors, namely Mr. So Chi Ming and Mr. Wang Chen Guang.