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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)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The board (the “**Board**”) of directors (the “**Directors**”) of Mobile Internet (China) Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are pleased to announce the audited consolidated annual results for the year ended 31 December 2022 of the Group, together with comparative figures for the year ended 31 December 2021 as follows.

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>	5	<b>4,084</b>	182,553
Cost of sales		<u>(1,377)</u>	<u>(167,511)</u>
<b>Gross profit</b>		<b>2,707</b>	15,042
Other revenue	6	224	806
Other income	7	–	1,037
Selling and distribution expenses		(4,821)	(14,073)
Administrative expenses		(19,383)	(44,094)
Reversal of/(allowance) for expected credit loss (“ECL”) recognised in respect of financial assets carried at amortised costs, net		<b>19,064</b>	(12,905)
Written off of inventories		(105,845)	–
Impairment of properties, plant and equipment	9	<u>(55,224)</u>	<u>(53,809)</u>
<b>Loss from operations</b>		<b>(163,278)</b>	(107,996)
Finance costs	8	<u>(99,771)</u>	<u>(81,938)</u>
<b>Loss before tax</b>	9	<b>(263,049)</b>	(189,934)
Income tax	10	–	–
<b>Loss for the year</b>		<u><b>(263,049)</b></u>	<u>(189,934)</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(49,361)</u>	15,061
Other comprehensive (loss)/income for the year, net of tax		<u>(49,361)</u>	15,061
<b>Total comprehensive loss for the year, net of tax</b>		<u><b>(312,410)</b></u>	<u>(174,873)</u>
<b>Loss for the year attributable to owners of the Company</b>		<u><b>(263,049)</b></u>	<u>(189,934)</u>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(312,410)</b></u>	<u>(174,873)</u>
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted ( <i>RMB cents</i> )	12	<u><b>(19.10)</b></u>	<u>(13.79)</u>

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>46,656</b>	119,688
Right-of-use assets		<b>1,956</b>	2,015
		<b>48,612</b>	121,703
<b>Current assets</b>			
Inventories		<b>995</b>	51,961
Trade receivables	13	<b>435</b>	60,011
Prepayments, deposits and other receivables		<b>15,693</b>	7,756
Cash and bank balances		<b>2</b>	1,941
		<b>17,125</b>	121,669
<b>Current liabilities</b>			
Trade, other payables and accruals	14	<b>436,774</b>	321,590
Borrowings		<b>293,841</b>	274,250
		<b>730,615</b>	595,840
<b>Net current liabilities</b>		<b>(713,490)</b>	(474,171)
<b>Total assets less current liabilities</b>		<b>(664,878)</b>	(352,468)
<b>Net liabilities</b>		<b>(664,878)</b>	(352,468)
<b>Equity</b>			
Share capital		<b>11,161</b>	11,161
Reserves		<b>(676,039)</b>	(363,629)
<b>Capital deficiency</b>		<b>(664,878)</b>	(352,468)

# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 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 Unit 64, 1/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, 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 consider the parent and ultimate holding company of the Company to be Wealthy Achievers Limited (“**Wealthy Achievers**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and its ultimate controlling party is Mr. Peng Dongmiao, who is deemed to be interested in all the Shares owned by Wealthy Achievers under the Securities and Futures Ordinance.

The audited 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**”)

### 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 HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

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:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendment to HKAS 21	Lack of Exchangeability <sup>3</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>
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

<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 audited consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 4 to the consolidated financial statements.

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 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 RMB263,049,000 for the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB713,490,000, resulting in net liabilities position of approximately RMB664,878,000. In addition, included in the borrowings, as detailed in notes 25, 26 and 27 of the consolidated financial statements, as at 31 December 2022 are promissory notes, convertible bonds and bank and other borrowings which were overdue and remained unsettled as at 31 December 2022. These outstanding principal amounts and related overdue interests amounting to approximately RMB293,842,000 (2021: RMB274,250,000) and RMB389,902,000 (2021: RMB266,399,000), respectively, in aggregate were remaining outstanding as at the date of approval for issuance of the consolidated financial statements.

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB2,000, which is insufficient to fully repay the matured borrowings as above-mentioned 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 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 negotiation with its creditors 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 to reach a settlement for the existing bank borrowings;
- (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; and

- (v) The Group is currently re-negotiating the repayment schedules with certain debtors and endeavouring to request them to repay the trade receivables in accordance with the repayment schedules as agreed with them.

Details are set out in Note 3 to the consolidated financial statements.

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 considered 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 ability to repay, renew or to restructure and/or refinance its borrowings with the promissory noteholders and convertible bondholders, 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 manufacturing and 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 2022 (2021: 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:

	Manufacturing and sales of paper-based packaging products		Development, distribution and operation of mobile game products		Consolidated	
	2022	2021	2022	2021	2022	2021
	<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>4,084</u>	181,984	<u>–</u>	569	<u>4,084</u>	182,553
Segment results	<u>(163,962)</u>	<u>(95,577)</u>	<u>–</u>	<u>(5,816)</u>	<u>(163,962)</u>	(101,393)
Unallocated corporate expenses					<u>(2,728)</u>	(8,380)
Unallocated finance costs					<u>(96,359)</u>	<u>(80,161)</u>
Loss before tax					<u>(263,049)</u>	(189,934)
Income tax					<u>–</u>	<u>–</u>
Loss for the year					<u>(263,049)</u>	<u>(189,934)</u>

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

	Manufacturing and sales of paper-based packaging products		Development, distribution and operation of mobile game products		Consolidated	
	2022	2021	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	<u>65,684</u>	243,124	<u>3</u>	4	<u>65,687</u>	243,128
Unallocated corporate assets					<u>50</u>	244
Total assets					<u>65,737</u>	<u>243,372</u>
Segment liabilities	<u>50,135</u>	63,532	<u>10,951</u>	10,877	<u>61,086</u>	74,409
Unallocated corporate liabilities					<u>669,529</u>	<u>521,431</u>
Total liabilities					<u>730,615</u>	<u>595,840</u>

Assets of the Company and some dormant subsidiaries of the Group are not considered to be segment assets for reporting to the CODM as they are managed by the central treasury function.

Liabilities of the Company and some dormant subsidiaries of the Group 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 2022

	Manufacturing and sales of 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>
Depreciation of right-of-use assets	(59)	–	–	(59)
Depreciation of property, plant and equipment	(17,808)	–	–	(17,808)
Reversal of allowance for expected credit loss recognised in respect of financial assets carried at amortised cost, net	19,064	–	–	19,064
Written off of inventories	(105,845)	–	–	(105,845)
Impairment of property, plant and equipments	(55,224)	–	–	(55,224)
Finance costs	(3,412)	–	(96,359)	(99,771)
	<u>(142,814)</u>	<u>–</u>	<u>(96,359)</u>	<u>(339,172)</u>

For the year ended 31 December 2021

	Manufacturing and sales of 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 expected credit loss 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 equipments	(53,787)	(22)	–	(53,809)
Finance costs	(1,627)	(150)	(80,161)	(81,938)
	<u>(142,049)</u>	<u>(276)</u>	<u>(80,161)</u>	<u>(322,486)</u>

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

During the years ended 31 December 2022 and 2021, all revenue is derived from customers in the PRC.

As at 31 December 2022 and 2021, most of the Group's non-current assets were located in the PRC. Accordingly, no analysis of the Group's segment results and assets by geographical location is disclosed.

### Information about major customers

For the year ended 31 December 2022, under manufacturing and sales of paper-based packaging products segment, approximately RMB1,524,000 (2021: RMB9,925,000) in revenue was generated from the Group's largest customer. No single customer contributed 10% or more to the Group's revenue under development, distribution and operation of mobile game products for the year ended 31 December 2022 (2021: nil).

Revenue from major customers, amounted to 10% or more of the Group's revenue, included in manufacturing and sales of paper-based packaging products segment, are set out as below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A ( <i>Note</i> )	1,524	N/A
Customer B ( <i>Note</i> )	1,319	N/A
Customer C ( <i>Note</i> )	932	N/A

*Note:* The customers did not contribute over 10% of the total revenue of the Group for the last year.

### 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised at a point in time:		
Manufacturing and sales of paper-based packaging products	4,084	181,984
Revenue recognised over time:		
Development, distribution and operation of mobile game products	—	569
	<u>4,084</u>	<u>182,553</u>

### 6. OTHER REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sales of residual materials	219	739
Bank interest income	5	67
	<u>224</u>	<u>806</u>

## 7. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Government subsidies ( <i>Note</i> )	–	85
Gain on lease termination	–	827
Sundry income	–	125
	<u>–</u>	<u>1,037</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

	2022 RMB'000	2021 RMB'000
Interest expenses on borrowings	99,771	81,820
Interest expenses on lease liabilities	–	118
	<u>99,771</u>	<u>81,938</u>

## 9. LOSS BEFORE TAX

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

	2022 RMB'000	2021 RMB'000
<b>Staff costs:</b>		
Employee benefit expense (including directors' emoluments):		
Wages and salaries	9,860	31,948
Retirement benefit schemes contributions	1,656	3,833
	<u>11,516</u>	<u>35,781</u>
<b>Other items:</b>		
Depreciation charge		
– Owned property, plant and equipment	17,808	26,191
– Right-of-use assets	59	194
	<u>17,867</u>	<u>26,385</u>
Auditor's remuneration	932	746
(Reversal of)/allowance for ECL recognised in respect of financial assets carried at amortised cost, net	(19,064)	12,905
Written off of inventories (2021: included in cost of sales)	105,845	7,497
Impairment of property, plant and equipment	55,224	53,809
Expense relating to short-term lease	–	364
Cost of inventories sold	1,377	159,979

## 10. INCOME TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
– The PRC Enterprise Income Tax	–	–
– Over provision in prior year	–	–
	<hr/>	<hr/>
Total income tax credit recognised in profit or loss	<u>–</u>	<u>–</u>

No Hong Kong Profits Tax is provided as the Group does not have any assessable profits generated from the Group's operation in Hong Kong for the years ended 31 December 2022 and 2021.

Under the PRC Enterprise Income Tax, the tax rate for the PRC subsidiaries is 25%. Pursuant to the relevant laws and regulations in the PRC, HongSheng (Jiangxi) Color Printing Packaging Co., Ltd (“**HongSheng**”), which was qualified as a High and New Technology Enterprise (“**HNTE**”) in August 2014, and hence 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 2022, HongSheng renewed the qualification as HNTE and entitled to the reduced tax rate of 15% until the year ended 31 December 2022.

During the year ended 31 December 2022, Behill Science Technology Co., Limited was qualified as HNTE and entitled to a reduced enterprise income tax rate of 15% from 1 January 2020 to 31 December 2022.

## 11. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

## 12. LOSS PER SHARE

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

### Basic and diluted loss per share

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss attributable to owners of the Company for the purpose of basic loss per share	<u>(263,049)</u>	<u>(189,934)</u>

### Number of shares

	2022 <i>'000</i>	2021 <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 2022 and 2021 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 2022 and 2021, the diluted loss per share and basic loss per share are the same as there was no potential ordinary shares outstanding during the years.

### 13. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	435	79,082
Less: Allowance for ECL	—	(19,071)
	<u>435</u>	<u>60,011</u>

The following is an aged analysis of trade receivables, presented based on the invoice date. The analysis, net of allowance for ECL, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0–30 days	—	9,955
31–60 days	—	9,263
61–90 days	—	5,254
91–180 days	—	20,470
181–365 days	435	15,069
	<u>435</u>	<u>60,011</u>

The average credit period on sales of goods is from 60 to 150 days (2021: 60 to 150 days).

### 14. TRADE, OTHER PAYABLES AND ACCRUALS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	749	15,529
Accruals	33,340	34,875
Interest payable ( <i>Note</i> )	389,902	266,399
Other payables	12,783	4,787
	<u>436,774</u>	<u>321,590</u>

*Note:* Included in interest payable as at 31 December 2022 was overdue interest on promissory notes and convertible bonds reclassified under borrowings of approximately RMB389,902,000 (2021: RMB226,900,000).

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

	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
0–30 days	–	8,671
31–60 days	–	6,858
Over 60 days	<b>749</b>	–
	<hr/> <b>749</b> <hr/>	<hr/> 15,529 <hr/>

The average credit period on purchases of certain goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The following is the extract of the independent auditor’s report on the Company’s audited consolidated financial statements for the year ended 31 December 2022.

### **DISCLAIMER OF OPINION**

We were engaged to audit the consolidated financial statements of Mobile Internet (China) Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of this 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 respects, 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**

#### **1. 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 RMB263,049,000 for the year ended 31 December 2022, and, as of that date, the Group’s current liabilities exceeded its current assets by approximately RMB713,490,000, resulting in net liabilities position of approximately RMB664,878,000. In addition, as detailed in notes 25, 26 and 27 of the consolidated financial statements, as at 31 December 2022 the borrowings included promissory notes, convertible bonds and bank and other borrowings which were overdue (except Promissory Note 3 as detailed in note 25) and remained unsettled. These outstanding principal amounts and related overdue interests amounting to approximately RMB293,842,000 and RMB389,902,000, respectively, were still outstanding as at the date of approval for issuance of the consolidated financial statements.

Since May 2023 onwards, Jiangxi Bank and China Construction Bank (the “**Banks**”) were creditors of HongSheng (Jiangxi) Color Printing Packaging Co., Ltd (“**HongSheng**”), a wholly-owned subsidiary of the Group, and HongSheng was indebted to the Banks with an amount of approximately RMB32 million, which was overdue on 18 June 2021 and an amount of approximately RMB12 million, which was overdue on 29 April 2022, respectively. The Banks have individually applied to the district court

for an enforcement order on HongSheng, which would require all the revenue generated by HongSheng, including the Group's factory and all the production lines located in the PRC, to be used for repayment to the Banks. Furthermore, HongSheng was indebted to its former employees in a total amount of approximately for overdue salary payment of approximately RMB1.8 million. The said outstanding loan principal and corresponding interest, as well as bearing relevant litigation fees, remained unsettled as at the date of approval of these consolidated financial statements.

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB2,000, which is insufficient to fully repay the matured borrowings as abovementioned 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 uncertain 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; and (iii) whether the Company is able to successfully implement alternative capital raising initiatives to strengthen the capital base of the Group.

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 analyses 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 assets, including but not limited to the prepaid value-added tax, 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.

## **2. Limitation of scope on accounting books and records of 冰河 (廈門) 信息技術有限公司 (Behill Science Technology Co., Ltd) (“Behill”)**

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of Behill, as further detailed in note 33 to the consolidated financial statements, for the years ended 31 December 2021 and 2022, we were unable to carry out audit procedures to satisfy ourselves as to whether the income and expenses of approximately RMBNil and RMB168,000, respectively, for the year ended 31 December 2022 and the assets and liabilities as at 31 December 2022 of approximately RMB3,021,000 and RMB10,947,000, respectively, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements. Any adjustments found to be required may have consequential significant effects on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022.

Due to the circumstances as described herein, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the whole financial statements of Behill for the year ended 31 December 2021 and 2022. In addition, as no documentation of impairment assessment of the interest in Behill as at 31 December 2021 and 2022 was made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the recoverable amounts of the interest in Behill, as further detailed in note 33 to the consolidated financial statements, were properly assessed as at 31 December 2021 and 2022. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the interest in Behill as at 31 December 2021 and 2022, and the impairment loss recognised in respect of the interest in Behill were free from material misstatement. Any adjustments found to be required may have consequential significant effects on the carrying amounts of the interest in Behill and the impairment loss in respect thereof as at 31 December 2021 and 2022 and hence on the net assets of the Company as at 31 December 2021 and 2022 and related disclosures thereof in the consolidated financial statements.

## **3. Limitation of scope on inventories**

We were not appointed as auditors of the Company until after 31 December 2022 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories of approximately RMB51,961,000 and RMB995,000 as at 31 December 2021 and 2022, respectively. An impairment loss of RMB7,497,000 had been recognised by the Group for the year ended 31 December 2021. For the year ended 31 December 2022, a further impairment loss of RMB105,845,000 has been recognised by the Group. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the

existence and valuation of the inventories. Any adjustment to the amount would have a consequential impact on the Group's net assets as at 31 December 2022 and the net loss from ordinary activities attributable to shareholders for the year ended 31 December 2022. The closing balance of the inventories as at 31 December 2021 is carried forward as the opening balance for the current year, any adjustments found to be necessary to the closing balance as at 31 December 2021 may have a significant effect on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Mobile Internet (China) Holdings Limited (the "**Company**"), I am pleased to announce the results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022.

The Company has passed through its tough years from 2022 to 2023. Following the suspension of trading since 1 September 2022 and the requisition from shareholders of the Company (the "**Shareholders**") for removal of previous directors on 18 January 2023, the Company appointed new Board members and formed new management team on 13 February 2023 and 20 March 2023, respectively. The new Board immediately started to review the operational and financial position of the Company and initiated the process of replacing directors and legal representatives of all subsidiaries. Meanwhile, the Board had been actively looking for potential investors and discussing feasible plans to maintain and support the operation of the Company.

After replacing the legal representative of the subsidiary which operated business in Jiangxi Province of the People's Republic of China (the "**PRC**") in July 2023, the Board started to take over the factory in Jiangxi Province and reviewed all relevant documents and financial data. The Board noticed that the subsidiary borrowed RMB32 million and RMB12 million from two individual banks on 18 June 2020 and 29 April 2021, respectively and were due on 17 June 2021 and 28 April 2022, respectively. Due to the failure of repayment, two banks individually applied to district court for an enforcement order against the subsidiary, requesting the subsidiary to repay the principal loan and corresponding interests, as well as relevant litigation fees incurred. In addition to the overdue payment of bank loans, there is also overdue salary payment of approximately RMB1.8 million to 38 staffs. The Company has already appointed a PRC lawyer to handle all relevant legal issues and negotiate with creditors regarding the settlement, while concurrently discovering new business opportunities in other places.

After several rounds of negotiation with potential investors, on 25 August 2023, the Board successfully initiated financial restructuring of the Company regarding proposed subscription of shares and convertible bonds, as well as mandatory unconditional general cash offer.

The Board also strives to discover all feasibilities to resume business of the Group, such as exploring packaging business in Hong Kong. In November 2023, the Group successfully reached consensus with few companies to provide packaging services to them in Hong Kong. With the advantage of the Board's network, it is believed that the Group will continue to grow positively in this segment.

On the other hand, the Board also strives to explore other feasible business opportunities in relation to its information technology (IT) solution segment. The Board intended to leverage the Company's resources and skills on mobile game applications. Through a newly appointed director's network, the Company cooperates with a PRC company, engaging in the provision of shared massage chairs in airports and train stations by providing IT-related services. The Board will continue to explore other potential business opportunities to generate more revenue from this segment.

Last but not least, the new management team will continue to solve all problems left by the former management team and aim to resume the business in Jiangxi Province as soon as possible, and hence maximise the return of the Group.

On behalf of the Board, I would like to take this opportunity to express sincere gratitude to all fellow directors, management team, and our employees for their hard work and contribution to our Group's restructure and development. I would also like to thank all Shareholders for their trust and continuous support over a challenging 2022 and 2023. We are committed to optimise our business to generate satisfactory return for our Shareholders.

**Mobile Internet (China) Holdings Limited**

**Muk Hung Fei**

*Chairman*

Hong Kong, 15 February 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is currently engaging in two major business segments: (i) packaging segment (sales of original equipment manufacturer (OEM) packaging products and provision of packaging services); and (ii) IT solution segment (mobile game and shared massage chair). The Group intends to continue on the existing packaging business. On the other hand, the Group has decided to further develop the IT solution segment by engaging in the shared massage chair business in the PRC.

#### Packaging segment

##### *Sales of original equipment manufacturer (OEM) packaging products*

In 2022, the COVID-19 pandemic continued to exert negative impacts on the global economy. The Group's packaging business in the Jiangxi Province was severely affected. On 16 May 2023, the Jiangxi Bank and China Construction Bank individually applied to the district court for an enforcement order on HongSheng for an aggregated overdue amount of approximately RMB44 million. Also, the subsidiary was indebted to its former employees of approximately RMB1.8 million. Hence, the Group's packaging business in the Jiangxi Province was suspended.

Since a new management team has assumed control over the Group in early 2023, potential business opportunities have been identified in Hong Kong in September 2023. Mobile Internet Packaging Limited (移動互聯包裝有限公司), a wholly-owned subsidiary of the Group in Hong Kong has entered into an entrusted operation and management agreement (the “**Packaging Entrusted Agreement**”) with Good View Development Group Limited (“**Good View**”) for a period of four years commenced on 9 January 2024 till 8 January 2028. With the provision of manufacturing factory site, production line, machineries, labour and warehouse by Good View, the subsidiary will be responsible for the management, maintenance and development of the existing customer resources of Good View, daily operation of the factory, market research, planning and formulation of promotion campaigns and financial planning during the four-years business operation of the factory. The Group is expected to generate revenue from the Packaging Entrusted Agreement in early 2024.

### *Provision of packaging services*

In addition to the sales of packaging products in the newly developed market since September 2023, the management team has further expanded the packaging business by providing tailor-made packaging services to its current and potential customers. In January 2024, the Group entered into three agreements with three Hong Kong Companies with the expected revenue of not less than HK\$4.6 million. Thus, the Group is expected to generate revenue from such expansion in packaging business in early 2024.

### **IT solution segment**

#### *Mobile game business*

The mobile game industry in the PRC is highly competitive, and more rules and restrictions have imposed by the Chinese government. Thus, the Group intended to diminish its resources on mobile game business.

#### *Provision of IT solution services*

With the appointment of a new management team in 2023, the Group has explored other potential business opportunities in the IT-related market. By leveraging the Group's professional knowledge and resources on mobile game applications to commercial mobile applications, it is expected to diversify its business and hence generate profit. Indeed, the Group has engaged with 廣東索弗健康科技集團有限公司 (Guangdong SOFO Health Technology Group Limited) (“**SOFO Health**”), a PRC company specialized in the provision of shared massage chairs in airports and train stations in the PRC, in 2023. According to the signed cooperation agreement, the Group will be responsible for the management, maintenance and provision of IT solution services to SOFO Health regarding its mobile application. As SOFO Health has signed a strategic contract with Guangzhou Baiyun International Airport on 19 December 2023 and has engaged with Fuzhou Changle International Airport on 5 December 2023 on the provision of shared massage chairs with the help of our management team, it is expected that the Group will begin to generate revenue from IT solution segment in early 2024.

As a result, the IT solution segment revenue decreased to nil in 2022, represented a decrease of 100% as compared to that of 2021.

### **FINANCIAL REVIEW**

Revenue for the year ended 31 December 2022 was approximately RMB4.1 million, representing a decrease of approximately RMB178.4 or approximately 97.8% as compared to the revenue of approximately RMB182.5 million in 2021. The decrease in revenue was attributed to (i) a decrease of 97.8% in revenue from sales of packaging products due to the impact of COVID-19; and (ii) a decrease in revenue from our IT solution segment to nil.

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

### Revenue by products

	2022		2021	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Flexo-printed cartons	<u>1,405</u>	<u>34.4%</u>	<u>61,277</u>	<u>33.6%</u>
Offset-printed cartons				
– Traditional paper-based cartons	<u>1,436</u>	<u>35.2%</u>	<u>53,483</u>	<u>29.3%</u>
– Stone paper-based cartons	<u>1,243</u>	<u>30.4%</u>	<u>67,224</u>	<u>36.8%</u>
Sub-total	<u>2,679</u>	<u>65.6%</u>	<u>120,707</u>	<u>66.1%</u>
Packaging segment	<u>4,084</u>	<u>100.0%</u>	<u>181,984</u>	<u>99.7%</u>
IT solution segment	<u>–</u>	<u>–</u>	<u>569</u>	<u>0.3%</u>
Total	<u><u>4,084</u></u>	<u><u>100.0%</u></u>	<u><u>182,553</u></u>	<u><u>100.0%</u></u>

### Packaging segment

#### *Flexo-printed cartons*

The Group's flexo-printed carton segment targets food and beverage companies as its major customers. The goal is to provide products of good quality and with high load capacity and protection capabilities. Revenue from sales of flexo-printed cartons for 2022 was approximately RMB1.4 million (2021: approximately RMB61.3 million), which accounted for 34.4% (2021: approximately 33.6%) of our total revenue. The decrease in revenue was mainly due to the loss in sales as a result of intense market competition and the suspension of the Group's operation in Jiangxi Province.

#### *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 2022 was approximately RMB2.6 million (2021: approximately RMB120.7 million), which accounted for approximately 65.6% (2021: approximately 66.1%) of our total revenue. The decrease in revenue was mainly attributed to a decrease in sales of both traditional paper-based cartons and stone paper-based cartons due to the overall challenging market environment and the suspension of the Group's operation in Jiangxi Province.

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

	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Food and beverage	<b>2,842</b>	<b>69.6</b>	53,390	29.3
Department stores	–	–	44,820	24.6
Metal hardware and chemical products	–	–	20,503	11.3
Glass and ceramics articles	–	–	503	0.3
Bamboo articles	–	–	732	0.4
Others ( <i>Note</i> )	<b>1,242</b>	<b>30.4</b>	62,036	34.1
<b>Total</b>	<b>4,084</b>	<b>100.0</b>	181,984	100.0

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

The Group's major customers are manufacturers of food and beverage in the PRC. For the year ended 31 December 2022, revenue from food and beverage manufacturers was approximately RMB2.8 million (2021: RMB53.4 million), which accounted for approximately 69.6% (2021: 29.3%) of the revenue from our packaging segment.

## **IT solution segment**

### *Mobile game business*

For the year ended 31 December 2022, revenue from the mobile game business was nil (2021: RMB569,000), accounted for 0% of the total revenue (2021: 0.3%). The significant decrease in revenue contributed by the mobile game business was mainly attributed to (i) the ceased operation of existing mobile games; and (ii) no new game was launched during 2022 and 2021.

Revenue by games (Mobile game business)

	2022		2021	
	RMB'000	%	RMB'000	%
War of Heroes (天天打魔獸)	–	–	36	6.3
Hammer of Odin (奧丁之錘)	–	–	141	24.8
Heroes of Chaos (亂世群英傳)	–	–	228	40.1
Myths (天旗)	–	–	155	27.2
Others	–	–	9	1.6
	<u>–</u>	<u>–</u>	<u>569</u>	<u>100.0</u>
Total	<u>–</u>	<u>–</u>	<u>569</u>	<u>100.0</u>

Gross profit and gross profit margin

	2022		2021	
	RMB'000	GP margin (%)	RMB'000	GP margin (%)
Flexo-printed cartons	<u>862</u>	<u>61.4</u>	<u>2,418</u>	3.9
Offset-printed cartons				
– Traditional paper-based cartons	<u>938</u>	<u>65.3</u>	2,062	3.9
– Stone paper-based cartons	<u>907</u>	<u>73.0</u>	<u>10,028</u>	14.9
Sub-total	<u>1,845</u>	<u>68.9</u>	<u>12,090</u>	10.0
Packaging segment	<u>2,707</u>	<u>66.3</u>	14,508	8.0
IT solution segment	<u>–</u>	<u>–</u>	<u>534</u>	93.8
Total	<u>2,707</u>	<u>66.3</u>	<u>15,042</u>	8.2

The Group's overall gross profit for the year ended 31 December 2022 was approximately RMB2.7 million, represented a decrease of 82.0% or approximately RMB12.3 million as compared to approximately RMB15.0 million for 2021. Overall gross profit margin increased from approximately 8.2% for 2021 to approximately 66.3% for 2022. The increase in gross profit is primarily attributed to the decrease in depreciation expenses after adjusting the fair value of packaging equipment.

Gross profit from the flexo-printed cartons segment for the year ended 31 December 2022 was approximately RMB0.8 million, represented a decrease of 64.4% as compared to approximately RMB2.4 million for 2021. Gross profit margin increased from 3.9% in 2021 to 61.4% in 2022.

Gross profit from our offset-printed cartons segment for the year ended 31 December 2022 was approximately RMB1.8 million, represented a decrease of 84.7% as compared to approximately RMB12.1 million in 2021. Gross profit margin from offset-printed cartons increased from 10.0% in 2021 to 68.9% in 2022.

Gross profit from the IT solution segment for the year ended 31 December 2022 was nil, represented a decline in 100% as compared to approximately RMB534,000 in 2021.

### **Other revenue and income**

Other revenue and income of the Group decreased by 100% or approximately RMB1.8 million from approximately RMB1.8 million in 2021 to approximately RMB0 in 2022, mainly due to the absence of government subsidies during the year.

### **Selling and distribution expenses**

Selling and distribution expenses of the Group decreased by 65.7% or approximately RMB9.3 million from approximately RMB14.1 million in 2021 to approximately RMB4.8 million in 2022, mainly due to the reduction in the marketing expenses incurred for the Group's stone paper products and transportation costs in the packaging segment for the period under review.

### **Administrative expenses**

Administrative expenses of the Group decreased by 56.1% or approximately RMB24.7 million from approximately RMB44.1 million in 2021 to approximately RMB19.4 million in 2022, mainly due to 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 2022 was approximately RMB263 million as compared to a net loss of approximately RMB189.9 million for 2021.

### **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2022.

## LIQUIDITY, FINANCIAL RESOURCES AND GOING CONCERN UNCERTAINTY

The Group generally finances its operation with internal resources and borrowings. As at 31 December 2022, cash and bank balances amounted to approximately RMB2,000 (2021: RMB1.9 million), primarily denominated in Renminbi and Hong Kong Dollars. The Group's total borrowings as at 31 December 2022 amounted to approximately RMB293.8 million (2021: RMB274.3 million).

As at 31 December 2022, the Group's gearing ratio, calculated as total borrowings divided by total equity, is not available (2021: N/A) as the Group recorded a net deficit position as at 31 December 2022.

Promissory notes and convertible bonds 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 entered into a confirmation deed (the "**Confirmation Deed**") on 25 August 2023 with the creditor to (i) extend the repayment dates of the Debts to 31 December 2024; and (ii) waive all interest accrued and to be accrued on the outstanding amount of the Debts since 1 January 2023 up to the Extended Repayment Date.

On 2 June 2022, the holders of a promissory note with outstanding principal amount of HK\$50,000,000 extended the maturity date to 6 June 2024.

As at 31 December 2022, the Group had net current liabilities of approximately RMB713.5 million (2021: RMB474.2 million). The Directors have given careful consideration on 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 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 negotiation with its creditors 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 to reach a settlement for the existing bank borrowings;

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

Details regarding the uncertainties on the going concern of the Group are set out in Note 3 to the consolidated financial statements. Despite the existence of such uncertainties, 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 Group's operating subsidiaries has adequate resources to continue in operational existence.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

As the Group's principal place of business is in the PRC, most of its operating transactions were settled in RMB and 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 fluctuation to materially impact the Group's operations. The Group did not adopt formal currency hedging policies and no instruments have been applied for foreign currency hedging purposes during the year ended 31 December 2022.

## **CAPITAL COMMITMENT**

As at 31 December 2022, the Group's capital commitment was approximately RMB60.0 million (2021: RMB60.0 million), which was mainly related to capital contribution payable to a subsidiary.

## **CONTINGENT CONSIDERATION AND LIABILITIES**

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees.

## **PLEDGE OF ASSETS**

As at 31 December 2022, the Group pledged certain assets with a carrying value of approximately RMB38,616 million (2021: RMB94.4 million) as collateral for the Group's bank borrowings.

## EMPLOYEES

As at 31 December 2022, the Group had a total of 96 full-time employees, including the Executive Directors (2021: 300) and the total staff costs (including Directors' emoluments) were approximately RMB11.5 million (2021: approximately RMB35.8 million).

The Group remunerates its employees based on their performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees, which includes salaries, medical insurance, discretionary bonuses, other benefits as well as mandatory provident fund schemes for employees in Hong Kong and state managed retirement benefit schemes for employees in the PRC.

## OUTLOOK

Looking forward, the Group will proactively explore new business 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 expects higher margin in return. The Group will also continue its efforts on the provision of value-added services, such as structural design and logistics management, with a view to enhance its market position. For the IT solution segment, the Group will minimise the resources allocated on the development of mobile games and focus on the provision of IT solution services to SOFO Health, and to explore more potential industry to diversify the risk of such segment. The Group will devote efforts to create new business opportunities and further broaden revenue.

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

## EVENTS AFTER THE REPORTING PERIOD

### **Proposed subscription of shares and convertible bonds and possible mandatory unconditional cash offer**

On 25 August 2023, the Company entered into a subscription agreement with Max Tuner Limited (“**Max Tuner**”), pursuant to which the Company agreed to issue to Max Tuner and Max Tuner agreed to subscribe (i) 4,132,492,986 new Shares, representing 75% of the enlarged issued share capital of the Company upon completion of such subscription agreement but before exercise of the conversion rights attaching to the convertible bonds at HK\$0.01 each; and (ii) two-year 2% coupon convertible bonds in an aggregate principal amount of HK\$496,258,738.61, which are convertible into new Shares at an initial conversion price of HK\$0.01 per Share (subject to adjustments) (the “**Subscriptions**”). The gross proceeds

from the issuance of the subscription shares and the convertible bonds in the amount of approximately HK\$538 million will be applied to set off the debts owed by the Company to Max Tuner in full on a dollar-to-dollar basis. The Subscriptions have been approved by the Shareholders on 23 November 2023.

Upon the completion of the Subscriptions, Max Tuner and parties acting in concert with it will be required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer to acquire all the issued shares of the Company. As at the date of this announcement, other than the approval by the Shareholders on the Subscriptions and the transactions contemplated under the subscription agreement at the extraordinary general meeting held on 23 November 2023, other conditions precedent have not been satisfied and/or waived.

## **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 the Company or members of the Group, including Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisors, consultants of the 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 from 13 January 2014 till 12 January 2024, being a period of 10 years from the date of its adoption.

As at 31 December 2022, the number of shares in respect of which had been granted and remained outstanding under the Share Option Scheme was nil (2021: 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 maintain a good standard of corporate governance practices and business ethics as 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 results 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 to suit the growth of its business and will review from time to time to ensure the compliance 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 business, 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 independently 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 the corporate governance report.

#### *Board Composition*

As at the date of this announcement, the Board consists of the following members:

##### *Executive Directors:*

Mr. Muk Hung Fei	Chairman of the Board and Nomination Committee (appointed on 23 December 2022)
Mr. Chen Hong Cai	Chairman of the Board and Nomination Committee (stepped down on 10 February 2023)
Mr. Lau Yiu Ting	(appointed on 10 February 2023)
Ms. Fang Wenhui	(re-designated on 20 March 2023)
Mr. Chan Wai Kit	(appointed on 20 March 2023)
Mr. Wang Yun Fang	(removed on 10 February 2023)
Mr. Wu Aiguo	(appointed on 1 December 2022 and removed on 10 February 2023)
Mr. Sun Shao Hua	(retired on 27 June 2022)

*Independent Non-Executive Directors:*

Mr. So Chi Ming	Chairman of the Audit Committee, and member of the Nomination Committee and Remuneration Committee (appointed on 13 April 2022)
Mr. Chau Wing Nam	Member of the Audit Committee (appointed on 10 February 2023)
Mr. He Dingding	Chairman of the Remuneration Committee, and member of the Audit Committee and Nomination Committee (appointed on 10 February 2023)
Mr. Wang Chen Guang	(removed on 10 February 2023)
Mr. Cho Yu Kwan, Stephen	(removed on 10 February 2023)

The Board currently comprises five executive Directors and three 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 the Annual Report. 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.

***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 operational 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 the Directors before meetings. 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 2022, ten Board meetings were held.

The Company's Articles of Association contains 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 was aware of the requirements 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 officer". Mr. Chen Hong Cai, the former Chairman of the Group, was responsible for leading the Board and ensuring smooth and effective operation of the Board in a conducive manner. Mr. Chen Hong Cai's duties have been transferred to Mr. Muk Hung Fei, with effect from 10 February 2023. 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. 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 subjected 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 subjected 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 subjected 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, all Directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (AGM).

### ***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 has received 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 has 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. All Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Briefings and updates on the latest development in the Listing Rules and other applicable legal and regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices. The participations by each of the Directors in the continuous professional development are recorded.

During the year ended 31 December 2022, the Company arranged seminar for Directors from time to time on changes in the Listing Rules and other applicable regulations.

### ***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 2022.

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 auditor, 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. Chau Wing Nam and Mr. He Dingding. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The Audit Committee has reviewed the Company's financial statements and the Group's consolidated financial statements for the year ended 31 December 2022 the interim financial statements for the six months ended 30 June 2022, including the accounting principles and practices adopted by the Company and the Group. In addition, the Audit Committee has also made recommendations on the appointment of the external auditor and review relevant scope of work. The Audit Committee has reviewed the Group's internal control and risk management systems, and to review and monitor the effectiveness of the internal audit functions and to supervise the audit process.

The former Audit Committee held two meetings during the year ended 31 December 2022.

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 Zhixiang, resigned on 14 February 2022. Following his resignation, the composition of the audit committee fell below the requirements under Rule 3.21 of the Listing Rules which provides that the audit committee must comprise a minimum of three members. Thus, the Company appointed Mr. So Chi Ming as independent non-executive director, chairman of the audit committee and a member of the remuneration committee on 13 April 2022 as complying with Rule 3.21 of the Listing Rules.

### ***Remuneration Committee***

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall of the Group remuneration policy and structure relating to the Directors and senior management of the Group 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. He Dingding (Chairman) and Mr. So Chi Ming and one executive Director, namely Mr. Lau Yiu Ting.

For the year ended 31 December 2022, two meetings of the former Remuneration Committee 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 assess the suitability of an individual Board member; to assess the independency of independent non-executive Directors; and to make recommendations to the Board on relevant matters related to the appointment or re-appointment of Directors. The Nomination Committee currently consists of two independent non-executive Directors, namely Mr. So Chi Ming and Mr. He Dingding, and one executive Director, Mr. Muk Hung Fei (Chairman).

The former Nomination Committee held two meetings during the year ended 31 December 2022 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 required to provide updated written training materials related 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 records of individual members of the Board and other Board Committees meetings for the financial year ended 31 December 2022 are set out in the table below:

		Meeting attended/held		
	Board	Audit Committee	Remuneration Committee	Nomination Committee
<b>Executive directors</b>				
Chen Hong Cai	10/10	N/A	N/A	2/2
Sun Shao Hua (retired on 27 June 2022)	0/10	N/A	0/2	N/A
Muk Hung Fei (appointed on 23 December 2022)	1/10	N/A	N/A	N/A
Wu Aiguo (appointed on 1 December 2022)	1/10	N/A	N/A	N/A
Wang Yun Fang	10/10	N/A	N/A	N/A
<b>Independent Non-executive directors</b>				
Fang Zhi Xiang (resigned on 14 February 2022)	0/10	0/2	0/2	N/A
Wu Ping (resigned on 22 June 2022)	0/10	0/2	0/2	0/2
Wu Yu Kun (resigned on 22 June 2022)	0/10	0/2	N/A	0/2
Wang Chen Guang (removed on 10 February 2023)	10/10	1/2	1/2	2/2
So Chi Ming (appointed on 13 April 2022)	7/10	2/2	2/2	2/2
Cho Yu Kwan, Stephen (appointed on 3 October 2022)	2/10	1/2	1/2	2/2

### **(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 2022 with a view to ensure 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 the uncertainties on the going concern of the Group are set out in Note 3 to the consolidated financial statements. Despite the existence of such uncertainties, 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 Group’s subsidiaries has adequate resources to continue in operational existence.

### ***Auditor’s Remuneration***

McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”) has been appointed as the auditor of the Group, with effect from 5 May 2023 and will hold office until the conclusion of the forthcoming AGM.

For the year ended 31 December 2022, the analysis of the remuneration payable to the external auditor of the Company, McMillan Woods, in respect of audit services and non-audit services is set out as below:

	<b>Amount</b> <i>(RMB’000)</i>
Audit services	932
Non-audit services	–
	<hr/>
Total	<u>932</u>

The remuneration related to the audit and non-audit services was determined with reference to (among others) the devotion to and workload of the services, the urgency and time requirements of the work, the complexity of the relevant transaction, and the quality of the ultimate service results.

### **(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 the 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 to 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.

While conducting the business, the Group is exposed to various types of risks. During the year ended 31 December 2022, the following principal risks of the Group were identified:

**Strategic Risks:** Regulatory risk; keeping up with new technologies; change in consumer preferences; competitive risk; reputational risk

**Operational Risks:** Insufficient of labour supply; workplace injury; damage to physical assets; IT systems disruption and failure

**Financial Risks:** Liquidity risk; credit risk; interest rate risk; inflation risk

**Compliance Risks:** Risk related to occupational safety; risk of non-compliance with ordinances related to employment; changes of the Listing Rules and relevant company regulations and ordinances

In light of the size and scale of the Group's business, the Group does not have an internal audit department. The Board will review and consider to establish such department as and when necessary. Given the Group's relatively simple corporate and operation structure, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group including financial, operational and compliance controls and risk management functions and for reviewing its effectiveness.

The following processes are used by the Group to identify, evaluate and manage significant risks, review the effectiveness of the risk management and internal control systems, as well as resolve material internal control defects:

- The Board and Audit Committee discuss with external independent auditor on key issues regarding internal controls, audit findings and risk management;
- The Board and Audit Committee oversees the financial reporting system and internal control procedures of the Group. Management will be responsible for the preparation of financial statements of the Group, especially the selection of suitable accounting policies;
- The external independent auditor is responsible for auditing and attesting to the financial statements of the Group, and report to the management of the Company from time to time on any weakness in controls which come to their attention. The Board and Audit Committee oversees the respective work of management and external independent auditor to ensure that the management has discharged its duty in respect of having an effective internal control procedures.

The Board conducts annual review of the effectiveness of the internal control system which covered all material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered the existing internal control and risk management systems are 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 ("**Company Secretary**").

**(F) Company Secretary**

During the year and up to the date of this announcement, following the resignation of Mr. Cheng Kit Hung ("**Mr. Cheng**") as Company Secretary on 5 September 2022, Mr. Wong Choi Chak ("**Mr. Wong**") was appointed as Company Secretary in place of Mr. Cheng, and resigned on 23 December 2022. Following the resignation of Mr. Wong as Company Secretary, Mr. Cheung Tin Long ("**Mr. Cheung**") was appointed as the Company Secretary in place of Mr. Wong on 23 December 2022.

Mr. Cheng, Mr. Wong, and Mr. Cheung are responsible for advising the Board on corporate governance matters. All three Company Secretaries have confirmed that each of them have undertaken not less than 15 hours of relevant professional training during the year ended 31 December 2022 as required under Rule 3.29 of the Listing Rules.

## **(G) Shareholder Communications**

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 [mobileinternet14@outlook.com](mailto:mobileinternet14@outlook.com) or directly by raising questions at the general meeting of the Company.

## **(H) Convening an EGM by Shareholders**

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 objectives of the meeting must be stated in the related requisition deposited at the Company's registered office and addressing to the Directors or 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 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.

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

The Board recognises the importance of maintaining clear, timely and effective communication with Shareholders and investors. The Board also considers effective communication with investors to be the key to build investors' confidence and attract new investors. Thus, the Group is committed to maintain a high degree of transparency to ensure that investors and Shareholders can obtain accurate, clear, comprehensive and timely information through the annual reports, interim reports, and news announcements ("**Corporate Communications**") published by the Group.

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.

To facilitate better understanding, Corporate Communications published by the Company are available in both English and Chinese versions on the websites of the Company and the Stock Exchange. Shareholders can reach the Company through the contact information listed under the section headed “Investors Relations” on the Company’s website. Institutional investors and analysts are welcomed to inquire about the Group’s strategies, operations, management and plans.

The last AGM of the Company was held on 27 June 2022 by way of electronic means (via VOOV MEETING).

### ***Constitutional Documents***

There was no change in the constitutional documents of the Company during the year ended 31 December 2022.

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

The Audit Committee consists of three independent non-executive Directors, namely Mr. So Chi Ming (Chairman), Mr. Chau Wing Nam and Mr. He Dingding. The Audit Committee has reviewed with the management of the Company and the Company’s external auditor the consolidated financial statements of the Group for the year ended 31 December 2022, 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 2022.

The Group’s 2022 Audited Annual Results have been reviewed by the Audit Committee, which is of the opinion that such statements have complied with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

## **DISCLAIMER OF OPINION BY THE AUDITOR AND MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN**

As set out in the independent auditor’s report, McMillan Woods did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 because of (a) Material uncertainties relating to the going concern basis; (b) Limitation of scope on accounting books and records of Behill; and (c) Limitation of scope on inventories as described in the Basis for Disclaimer of Opinion section of the independent auditor’s report. Please refer to the enclosed independent auditor’s report for more details.

With regards to the Basis for Disclaimer of Opinion with details mentioned, (i) the Audit Committee communicated with the auditor in detail during several meetings; (ii) the Audit Committee also reported the situation to the Board during the Board meeting on the same dates; (iii) the Audit Committee and the Board both agreed that the matter is non-recurring, the modified opinion shall not have any impact on the results of the Company for the year

ended 31 December 2023 and the financial position of the Company as at 31 December 2023; and (iv) neither the Company's corporate governance, nor the impartiality of the Board and management, was impaired.

#### **SCOPE OF WORK OF AUDITOR**

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 2022 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by McMillan Woods 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 McMillan Woods on this announcement.

#### **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT 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 [www.hs-packhk.com](http://www.hs-packhk.com). The annual report of the Company for the year ended 31 December 2022 will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Mobile Internet (China) Holdings Limited**  
**Muk Hung Fei**  
*Chairman*

Hong Kong, 15 February 2024

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Muk Hung Fei (Chairman), Mr. Chen Hong Cai, Mr. Lau Yiu Ting, Ms. Fang Wenhui and Mr. Chan Wai Kit, and three independent non-executive Directors, namely Mr. So Chi Ming, Mr. Chau Wing Nam and Mr. He Dingding.*