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Mobile Internet (China) Holdings Limited

移動互聯（中國）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1439)

SUPPLEMENTAL ANNOUNCEMENT MATERIAL DIFFERENCES BETWEEN UNAUDITED RESULTS AND AUDITED RESULTS

Reference is made to the announcements of Mobile Internet (China) Holdings Limited (the “**Company**”, together with its subsidiaries the “**Group**”) (i) dated 31 March 2020 (the “**Unaudited Results Announcement**”) in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**2019 Unaudited Results**”); (ii) dated 15 June 2020 in relation to the audited annual results of the Group for the year ended 31 December 2019 (the “**2019 Audited Results**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Unaudited Results Announcement.

The Board announced that the Company’s auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), has completed its audit of the 2019 Audited Results in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The 2019 Audited Results remain substantially the same as the 2019 Unaudited Results, except for the following major changes with details set out below:

- (a) the additional impairment losses recognised on goodwill and trade receivable as a result of impairment reassessment. The impairment losses stated in the Unaudited Results Announcement was based on the business valuation carried out then which was not reviewed by HLB. Subsequently, HLB reviewed and performed audit adjustments as part of their audit works, leading to the upward adjustment in the impairment losses.
- (b) the additional interest payable to the convertible bondholder recognised on trade, other payables and accruals as result of late adjustment of the interest expenses based on the contract of the convertible bond.
- (c) the effect of reclassification on consolidated statement of financial position.

The following set forth the audited consolidated statement of financial position of the Group as at 31 December 2019, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2019, the relevant corresponding figures shown in the 2019 Unaudited Annual Results and the relevant changes between audited and the unaudited figures (the Notes shown below correspond to the relevant paragraphs set out above):

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000 (Audited)	2019 RMB'000 (Unaudited)	Change RMB'000
Revenue		443,642	443,642	—
Cost of sales		<u>(343,657)</u>	<u>(343,657)</u>	—
Gross profit		99,985	99,985	—
Other revenue		1,844	1,844	—
Other income		610	610	—
Selling and distribution expenses		(142,482)	(142,482)	—
Administrative expenses		(47,303)	(47,303)	—
Amortisation of intangible assets		(9,594)	(9,594)	—
Allowance for expected credit loss recognised in respect of financial assets carried at amortised costs, net	(a)	(1,769)	(1,187)	(582)
Impairment of goodwill	(a)	(217,249)	(105,239)	(112,010)
Impairment of long-term prepayment		—	—	—
Loss on early redemption of promissory notes		—	—	—
Loss from operating before fair value changes		(315,958)	(203,366)	(112,592)
Change in fair value of derivative financial instruments		—	—	—
Loss from operations		(315,958)	(203,366)	(112,592)
Finance costs	(b)	<u>(130,975)</u>	<u>(128,857)</u>	<u>(2,118)</u>
Loss before tax		(446,933)	(332,223)	(114,710)
Income tax		<u>5,622</u>	<u>5,622</u>	—
Loss for the year		<u>(441,311)</u>	<u>(326,601)</u>	<u>(114,710)</u>

	2019	2019	Change
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)	
Other comprehensive loss for the year, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	<u>(6,428)</u>	<u>(6,396)</u>	<u>(32)</u>
Other comprehensive loss for the year, net of tax	<u>(6,428)</u>	<u>(6,396)</u>	<u>(32)</u>
Total comprehensive loss for the year, net of tax	<u><u>(447,739)</u></u>	<u><u>(332,997)</u></u>	<u><u>(114,742)</u></u>
Loss attributable to owners of the Company	<u><u>(441,311)</u></u>	<u><u>(326,601)</u></u>	<u><u>(114,710)</u></u>
Total comprehensive loss attributable to owners of the company	<u><u>(447,739)</u></u>	<u><u>(332,997)</u></u>	<u><u>(114,742)</u></u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	<u><u>(32.04)</u></u>	<u><u>(23.71)</u></u>	<u><u>(8.33)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019 RMB'000 (Audited)	2019 <i>RMB'000</i> (Unaudited)	Change RMB'000
Non-current assets				
Property, plant and equipment		186,111	186,111	—
Prepaid lease payments		—	—	—
Goodwill	<i>(a)</i>	11,999	124,009	(112,010)
Intangible assets		15,631	15,631	—
Right-of-use assets		3,616	3,616	—
Long-term prepayment		35,727	35,727	—
		253,084	365,094	(112,010)
Current assets				
Inventories		52,923	52,923	—
Trade receivables	<i>(a)</i>	70,385	70,967	(582)
Prepayments, deposits and other receivables	<i>(c)</i>	9,978	5,458	4,520
Cash and bank balances		179,071	179,071	—
		312,357	308,419	3,938
Current liabilities				
Trade, other payables and accruals	<i>(b,c)</i>	208,062	201,392	6,670
Borrowings		324,408	324,408	—
Promissory notes		—	—	—
Convertible bonds		—	—	—
Lease liabilities		1,363	1,363	—
Deferred revenue		246	246	—
		534,079	527,409	6,670
Net current liabilities		(221,722)	(218,990)	(2,732)
Total assets less current liabilities		31,362	146,104	(114,742)
Non-current liability				
Lease liabilities		172	172	—
Net assets		31,190	145,932	(114,742)
Equity				
Share Capital		11,161	11,161	—
Reserves		20,029	134,771	(114,742)
Total equity		31,190	145,932	(114,742)

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2019:

DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to the going concern basis

As explained in Note 3 to the consolidated financial statements, the Group incurred a net loss of approximately RMB441,311,000 for the year ended 31 December 2019, and, as of that date, the Group's current liabilities exceeds its current assets by approximately RMB221,722,000. The Group's promissory notes and convertible bonds with outstandings principal amounts of approximately RMB223,636,000 (equivalents to approximately HKD250,000,000) and RMB5,964,000 (equivalents to approximately HKD6,667,000), reclassified as borrowings currently, and were matured during year ended 31 December 2019. These outstandings principals and related overdue interest payments of RMB122,696,000 (approximately HKD137,161,000) and were not paid as at 31 December 2019.

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 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 its holders of promissory notes and convertible bonds to restructure and/or refinance its borrowings, including those with overdue principals and interests, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future; (iii) whether the Company is successful to obtain alternatives to strengthen the capital base of the Group; and (iv) whether the controlling shareholder of the Company, Novel Blaze Limited is able to provide financial support to the Group to continue as a going concern and to settle the Group's liabilities as and when they fall due.

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.

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

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive directors, namely Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping. The Audit Committee has reviewed with the management of the Company and the Company's external auditors the consolidated financial statements of the Group for the year ended 31 December 2019, 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 2019 Audited Results.

The Group's 2019 Audited Results have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement and the annual report of the Company for the year ended 31 December 2019 are expected to be published on 15 June 2020.

Save as disclosed above, all other information in the Unaudited Results Announcement remains unchanged.

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

Jiangxi Province, the PRC, 15 June 2020

As at the date of this announcement, the executive directors of the Company are Mr. Chen Hong Cai (Chairman), Mr. Sun Shao Hua and Ms. Zheng Li Fang; and the independent non-executive directors of the Company are Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping.