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MAX TUNER LIMITED

(Incorporated in the British Virgin Islands with limited liability)

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)

JOINT ANNOUNCEMENT

- (1) PROPOSED SUBSCRIPTION OF SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF MAX TUNER LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN MOBILE INTERNET (CHINA) HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY MAX TUNER LIMITED AND PARTIES ACTING IN CONCERT WITH IT); AND
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial Adviser to the Offeror

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

Independent Financial Adviser to the Independent Board Committee

 裕韜資本有限公司
Euto Capital Partners Limited

PROPOSED SUBSCRIPTION OF SHARES AND CONVERTIBLE BONDS

On 25 August 2023, the Company entered into the Subscription Agreement with Max Tuner Limited pursuant to which the Company agreed to issue to Max Tuner Limited and Max Tuner Limited agreed to subscribe (i) 4,132,492,986 new Shares, representing 75% of the enlarged issued share capital of the Company upon completion of the 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 gross proceeds from the issue of the Subscription Shares and the Convertible Bonds in the amount of approximately HK\$538 million will be applied to set off the Debts in full on a dollar to dollar basis.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them are not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following completion of the Subscription Agreement, but before exercise of any conversion rights attaching to the Convertible Bonds, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them will be interested in a total of 4,132,492,986 Shares, representing 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change to the issued Shares from the date of this joint announcement up to the completion of the Subscription Agreement).

In such event, the Offeror 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 (other than those Shares already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them). Rainbow Capital has been appointed as the financial adviser to the Offeror in respect of the Offer. Subject to Completion having occurred, Rainbow Capital will make the Offer on behalf of the Offeror and parties acting in concert with it on the terms set out under the section headed “Possible Mandatory Unconditional Cash Offer” below.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. So Chi Ming, Mr. Chau Wing Nam and Mr. He Dingding, has been established to advise the Independent Shareholders as to the terms and acceptance of the Offer. All the independent non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Offer, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders as to the terms and acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Euto Capital Partners Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and acceptance of the Offer.

GENERAL

An EGM will be held to consider and if thought fit, passing the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Subscription Shares and the Convertible Bonds and the granting of the Specific Mandate.

A circular containing, among other things, (i) further details of the Subscription Agreement and the issue of the Subscription Shares and the Convertible Bonds; and (ii) the notice of EGM will be despatched to the Shareholders as soon as possible.

No existing Shareholder has a material interest in the Subscription Agreement and the Specific Mandate and therefore no Shareholder is required to abstain from voting in relation to the resolutions on the Subscription Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate to be proposed at the EGM. As at the date of this joint announcement and the date of the EGM, the Offeror, its ultimate beneficial owner and the parties acting in concert with any of them do not and will not hold any Shares and accordingly will not be entitled to vote on any resolutions at the EGM.

Subject to the completion of the Subscription Agreement, if the Offer materialises, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a composite offer and response document and be jointly despatched by the Offeror and the Company to the Independent Shareholders in accordance with the requirements of the Takeovers Code after the completion of the Subscription Agreement takes place.

In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the relevant forms of acceptance and transfer, are required to be despatched to the Independent Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

As the making of the Offer is subject to the completion of the Subscription Agreement, an application has been made to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for despatch of the Composite Document to within 7 days after completion of the Subscription Agreement or 12 March 2024 (whichever is earlier). The Executive has indicated that it is minded to grant such consent to extending the latest time for the despatch of the Composite Document.

Further announcement(s) will be made by the Offeror and the Company on the timing of despatch of the Composite Document.

LISTING RULES IMPLICATIONS

Based on the closing price of HK\$0.024 per Share on the Last Trading Day and the average of the closing prices of the Shares for the five (5) previous consecutive trading days prior to Last Trading Day of HK\$0.0324 per Share, the theoretical diluted price is approximately HK\$0.011 per Share and the theoretical value dilution in respect of the Subscriptions is approximately 66.05%. With reference to Rule 7.27B of the Listing Rules, the Company should not undertake a subscription that would result in a theoretical dilution effect of 25% or more. However, the Subscriptions form part of a rescue proposal for the Company amidst the following background: (i) the debt position of the Company (including the substantial unpaid amounts in relation to the Debts); (ii) the loss-making position of the Company for six consecutive years since 2017; and (iii) the net liabilities recorded by the Company of approximately RMB352.5 million as at 31 December 2021 and the Company is of the view that there are exceptional circumstances for the purpose of Rule 7.27B of the Listing Rules and the Company should be allowed to proceed with the Subscriptions.

CONTINUED SUSPENSION OF TRADING

As disclosed in the announcement of the Company dated 31 August 2022, the Company announced that the publication of the interim results of the Group for the six months ended 30 June 2022 would be delayed and additional time would be required for the Company to prepare the interim results of the Group for the six months ended 30 June 2022. Such delay in publication of the interim results of the Group for the six months ended 30 June 2022 constituted a non-compliance with Rule 13.49(6) of the Listing Rules and pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange requires suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules and the suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information. Accordingly, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2022 and will remain suspended until further notice.

Warning: The Offer is a possibility only.

Shareholders and investors should be aware that the making of the Offer is subject to completion of the Subscription Agreement which, in turn, is subject to fulfilment of certain conditions precedent and therefore may or may not proceed.

Shareholders and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION AGREEMENT

Date

25 August 2023

Parties for the Subscription Agreement

- (a) The Company, as the issuer of the Subscription Shares and Convertible Bonds; and
- (b) Max Tuner Limited as the subscriber for the Subscription Shares and Convertible Bonds.

As at the date of this joint announcement, the Offeror and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

The gross proceeds from the issue of the Subscription Shares and the Convertible Bonds in the amount of approximately HK\$538 million will be applied to set off the Debts in full on a dollar to dollar basis.

Share Subscription

Pursuant to the Subscription Agreement, the Company agreed to allot and issue, and Max Tuner Limited agreed to subscribe in cash of HK\$41,324,929.86 for 4,132,492,986 Subscription Shares (equivalent to a price of HK\$0.01 per Subscription Share).

The Subscription Shares

The total Subscription Shares represent (i) 300% of the existing issued share capital of the Company; (ii) 75% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 7.50% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds.

The aggregate nominal value of the Subscription Shares under the Share Subscription will be HK\$41,324,929.86 based on the nominal value of HK\$0.01 per Share.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

The Subscription Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the EGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The issue price per Subscription Share of HK\$0.01:

- (i) represents a discount of approximately 58.3% to the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on 31 August 2022, being the last trading day of the Shares immediately before the date of this joint announcement;
- (ii) represents a discount of approximately 67.1% to the average of the closing prices of approximately HK\$0.0304 per Share for the five trading days of the Shares up to and including 31 August 2022;
- (iii) represents a discount of approximately 68.4% to the average of the closing prices of approximately HK\$0.0316 per Share for the ten trading days of the Shares up to and including 31 August 2022; and
- (iv) represents a discount of approximately 66.8% to the average of the closing prices of approximately HK\$0.0301 per Share for the 30 trading days of the Shares up to and including 31 August 2022.

The issue price of the Subscription Shares was determined after arm's length negotiations between the Company and the Offeror with reference to (i) the historical prices and liquidity of the Shares during the period from 31 May 2022 up to 31 August 2022, being the three months period immediately before suspension of trading in the Shares (the prices of which ranged from HK\$0.024 per Share to HK\$0.042 per Share); (ii) the latest available financial condition of the Group, in particular the loss-making position of the Group for six consecutive financial years from 2017 and the audited net liabilities of the Group as at 31 December 2021 of RMB352,468,000 (given that the financial information of the Group for the financial year ended 31 December 2022 is currently unavailable due to the delay in preparing of the interim results of the Group for the six months ended 30 June 2022); (iii) uncertain prospect of the business and viability of the Group; and (iv) the implications to the Company in respect of the provision of immediate funds to the Company for repayment of indebtedness.

Based on the above, the Board is of the view that the terms of the Share Subscription are fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The net Share Subscription Price, after taking into account the estimated expenses of the Share Subscription, is approximately HK\$0.0094 per Subscription Share.

Subscription of Convertible Bonds

Pursuant to the Subscription Agreement, the Company agreed to issue, and Max Tuner Limited agreed to subscribe the 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).

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarised below:

Issuer:	The Company
Issuer price:	100% of the principal amount
Principal amount:	HK\$496,258,738.61
Conversion price:	The Conversion Price per Conversion Share shall be HK\$0.01, subject to adjustments as hereafter described.
Adjustment events:	<p>The Conversion Price shall from time to time be subject to adjustment upon occurrence of the following events:</p> <ul style="list-style-type: none">(a) an alteration to the aggregate number of the Shares in issue as a result of consolidation, sub-division, or reclassification;(b) an issue (other than issue of dividend Shares in lieu of cash dividend) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);(c) a capital distribution (in cash or specie and whether on a reduction of capital or otherwise), including any dividend charged or provided for in the accounts of any financial period (whenever paid and however described) will be deemed to be a capital distribution;

- (d) an offer of new Shares to the Shareholders for conversion by way of rights, or grant, to Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price on the date of the announcement of the terms of the offer or grant;
- (e) (aa) an issue of securities wholly for cash or for reduction of liabilities or for acquisition of asset which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration (as defined in the instrument) per Share initially receivable for such securities is less than 90% of the market price on the date of the announcement of the terms of issue of such securities; (bb) modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this paragraph (e), so that the total effective consideration (as defined in the instrument) per Share initially receivable for such securities shall be less than 90% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (f) an issue of any Shares wholly for cash or for reduction of liabilities at a price per Share which is less than 90% of the market price on the date of the announcement of the terms of such issue; and
- (g) an issue of any Shares for the acquisition of asset at a total effective consideration (as defined in the instrument) per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

Interest rate: 2% per annum (payable annually)

Conversion Shares: Based on the principal amount of the Convertible Bonds of HK\$496,258,738.61, the Convertible Bonds are convertible into 49,625,873,861 Conversion Shares at the initial conversion price of HK\$0.01 per Conversion Share (subject to adjustments).

Conversion period: The period commencing from one month after the close or lapse or withdrawal of the Offer up to 4:00 p.m. (Hong Kong time) on the Maturity Date (as defined below).

Conversion rights and restrictions:	The CB Holder(s) shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted; (ii) the exercise of the conversion right attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the Listing Rules; and (iii) the exercise of the conversion right attached to the Convertible Bonds will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the CB Holder(s).
Early redemption:	The Company shall be entitled at its sole discretion, by giving not less than fourteen (14) Business Days' notice to the CB Holder(s), propose to the CB Holder(s) to redeem the outstanding Convertible Bonds (in multiples of HK\$1,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding Convertible Bonds together with outstanding accrued interest at any time after the date of issue of the Convertible Bonds up to and including the date falling seven (7) days immediately before the maturity date of the Convertible Bonds.
Ranking:	The Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the relevant conversion date including the right to all dividends or other distributions, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date.
Maturity date:	The second (2nd) anniversary of the issue date of the Convertible Bonds (the “ Maturity Date ”).
Voting rights:	The CB Holder(s) shall not have any right to attend or vote in any general meeting of the Company.

- Transferability:** Subject to compliance with the Listing Rules, the Convertible Bonds may be transferred or assigned one month after the close or lapse or withdrawal of the Offer in whole or in part in integral multiples of HK\$1,000,000 by the CB Holder(s) to any party, save and except that the Convertible Bonds shall not be transferred or assigned to a connected person of the Company unless with the prior written consent of the Company.
- Listing:** No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Event of default:** Any CB Holder may at any time before the maturity date of the Convertible Bonds serve a written notice on the Company at least 7 days in advance and demand the Company to redeem the Convertible Bonds upon the occurrence of the following events:
- (i) a default is made in the payment of principal amount, interest and entitlements due in respect of any of the Convertible Bonds and such default is not cured within 30 days; or
 - (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the instrument or in the conditions of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal, premium (if any), interest and entitlements in respect of any of the Convertible Bonds) and such default continues for the period of 30 days following the service by any CB Holder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or
 - (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all its assets, otherwise, in any such case, other than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an ordinary resolution of CB Holder; or
 - (iv) the Shares cease to be listed on the Stock Exchange.
- Security:** The obligations of the Company under the Convertible Bonds are unsecured.

Conversion Shares

Assuming full exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.01 per Conversion Share, a maximum of 49,625,873,861 new Shares will be allotted and issued by the Company, representing (i) approximately 3,603% of the total number of issued Shares as at the date of this joint announcement; (ii) approximately 901% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 90% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds (assuming there is no other change in the issued share capital of the Company between the date of this joint announcement and the full conversion of the Convertible Bonds).

The Conversion Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the EGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares. The Convertible Bonds will not be listed on any stock exchange.

The maximum aggregate nominal value of the Conversion Shares is HK\$496,258,738.61 based on the nominal value of HK\$0.01 per Share.

Conversion Price

The initial Conversion Price of HK\$0.01 per Conversion Share represents:

- (i) represents a discount of approximately 58.3% to the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on 31 August 2022, being the last trading day of the Shares immediately before the date of this joint announcement;
- (ii) represents a discount of approximately 67.1% to the average of the closing prices of approximately HK\$0.0304 per Share for the five trading days of the Shares up to and including 31 August 2022;
- (iii) represents a discount of approximately 68.4% to the average of the closing prices of approximately HK\$0.0316 per Share for the ten trading days of the Shares up to and including 31 August 2022;
- (iv) represents a discount of approximately 66.8% to the average of the closing prices of approximately HK\$0.0301 per Share for the 30 trading days of the Shares up to and including 31 August 2022; and
- (v) is equivalent to the issue price of the Subscription Share.

Conditions precedent

The completion of the Subscription Agreement is conditional upon the satisfaction or waiver of the following conditions:

- (a) the resumption of trading in the Shares on the Stock Exchange;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in, the Subscription Shares and the Conversion Shares;
- (c) the Shareholders approving at the EGM the Subscriptions and the transactions contemplated under the Subscription Agreement (including the granting of the Specific Mandate);
- (d) there being no indication being received from the Stock Exchange or the SFC that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after completion of the Subscription Agreement, whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (e) the warranties under the Subscription Agreement remaining true and correct in all material respects; and
- (f) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscriptions and the transactions contemplated under the Subscription Agreement having been obtained by the Company.

The above conditions (a), (b) and (d) will only be fulfilled after the Stock Exchange granting the approval in principal for the resumption of trading of the Shares. The parties to the Subscription Agreement shall use their reasonable endeavours to the extent possible to procure the fulfilment of the conditions precedent set out above. Save for the condition set out in (e) of the Subscription Agreement which is capable of being waived by the Offeror, all other conditions precedent are not waivable by the parties to the Subscription Agreement. If any of the above conditions precedent is not fulfilled (or waived by the Offeror as the case may be) on or before the long stop date of 29 February 2024, the Subscription Agreement shall lapse and become null and void and both the Company and the Offeror will be released from all obligations under the Subscription Agreement (save for liabilities for any antecedent breaches thereof).

The resumption of trading in the Shares on the Stock Exchange, the listing approval for the Subscription Shares and Conversion Shares to be granted by the Stock Exchange and the approval from the Shareholders at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder are the only outstanding specific consents and approval required to be obtained on the part of the Company as referred to under condition (f) above. There is no other outstanding consent or approval required to be obtained by the parties to the Subscription Agreement.

Subject to the fulfilment or waiver of the above conditions precedent, completion of the Subscription Agreement shall take place within three Business Days (or such other date as the parties may agree) after fulfilment or waiver of all the above conditions precedent.

As at the date of this joint announcement, none of the conditions set out above has been fully satisfied.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in packaging business and mobile game business.

Max Tuner Limited is a creditor of the Company and the Company was indebted to Max Tuner Limited in the total amount of HK\$537,583,668.47 (including principal amount of HK\$166,666,667 and interest amount of HK\$370,917,001.47) as at 31 December 2022.

The debt to Max Tuner Limited in the total amount of HK\$537,583,668.47 (including principal amount of HK\$166,666,667 and interest amount of HK\$370,917,001.47) as at 31 December 2022 was arising from (i) a subscription agreement dated 10 June 2015 entered into between the Company and Chance Talent Management Limited, which is an indirect wholly owned subsidiary of China Construction Bank Corporation, a joint stock company incorporated in the PRC with limited liability, the issued H shares of which are listed on the Stock Exchange (stock code: 939) (“**CCB**”) and is independent of and not connected with the Company and its connected person, pursuant to which Chance Talent Management Limited as subscriber subscribed for the redeemable fixed coupon note in the aggregate principal amount of HK\$80,000,000 issued by the Company (“**Note I**”) which was originally due on 19 May 2019; and (ii) a subscription agreement dated 28 April 2016 entered into between Chance Talent Management Limited and the Company, pursuant to which Chance Talent Management Limited subscribed for (a) the redeemable fixed coupon note in the aggregate principal amount of HK\$120,000,000 issued by the Company (“**Note II**”) which was originally due on 19 May 2017; and (b) the redeemable fixed coupon convertible bond in the aggregate principal amount of HK\$30,000,000 issued by the Company (the “**2016 Convertible Bond**”) which was originally due on 19 May 2017. In October 2020, Chance Talent Management Limited entered into a declaration of trust pursuant to which Chance Talent Management Limited declared and acted as trustee of a trust in favour of Advance Day Holdings Limited, which is an indirect wholly owned subsidiary of CCB over Note I, Note II and 2016 Convertible Bond. In October 2022, Chance Talent Management Limited as legal seller, Advance Day Holdings Limited as beneficial seller and Wong Man Hin Max, who is not a Shareholder and is a third party independent of and not connected with the Company and its connected person and has no prior relationship with the Company, as purchaser entered into a sale and purchase agreement, pursuant to which Wong Man Hin Max acquired the Note I, Note II and 2016 Convertible Bond. In May 2023, Wong Man Hin Max as seller and Max Tuner Limited as purchaser entered into a sale and purchase agreement, pursuant to which Max Tuner Limited acquired the Note I, Note II and 2016 Convertible Bond. As at 31 December 2022, (i) in relation to Note I, the principal amount of HK\$40,000,000 and interest amount of HK\$100,633,521.81

(total amount of HK\$140,633,521.81) remained outstanding; (ii) in relation to Note II, the principal amount of HK\$120,000,000 and interest amount of HK\$256,058,033.36 (total amount of HK\$376,058,033.36) remained outstanding; and (iii) in relation to 2016 Convertible Bond, the principal amount of HK\$6,666,667 and interest amount of HK\$14,225,446.30 (total amount of HK\$20,892,113.30) remained outstanding.

On 25 August 2023, the Offeror entered into a confirmation deed (the “**Confirmation Deed**”) to (i) extend the repayment dates of the Debts to 31 December 2024 (the “**Extended Repayment Date**”); 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. Upon the entering into the Confirmation Deed, the total amount of Debts owing by the Company to Max Tuner Limited amounted to HK\$537,583,668.47 as at the date of this joint announcement and will be payable by the Company by 31 December 2024.

As disclosed in the annual report of the Company for the year ended 31 December 2021, the Group had net current liabilities of approximately RMB474.2 million as at 31 December 2021 and the Group was in the process of negotiating with its promissory noteholders and convertible bondholders to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group’s working capital and financial requirements in the near future.

As disclosed in the Company’s annual report for the year ended 31 December 2021, the Group recorded net loss of approximately RMB189.9 million for the year ended 31 December 2021. The Group had been loss-making for six consecutive financial years from 2017. The Group had also recorded net liabilities of approximately RMB352.5 million as at 31 December 2021.

As disclosed in the announcement of the Company dated 31 August 2022, the Company announced that the publication of the interim results of the Group for the six months ended 30 June 2022 would be delayed and additional time would be required for the Company to prepare the interim results of the Group for the six months ended 30 June 2022. Such delay in publication of the interim results of the Group for the six months ended 30 June 2022 constituted a non-compliance with Rule 13.49(6) of the Listing Rules and pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange requires suspension of trading in an issuer’s securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules and the suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information. Accordingly, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2022 and will remain suspended until further notice.

As disclosed in the Company's announcements dated 12 January 2023 and 21 February 2023, the Company must meet all resumption guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. The guidance for the resumption of trading in the Shares is set out below:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate compliance with Rule 13.24 of the Listing Rules;
- (iii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; and
- (iv) have the Petition issued by HAUZEN LLP (or winding-up order, if made) against the Company withdrawn or dismissed and the appointment of any liquidators (provisional or not) discharged.

At the court hearing held on 10 May 2023, the court made an order, among others, that the petition be withdrawn and therefore the above resumption condition (iv) has been fulfilled.

The Company expects that the interim results and the interim report for the six months ended 30 June 2022 and the annual results and the annual report for the year ended 31 December 2022 will be published by the end of September 2023. The Company will demonstrate compliance with Rule 13.24 of the Listing Rules and to inform the market of all material information for the Company's shareholders and investors to appraise the Company's position so as to meet the resumption conditions.

The Board considers that the Group is in need of external financings with a view to improving the Group's financial position, reducing its debt level (including trading and financial debts) and replenishing working capital for the Company's operations. It is the Board's view that the Subscriptions, under which the Offeror is introduced as investor, represent a crucial and precious opportunity to improve the financial position of the Group and enable it to continue as a going concern. The improvement of the financial position of the Group would present a positive signal to the market and the customers, suppliers and business partners of the Group.

The ultimate beneficial owner of the Offeror is an experienced entrepreneur. For further details, please refer to the paragraph headed "INFORMATION ON THE OFFEROR" in this joint announcement. The Group may be able to leverage the support of its new controlling shareholder to resolve its financial difficulties and optimise and further develop its existing business.

The gross proceeds from the issue of the Subscription Shares and the Convertible Bonds in the amount of approximately HK\$538 million will be applied to set off the Debts in full on a dollar to dollar basis. Completion of the Subscription Agreement will set off all the Debts in full.

The Directors consider that the deep discount of the Subscription Price and the Conversion Price are fair and reasonable in light of the fact that:

- (i) the Directors consider that a deeper discount to the market price is necessary to attract funding for setting off the Debts;
- (ii) pursuant to the Subscription Agreement, the conversion of the Convertible Bonds is subject to restrictions as stated under the section “Principal terms of the Convertible Bonds” and the Directors consider that such mechanism is in the interest of the Company and the Shareholders; and
- (iii) the liquidity of the Shares was generally thin. During the period from 31 May 2022, up to 31 August 2022, being the trading day before the Company suspended the trading of the Shares, the highest daily trading volume was only 5,715,000 Shares which represents 0.53% of the Shares held by the public. The average trading volume is 606,226 Shares during the aforesaid period, which is only approximately 0.056% of the Shares in public hand.

Based on the above, the Directors (excluding the independent non-executive Directors whose views shall be set out in the circular and the Composite Document after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Subscription Agreement are negotiated after arm’s length negotiation, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE OFFEROR

The Offeror is a private limited company incorporated in the British Virgin Islands. It has not carried on any business activities since its incorporation other than the entering into of the Subscription Agreement. The entire issued share capital of Max Tuner Limited is wholly and beneficially owned by Dr. Lai.

Dr. Lai, aged 53, holds a Honorary Doctorate Degree of Humanities from Southwest State University, Russia. As advised by Dr. Lai, she is currently a director and shareholder of Mon Space (M) Sdn. Bhd., a private company incorporated in Malaysia with limited liability and a multinational corporation led by Dr. Lai, with investments across Asia Pacific in the technology, property, telecommunications, food and beverage, entertainment and e-commerce industry. As advised by Dr. Lai, her entrepreneurial projects started in the trading industry and then expanded to telecommunications, food and beverage and real estate across Asia. Subsequently, Mon Space (M) Sdn. Bhd. has recently penetrated into digital & consumer electronics, including online shopping platforms with the concepts of health and beauty. As an outstanding entrepreneur, Dr. Lai has been active in leading women's roles and is known in Malaysia for her strong acumen in business and inspirational speech. Dr. Lai was formerly the executive director of Amasse Capital Holdings Limited (stock code: 8168) from 28 November 2022 to 6 March 2023 and the non-executive director and executive director of Asia Television Holdings Limited (stock code: 707) from 20 December 2019 to 10 October 2022 and from 10 October 2022 to 22 December 2022, respectively. Save as disclosed, Dr. Lai has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below are (i) the existing shareholding structure of the Company, (ii) the shareholding structure of the Company immediately upon completion of the Subscription Agreement but before exercise of the conversion rights attaching to the Convertible Bonds; (iii) the shareholding structure of the Company immediately upon completion of the Subscription Agreement and assuming exercise in full of the conversion rights attaching to the Convertible Bonds:

	(i) As at the date of this joint announcement		(ii) Immediately upon completion of the Subscription Agreement but before exercise of the conversion rights attaching to the Convertible Bonds		(iii) Immediately upon completion of the Subscription Agreement and assuming exercise in full of the conversion rights attaching to the Convertible Bonds (Note 3)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
	Max Tuner Limited	–	–	4,132,492,986	75.00	53,758,366,847
Wealthy Achievers Limited (Note 1)	156,477,143	11.36	156,477,143	2.84	156,477,143	0.28
Cheuk Kwong Hau Thomas (Note 2)	145,490,000	10.56	145,490,000	2.64	145,490,000	0.26
Public Shareholders						
Other public Shareholders	1,075,530,519	78.08	1,075,530,519	19.52	1,075,530,519	1.96
Total	1,377,497,662	100.00	5,509,990,648	100.00	55,135,864,509	100.00

Notes:

- Immediately upon completion of the Subscription Agreement but before exercise of the conversion rights attaching to the Convertible Bonds, the shareholding interest of Wealthy Achievers Limited (which is wholly and beneficially owned by Mr. Peng Dong Miao as at the date of this joint announcement) in the Company will become 2.84% and will become a public Shareholder. Mr. Peng Dong Miao as the vendor entered into a transaction with the Company as buyer in November 2015 in relation to the sale and purchase of the entire issued share capital of a target company (the “**Transaction**”). The Transaction was completed in April 2016 and after completion, Mr. Peng Dong Miao (through Wealthy Achievers Limited) became a shareholder of the Company. As at the date hereof, the Company is also indebted to Mr. Peng Dong Miao in the total principal amount of HK\$50,000,000. The debt to Mr. Peng Dong Miao in the total principal amount of HK\$50,000,000 was arising from a loan in the principal sum of HK\$90,000,000 granted by Mr. Peng Dong Miao to the Company in November 2015. The obtaining of the loan was normal business activity of the Company and the loan was applied by the Company for development of its mobile game business. Other than the above, Mr. Peng Dong Miao has no other relationship with the Company at the date of this joint announcement.

2. Other than being a substantial Shareholder, Mr. Cheuk Kwong Hau Thomas has no other relationship with the Company and immediately upon completion of the Subscription Agreement but before exercise of the conversion rights attaching to the Convertible Bonds, his shareholding interest in the Company will become 2.64% and he will become a public Shareholder.
3. For illustration purpose only as the exercise of the conversion right attached to the Convertible Bonds will be subject to the public float of the Shares being not less than 25% of the issued share capital of the Company and in compliance with the requirement under the Listing Rules.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity-related fund-raising exercise for the past 12 months immediately prior to the date of this joint announcement.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them is not interested in any Share. Upon completion of the Subscription Agreement, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them will be interested in 4,132,492,986 Shares (representing 75% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares, assuming there is no other change to the issued Shares from the date of this joint announcement up to the completion of the Subscription Agreement).

Subject to the completion of the Subscription Agreement and pursuant to Rule 26.1 of the Takeovers Code, upon completion of the Subscription Agreement, the Offeror is required to make the unconditional mandatory cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them).

Securities of the Company

As at the date of this joint announcement, the Company has a total of 1,377,497,662 Shares in issue. Save for (i) the Convertible Bonds to be issued by the Company upon completion of the Subscription Agreement; and (ii) the 2016 Convertible Bond, which will be set off by the subscription monies under the Subscription Agreement, the Company does not have any other Shares, outstanding warrants, options, derivatives or other securities carrying conversion or subscription rights into Shares.

Terms of the Offer

Immediately following completion of the Subscription Agreement but before exercise of any conversion rights attaching to the Convertible Bonds, Max Tuner Limited will be interested in a total 4,132,492,986 Shares, representing 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Rainbow Capital has been appointed as the financial adviser to Max Tuner Limited in respect of the Offer. Upon completion of the Subscription Agreement, Rainbow Capital will make the Offer, which is unconditional, on behalf of Max Tuner Limited on the following terms:

For each Share. HK\$0.01 in cash

The Offer price of HK\$0.01 per Share is the same as the subscription price under the Subscription Agreement. It also represents:

- (i) a discount of approximately 58.3% to the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on 31 August 2022, being the last trading day of the Shares immediately before the date of this joint announcement;
- (ii) a discount of approximately 67.1% to the average of the closing prices of approximately HK\$0.0304 per Share for the five trading days of the Shares up to and including 31 August 2022;
- (iii) a discount of approximately 68.4% to the average of the closing prices of approximately HK\$0.0316 per Share for the ten trading days of the Shares up to and including 31 August 2022;
- (iv) a discount of approximately 66.8% to the average of the closing prices of approximately HK\$0.0301 per Share for the 30 trading days of the Shares up to and including 31 August 2022; and
- (v) is equivalent to the issue price of the Subscription Share and the Conversion Price.

Save for (i) the Convertible Bonds to be issued by the Company upon completion of the Subscription Agreement; and (ii) the 2016 Convertible Bond, which will be set off by the subscription monies under the Subscription Agreement, the Company does not have any other outstanding options, warrants and other securities convertible into Shares or any other share derivatives.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$0.042 per Share recorded on 28 June 2022 and HK\$0.022 per Share recorded on 7 March 2022 respectively.

Pre-condition of making the Offer

The making of the Offer is subject to completion of the Subscription Agreement. If the pre-condition of making of the Offer is satisfied, Max Tuner Limited will issue an announcement in accordance with the Takeovers Code and the Listing Rules and comply with all the requirements under the Takeovers Code and the Listing Rules.

Total consideration and financial resources

As at the date of this joint announcement, the Company has 1,377,497,662 Shares in issue. Assuming there is no other change in the total number of issued Shares, there will be 5,509,990,648 Shares in issue upon completion of the Subscription Agreement after the issuance of the Subscription Shares. On the basis of the Offer Price at HK\$0.01 per Share, the entire issued share capital of the Company is valued at approximately HK\$55.1 million upon completion of the Subscription Agreement.

Assuming that there is no other change in the total number of issued Shares, upon completion of the Subscription Agreement, the Offeror will be interested in 4,132,492,986 Shares and become the holder of the Convertible Bonds, the conversion of which is subject to the restrictions as stated in “Conversion rights and restrictions” under the section headed “Principal terms of the Convertible Bonds” in this joint announcement.

Assuming there will be no other change in the share capital of the Company, upon completion of the Subscription Agreement, 1,377,497,662 Shares not already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them will be subject to the Offer and the consideration of the Offer is therefore valued at HK\$13,774,976.62 based on the Offer Price at HK\$0.01 per Share and the full acceptance of the Offer.

The Offeror intends to finance the consideration for the Offer by the loan facility provided by Fuchsia Capital Limited in the principal amount of HK\$14 million for a term from 4 July 2023 to 30 November 2023 under the Facility Agreement. The outstanding principal, accrued interests and costs and charges payable by the Offeror under the Facility Agreement are unsecured and guaranteed by Dr. Lai as primary obligor. Fuchsia Capital Limited is principally engaged in financial investment and provision of consultancy services and is wholly and beneficially owned by Mr. Tsang Chun Ho Anthony, who has over 15 years of experience in financial investment, capital operation, corporate governance, strategic planning and mergers and acquisitions. Fuchsia Capital Limited was introduced to the Offeror through Rainbow Capital.

Fuchsia Capital Limited and Mr. Tsang Chun Ho Anthony are parties acting in concert with the Offeror under class (9) of the definition of acting in concert under the Takeovers Code. Save as aforesaid, Dr. Lai confirms that she has no relationship with Fuchsia Capital Limited and Mr. Tsang Chun Ho Anthony. Fuchsia Capital Limited and Mr. Tsang Chun Ho Anthony were not Shareholders as at the date of this joint announcement.

The Offeror does not intend that the payment of fee and interest on or repayment of the loan facility under the Facility Agreement will depend to any significant extent on the business of the Group.

Rainbow Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offer.

Effect of accepting the Offer

The Offer will be made on the basis that valid acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that the Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

As at the date of this joint announcement, no dividend has been paid or declared by the Company on the Shares, and it is advised by the Board that no dividend is expected to be declared on the Shares during the Offer Period.

Acceptance of the Offer will be irrevocable and not be capable of being withdrawn except with the consent of the Executive.

INFORMATION ON THE COMPANY AND THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2020 and 2021:

	For the year ended 31 December	
	2021	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	182,553	214,535
Net loss before tax	189,934	240,277
Net loss after tax	189,934	238,867

The audited net liabilities of the Group as at 31 December 2020 was RMB177,595,000 and the audited net liabilities of the Group as at 31 December 2021 was RMB352,468,000.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Upon the completion of the Subscription Agreement, the Offeror will become a controlling shareholder of the Company. The Offeror considers and confirms that it is intended that the Group will continue with its existing principal business following completion of the Subscription Agreement.

The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential and sustainability of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the date of this joint announcement, the Offeror has no intention or concrete plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save as disclosed above, the Offeror has no intention to introduce any major changes to the existing business of the Group or redeploy the fixed assets of the Group other than in its ordinary course of business.

As at the date of this joint announcement, the Board comprised five executive Directors and three independent non-executive Directors. The Offeror may further review the composition of the Board and senior management of the Company upon or after the close of the Offer. As at the date of this joint announcement, the Offeror has no intention to discontinue the employment of any of the Group's employees. Any change to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient public float (i.e. not less than 25% of the issued Shares) exists in the Shares after the close of the Offer.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

The Offeror confirms that, as at the date of this joint announcement:

- (i) save for the entering into of the Subscription Agreement, none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares during the period commencing six months prior to and including the date of this joint announcement;

- (ii) save for the Subscription Shares and the Convertible Bonds to be subscribed by the Offeror under the Subscription Agreement, none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them holds, owns or has control or direction over any voting rights or rights over Shares or convertible securities, warrants, options or derivatives of the Company;
- (iii) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has received any irrevocable commitment(s) to accept or reject the Offer;
- (iv) there is no outstanding derivative in respect of the securities of the Company entered into by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them;
- (v) save for the Subscription Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (vi) save for the Subscription Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offer;
- (vii) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (viii) save for the considerations which will be settled by way of setting off the Debts under the Subscription Agreement, there is no other consideration, compensation or benefits paid by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them to the Company;
- (ix) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owner and any parties acting in concert with any of them on the one hand, and the Company, any Shareholders and any parties acting in concert with any of them on the other hand; and
- (x) there is no understanding, arrangement, agreement or special deal between (1) any Shareholder; and (2)(a) the Offeror, its ultimate beneficial owner and any party acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. So Chi Ming, Mr. Chau Wing Nam and Mr. He Dingding, has been established to advise the Independent Shareholders as to the terms of the Offer and as to their acceptance. All the independent non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Offer, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders as to the terms and acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Euto Capital Partners Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to their acceptance.

GENERAL

An EGM will be held to consider and if thought fit, passing the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Subscription Shares and the Convertible Bonds and the granting of the Specific Mandate.

A circular containing, among other things, (i) further details of the Subscription Agreement and the issue of the Subscription Shares and the Convertible Bonds; and (ii) the notice of EGM will be despatched to the Shareholders as soon as possible.

No existing Shareholder has a material interest in the Subscription Agreement and the Specific Mandate and therefore no Shareholder is required to abstain from voting in relation to the resolution on the Subscription Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate to be proposed at the EGM. As at the date of this joint announcement and the date of the EGM, the Offeror, its ultimate beneficial owner and the parties acting in concert with any of them do not and will not hold any Shares and accordingly will not be entitled to vote on any resolution at the EGM.

Subject to the completion of the Subscription Agreement, if the Offer materialises, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a composite offer and response document and be jointly despatched by the Offeror and the Company to the Independent Shareholders in accordance with the requirements of the Takeovers Code after the completion of the Subscription Agreement takes place.

In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the relevant forms of acceptance and transfer, are required to be despatched to the Independent Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

As the making of the Offer is subject to the completion of the Subscription Agreement, an application has been made to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for despatch of the Composite Document to within 7 days after completion of the Subscription Agreement or 12 March 2024 (whichever is earlier). The Executive has indicated that it is minded to grant such consent to extending the latest time for the despatch of the Composite Document.

Further announcement(s) will be made by the Offeror and the Company on the timing of despatch of the Composite Document.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

LISTING RULES IMPLICATIONS

Based on the closing price of HK\$0.024 per Share on the Last Trading Day and the average of the closing prices of the Shares for the five (5) previous consecutive trading days prior to Last Trading Day of HK\$0.0324 per Share, the theoretical diluted price is approximately HK\$0.011 per Share and the theoretical value dilution in respect of the Subscriptions is approximately 66.05%. With reference to Rule 7.27B of the Listing Rules, the Company should not undertake a subscription that would result in a theoretical dilution effect of 25% or more. However, the Subscriptions form part of a rescue proposal for the Company amidst the following background: (i) the debt position of the Company (including the substantial unpaid amounts in relation to the Debts); (ii) the loss-making position of the Company for six consecutive years since 2017; and (iii) the net liabilities recorded by the Company of approximately RMB352.5 million as at 31 December 2021 and the Company is of the view that there are exceptional circumstances for the purpose of Rule 7.27B of the Listing Rules and the Company should be allowed to proceed with the Subscriptions.

CONTINUED SUSPENSION OF TRADING

As disclosed in the announcement of the Company dated 31 August 2022, the Company announced that the publication of the interim results of the Group for the six months ended 30 June 2022 would be delayed and additional time would be required for the Company to prepare the interim results of the Group for the six months ended 30 June 2022. Such delay in publication of the interim results of the Group for the six months ended 30 June 2022 constituted a non-compliance with Rule 13.49(6) of the Listing Rules and pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange requires suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules and the suspension will normally remain in force until the issue publishes an announcement containing the requisite financial information. Accordingly, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2022 and will remain suspended until further notice.

The Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on 25 November 2022 (the “**Initial Resumption Guidance**”) and received additional resumption guidance from the Stock Exchange on 20 January 2023 (the “**Additional Resumption Guidance**”, which together with the Initial Resumption Guidance, the “**Resumption Guidance**”). For details of the Resumption Guidance, please refer to the section headed “REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT” in this joint announcement. As at the date of this joint announcement, the Company (i) is in the progress of preparing the interim results and interim report of the Group for the six months ended 30 June 2022, the annual results and the annual report of the Group for the year ended 31 December 2022; (ii) is in negotiation with (a) certain existing creditors of the Company on the settlement plan of debts; and (b) certain investors in respect of potential investments in the Company; and (iii) the Petition against the Company had been withdrawn. For further details in relation to the quarterly updates on the status of resumption, please refer to the announcements of the Company dated 22 February 2023 and 5 June 2023.

Warning: The Offer is a possibility only.

Shareholders and investors should be aware that the making of the Offer is subject to completion of the Subscription Agreement which, in turn, is subject to fulfilment or waiver (as the case may be) of certain conditions precedent thereunder and therefore may or may not proceed.

Shareholders and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITION

In this joint announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Holder(s)”	holder(s) of the Convertible Bonds
“Company”	Mobile Internet (China) Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are currently listed on the Stock Exchange

“Completion”	completion of the Subscription Agreement in accordance with its terms
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the sum payable in respect of each new Share to which the holder of the Convertible Bonds will be entitled upon exercise of the conversion rights of the Convertible Bonds represented thereby, being HK\$0.01 per Share (subject to adjustment)
“Conversion Share(s)”	the new Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the two-year 2% coupon convertible bonds in an aggregate principal amount of HK\$496,258,738.61 to be issued by the Company to Max Tuner Limited pursuant to the Subscription Agreement
“Convertible Bonds Subscription”	subscription of the Convertible Bonds by Max Tuner Limited pursuant to the Subscription Agreement
“Debts”	the debts owed by the Company to Max Tuner Limited in the total amount of HK\$537,583,668.47 (including principal amount of HK\$166,666,667 and interest amount of HK\$370,917,001.47) as at 31 December 2022
“Director(s)”	the director(s) of the Company
“Dr. Lai”	Dato’ Sri Lai Chai Suang
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Subscription Shares and the Convertible Bonds and granting of Specific Mandate

“Encumbrance(s)”	includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or other adverse rights and interests of all kinds and descriptions)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility Agreement”	the facility agreement dated 4 July 2023 entered into by Fuchsia Capital Limited as the lender, the Offeror as the borrower and Dr. Lai as the guarantor in relation to a guaranteed and unsecured loan facility in the principal amount of HK\$14 million for a term from 4 July 2023 to 30 November 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. So Chi Ming, Mr. Chau Wing Nam and Mr. He Dingding
“Independent Financial Adviser”	Euto Capital Partners Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and as to their acceptance
“Independent Shareholders”	Shareholders other than Max Tuner Limited, its ultimate beneficial owner and parties acting in concert with any of them
“Last Trading Day”	31 August 2022, being the last trading day of the Shares before the suspension of trading in the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Offer”	the possible unconditional cash offer for the Offer Shares
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Shares”	all issued Shares (other than those Shares already owned, or agreed to be acquired by, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them)
“Offeror” or “Max Tuner Limited”	Max Tuner Limited, a company incorporated in the British Virgin Islands with limited liability and the offeror under the Offer, the entire issued share capital of which is wholly and beneficially owned by Dr. Lai
“PRC”	the People’s Republic of China
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance of Hong Kong (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Subscription”	the subscription of the Subscription Shares by Max Tuner Limited pursuant to the Subscription Agreement
“Share Subscription Price”	HK\$0.01 per Subscription Share
“Shareholder(s)”	holder(s) of the issued Shares
“Specific Mandate”	the specific mandate to be obtained by the Board from the Shareholders at the EGM for the allotment and issue of the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement dated 25 August 2023 entered into between the Company and Max Tuner Limited in relation to the issue and subscription of the Subscription Shares and the Convertible Bonds

“Subscription Shares”	4,132,492,986 new Shares to be issued by the Company to Max Tuner Limited pursuant to the Subscription Agreement
“Subscriptions”	Share Subscription and Convertible Bonds Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the board of
Max Tuner Limited
Dato’ Sri Lai Chai Suang
Sole Director

By order of the board of
Mobile Internet (China) Holdings Limited
Muk Hung Fei
Chairman

Hong Kong, 25 August 2023

As at the date of this joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, its ultimate beneficial owner or parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the sole director of Offeror is Dato’ Sri Lai Chai Suang.

Dato’ Sri Lai Chai Suang accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Group and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.