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美亞控股有限公司*
MAYER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1116)

KEY FINDINGS AND RESULTS OF THE INTERNAL CONTROL REVIEW AND CONTINUED SUSPENSION OF TRADING

References are made to the announcements of the Company dated 27 March (the “**Investigation Results Announcement**”), 28 February, 27 January 2025, 30 December, 29 November, 27 September, 11 and 14 June, 17 April, 21 and 15 March, 22 and 14 February, 31, 26, 19, 15 and 3 January 2024 as well as 28 December, 30 November, 31 and 10 October, 29 September, 31 and 10 August and 15 June 2023 (collectively, the “**Announcements**”). Capitalized terms used herein shall have the same respective meanings as defined or adopted in the Announcements unless otherwise stated.

BACKGROUND OF THE INTERNAL CONTROL REVIEW

As disclosed in the announcements of the Company dated 17 April, 14 February, 26 and 3 January 2024, the Stock Exchange imposed the Resumption Guidance on the Company, among others, requiring an independent internal control review and demonstrate that the Company has adequate internal controls and procedures in place to perform its obligations under the Listing Rules. To comply with the resumption guidance, the Company engaged Zhonghui Anda Risk Services Limited as the internal control adviser (the “**IC Adviser**”) to conduct an independent internal control review (the “**IC Review**”) and a follow-up review (the “**Follow-up Review**”) on the remedial measures taken by the Company to assist management of the Company in strengthening the internal control system of the Group.

The internal control review covered the internal control system at the Group’s entity-level and on the key operational process of the Group’s principal operating subsidiaries during the period from 1 July 2023 to 30 June 2024.

* For identification purpose only

KEY FINDINGS AND RESULTS OF THE IC REVIEW

The IC Adviser identified multiple internal control deficiencies in the IC Review together with those identified by an independent investigator in performing its investigation works relating to the Allegations and the Disposal, details of which are set out in the Investigation Results Announcement. The Company's management has responded and outlined a remediation plan addressing all identified deficiencies to strengthen the Company's internal control system. The II Committee has reviewed the report and discussed the plans with the IC Adviser. Certain deficiencies that are considered to be material are summarized below:

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 1 | Board Meeting Procedures and Provision and Use of Information | | |
| | The Company failed to provide finalized minutes of the Board meetings and only drafts were available for review. | Pursuant to Section C.5.5 of the Corporate Governance Code, the company secretary of the Company should circulate draft and finalized minutes to all Directors within a reasonable timeframe after the conclusion of Board meetings, while the draft is for Director's comments and the finalized version is for record. | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 2 | Audit, Internal Control and Risk Management | | |
| | <p>Four of the Company's subsidiaries in Zhuhai, failed to provide the Company with monthly financial statements and other relevant internal financial statements.</p> <p>Consequently, the Company's chief financial officer was also unable to provide relevant information to the Board.</p> | <p>The person in charge of the finance department or the company secretary of the Group shall set the specifications and deadlines for the submission of monthly key financial information, financial status and prospects by the finance departments of companies in different jurisdictions and project companies, so as to ensure that the Group's financial management department has sufficient time to consolidate the financial information.</p> <p>The person in charge of the financial department or the company secretary should organize and summarize the monthly information and submit it to Board members for review, and maintain relevant records to comply with the requirements of Code provision D.1.2.</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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3 Confirmation and Supervision of Discloseable Transactions and Connected Transactions

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| The Company's "Register of Connected Persons" was not updated regularly. | <p>The company secretary of the Company should regularly update the "Register of Connected Persons" in accordance with the "Connected Transaction Management System" and submit it to all Directors for review and revision.</p> <p>It should be filed by the company secretary of the Company afterwards and a copy should be sent to all Directors of the Company and financial officers of major subsidiaries of the Group for filing.</p> | Recommended rectifications adopted. |
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| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 4 | Frequency, Timing and Mode of Communications and Information Source | | |
| | <p>The following information relating to Board meetings are not specified:</p> <p>(i) the required notice period for convening Board meetings;</p> <p>(ii) arrangements for postponing Board meetings; and</p> <p>(iii) follow-up arrangements and specific procedures for adjourning Board meetings.</p> | <p>The company secretary of the Company should update the "Mayer – Compliance Guide for Listed Company" to include, but not limited to:</p> <p>(i) the required notice period for convening Board meetings (the requirements on the notice period for Board meetings for certain matters under the Listing Rules shall also be taken into consideration);</p> <p>(ii) arrangements for postponing Board meetings;</p> <p>(iii) specific procedures for adjourning Board meetings; and</p> <p>(iv) requirements for attendees to sign and file minutes of Board meetings.</p> <p>In addition, the updated "Mayer – Compliance Guide for Listed Company" should be submitted to the Board for approval upon completion.</p> | <p>Recommended rectifications adopted.</p> |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | <p>As set out in the "Investigation Report", it was noted that certain clauses under the Purported Master Purchase Agreement were not complied with by the performing party.</p> <p>In addition, the Independent Investigator was unable to complete the relevant interviews and did not receive relevant supporting documents so that it was unable to further understand the circumstances and reasons for the non-performance of relevant clauses.</p> | <p>Where the management of Company and subsidiaries uses communication platforms (such as WeChat) to communicate with suppliers involving inquiries on pricing, delivery deadlines and transaction terms, the supplier and staff of the purchasing department of GZ Mayer should also be copied in the email at the same time for subsequent follow-up and verification of negotiated prices and terms.</p> | <p>Recommended rectifications adopted.</p> |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | Staffs of the Company usually communicate issues of the Company via WeChat and rarely by emails. | The finance department of the Company should strengthen the written system of the relevant "Communication Guidelines and Continuing Disclosure Obligations Procedures". | Recommended rectifications adopted. |
| | Staffs of the Company refused to provide the relevant WeChat communications to the Independent Investigator for its Investigation on the ground of privacy. | <p>The coverage of the system includes, but not limited to,</p> <ul style="list-style-type: none"> – internal communication guidelines of the Group: files of all internal information should be filed in an electronic format and properly maintained in a server designated by the Company, which should be implemented in accordance with the established management standard of the Company; – maintenance of internal documents of the Group: all original files shall be properly stored in the location of the Company's office and should be kept for at least seven years; subsidiaries are required to establish a sound record management system to ensure that documents are properly stored and ready for inspection by the head office at any time; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <ul style="list-style-type: none"> – internal communication of the Group: where the internal communication between the management of the Group or subsidiaries and employees of the Company is made via communication platforms, and transaction information or internal information is involved, relevant details should also be copied in emails sent to the relevant departments for record, follow-up and management; – external communications of the Group: files of all information communicated with external third parties should be filed in an electronic format and properly maintained in a server designated by the Company, which should be implemented in accordance with the established management standard of the Company; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <ul style="list-style-type: none"> – external communication of the Group: all original files shall be properly stored in the location of the Company's office and should be kept for at least seven years; subsidiaries are required to establish a sound record management system to ensure that documents are properly stored and ready for inspection by the head office at any time; – external communication of the Group: where the communication between the management of the Group or subsidiaries and external supplier is made via communication platforms and transaction information or internal information is involved, relevant details should also be copied in emails sent to the relevant departments for record, follow-up and verification of negotiations. | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>Pursuant to the internal communication guidelines of the Group, subsidiaries shall report to the management of the Group regularly while major decisions and policies of the Group should also be announced to employees of subsidiaries, which shall be subject to the unified issuance of the management of the Group.</p> <p>The Board shall have the final decision-making power.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 5 | Distribution of Interim/Annual Reports and Publication of Results Announcements | | |
| | The Group failed to comply with the requirements of Rules 13.49(1) and 13.46(2)(a) of the Listing Rules because it was unable to publish the annual results announcement and annual report within the specified period. | The Group should publish the annual results announcement and the annual report for the year ended 30 June 2023 as soon as possible to comply with the disclosure requirements of the Listing Rules for financial information. | Recommended rectification adopted. |
| | The Group failed to comply with the requirements of Rules 13.49(6) and 13.48(1) of the Listing Rules because it was unable to publish the interim results announcement and interim report within the specified period. | The Group should publish the interim results announcement and interim report for the period ended 31 December 2023 as soon as possible to comply with the disclosure requirements of the Listing Rules for financial information. | |
| 6 | System Related to the Purchase and Sale of Investment Projects | | |
| | The Company has not established a written system related to the purchase and sale of investment projects. | The finance department of the Company should establish a written system for the "System for Purchase and Sale of Investment Projects". | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>The coverage of the system includes, but not limited to:</p> <ul style="list-style-type: none"> (i) selection criteria for potential purchase and sale of investment projects; (ii) types of investments purchased and sold; (iii) approval procedures for potential purchase and sale of investment projects; (iv) for any purchase and sale of investment projects, it is necessary to conduct background checks on counterparties and provide the information required, and to conduct due diligence on the target company to be purchased; (v) conduct financial and legal due diligence on all potential purchase investment projects; (vi) conduct value assessments on all potential purchase and sale of investment projects; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(vii) for all potential purchase and sale of investment projects, the Company should make timely and appropriate disclosure according to the information received and the requirements of the Listing Rules as updated from time to time.</p> <p>In addition, the written policies and procedures should be submitted to the audit committee of the Company and the Board for approval upon completion.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 7 | Internal Approval Procedures for Approving Investment Projects (including Appointing Authorized Representatives to Sign Relevant Purchase and Sale Agreements, Compliance Registration, Payment of Deposits and Payment of Transaction Balances) | | |
| | As set out in the "Investigation Report", the progress of the Yuetang Village re-development project of the Group was delayed due to a lack of funds. | Elate Ample Limited should observe the newly established written system for the "Acquisition and Disposal of Investment Projects System" of the Company, which should include the content of the rectification recommendations. | Recommended rectifications adopted. |
| | Failed to provide the minutes of Board meetings related to the acquisition of Happy (Hong Kong) New City Group Limited (BVI) and the Yuetang Village re-development project and failed to provide the relevant internal payment application documents, acceptance bills and escrow agreements related to the acquisition | In addition, the written system should be submitted to the board of directors of the relevant company for approval upon completion. | |
| | | The financial staff of Elate Ample Limited should, in accordance with the provisions of the newly established "Acquisition and Disposal of Investment Projects System" of the Company, keep supporting documents and written records of relevant approvals when purchasing and selling investment projects. | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 8 | Supervision of Investment Projects (Including Completion and Subsequent Monitoring of Investment Projects) | | |
| | <p>An indirect wholly-owned subsidiary of the Company had completed a disposal authorization and/or approval of the Board</p> <p>The subject disposal did not comply with the requirement of approval of the general meeting as required by the Listing Rules.</p> | <p>The Company's finance department shall conduct regular checks on the ownership of the Company's subsidiaries, including but not limited to online searches or in-person visits to:</p> <ul style="list-style-type: none"> – various Chinese government authorities such as the National Enterprise Credit Information Publicity System; – local government service centers; and – the Administration for Industry and Commerce. <p>The Company shall establish a written policy of "Acquisition and Disposal of Investment Projects System", the content of which shall include rectification recommendations.</p> | <p>Recommended rectifications adopted.</p> |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>Prior to the said disposal, the Company shall conduct background check and obtain a valuation report (to be conducted internally or outsourced to experienced professional valuer depending on the scale, nature, and regulatory requirements of the transaction) on the counterparty, and the relevant supporting documents shall be submitted to the Board and general meeting (as required by the Listing Rules) for approval.</p> | |
| | | <p>Personnel of the Company's finance department shall maintain application records for the use of official seal and contract seal of the relevant subsidiary. Also, clearly state the purpose of using the seal, and retain electronic copies of relevant supporting documents, and shall perform regular spot checks on the official seal and contract seal usage registers and related approval records, and the seals must not be borrowed for external use.</p> | <p>Recommended rectifications adopted.</p> |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>The Company's finance department shall enhance its written policy of "Compliance Guide for Companies Listed on the Hong Kong Stock Exchange", the content of which shall include provisions for the Company to conduct searches and updates on the registers of relevant subsidiaries and connected persons every six months to ensure compliance with the Listing Rules.</p> <p>If any changes are identified, the Company shall consider whether disclosure is required under the general disclosure obligations for inside information or whether the relevant transactions need to be disclosed as notifiable transactions or connected transactions in accordance with the Listing Rules.</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 9 | Supplier Selection and Supplier Information Management (Including Supplier Background Checks) | | |
| | Certain subsidiaries of the Company did not conduct prior evaluation prior to entering into purchasing agreement with counterparties in 2019. | <p>When procuring materials and raw materials, the Company's subsidiaries shall strictly comply with the "Procurement Management Procedures" and "Third Party Evaluation and Management Procedures", identify suitable suppliers from the qualified third party list, and complete the relevant procurement processes.</p> <p>The evaluation of suppliers shall include, but not limited to:</p> <p>(i) evaluate and select supplier in accordance with the "Third Party Evaluation and Management Procedures", qualified suppliers shall be recorded in the qualified third party register as the basis for procurement. In principle, only third parties that has passed our evaluations may be selected for procurement. For materials that are scarce or have low quality requirements, procurement may proceed with approval but such third parties shall not be included in the qualified third party register; and</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(ii) conduct periodic assessments: For existing suppliers, the Procurement & Marketing Center shall perform annual supplier evaluations and formulate supplier inspection plan every year. Regular on-site visits or inspections shall be conducted based on the "Third Party Annual Audit Plan" and the "Third Party Quarterly Audit Plan" for OEMs.</p> | |
| | | <p>(iii) assessment teams shall be organized by the procurement department and include representatives from the production department, technical department or marketing center. Suppliers found to be severely non-compliant during inspections shall be removed from the qualified third party register.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | Certain subsidiaries of the Company have not conducted any third party evaluations or establish a qualified third party list during the review period. | <p>Relevant companies shall enhance third party evaluation processes and establish a list of qualified third party, enabling them to select suitable supplier more prudently during procurement, thereby reducing procurement risks.</p> <p>Third party selection criteria shall include, but not limited to:</p> <ul style="list-style-type: none"> – based on the evaluation of the quality control system of such third party; – assess selected third party's supplier risks, product compliance, post – quality – issue improvement plans, timely delivery ability, compliance with trade security requirements for business partners, and ability to continuously supply products to customers; | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <ul style="list-style-type: none"> – cross – departmental decision – making; – both domestic and foreign third parties can be selected provided that they are legally registered and operating normally, and can meet the Company's requirements; and – for new third parties that met the Company's requirements after evaluation, trial transactions may be conducted once both parties have agreed on transaction terms., and may temporarily exclude the supplier from the qualified third party register. New third party shall be included in the qualified third party register after passing evaluations. | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | There were no written records of conducting background check by GZ Mayer on its supplier and a price comparison. | <p>For supplier selection, the Board shall instruct GZ Mayer to implement supplier evaluations in accordance with the "Third Party Evaluation and Management Procedures" as required by the "Raw Material Procurement Management System", and include qualified suppliers into the "Qualified Supplier Directory", and use this as the basis for supplier selection.</p> <p>In addition, GZ Mayers procurement and marketing department shall conduct annual supplier performance evaluations and document the results of the evaluations in the "Supplier Inspection Plan".</p> <p>Furthermore, personnel of the procurement and marketing department at GZ Mayer shall conduct price comparisons and retain approval records for such comparisons before selecting suppliers according to the "Raw Material Procurement Management System".</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | The subsidiaries of the Company in Zhuhai failed to provide written policies for supplier selection and supplier information management procedures, and the relevant companies have not maintained records of background checks on service providers and the price comparisons conducted before procurement. | <p>The subsidiaries of the Company shall establish written management systems for supplier selection and supplier information management procedures, including but not limited to:</p> <p>(i) "Third Party Evaluation and Management Procedures";</p> <p>(ii) "Procurement Management Procedures"; and</p> <p>(iii) "Terms of Reference".</p> <p>Procurement personnel shall identify, evaluate, and assess third party, and to conduct background checks.</p> <p>In addition, price comparisons shall be performed before each procurement pursuant to the "Procurement Management Procedures", and shall be submitted to the supervisor for approvals before procurement and maintain records of price comparisons according to the "Terms of Reference".</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 10 | Approval for entering into major procurement contracts and contract management | | |
| | The subsidiaries of the Company in Zhuhai did not provide written management systems governing the signing of the service contracts. | <p>The subsidiaries of the Company shall establish written management systems regulating the procedures for entering into service contracts, including but not limited to:</p> <ul style="list-style-type: none"> (i) the requirements for contract preparation and relevant supporting documents; (ii) the division of labor between the contract preparation personnel and the review personnel; and (iii) the related approval process for the designation of contracting officers. | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | <p>As set out in the Investigation Report, the Company's internal control system did not set out the internal control process for the procurement of raw materials on a prepaid basis, nor does it mention the internal control process for the formulation and signing of purchase and sales contracts with suppliers.</p> <p>The Company indicated that many of the purchases made by GZ Mayer at that time were often decided solely by Mr. Xu Lidi, the then general manager of GZ Mayer, and that the relevant approvals of GZ Mayer may not have been well divided.</p> | <p>GZ Mayer shall establish written management systems on the internal control process regarding the procurement of raw materials on a prepaid basis, including but not limited to:</p> <ul style="list-style-type: none"> (i) the requirements for contract preparation and relevant supporting documents; (ii) the division of labor between the contract preparation personnel and the review personnel; and (iii) the related approval process for the designation of contracting officers. | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>The finance personnel of the Company should establish a written applicable to the “Cash, Banking and Fund Management System” at the Group level. The coverage of the system includes, but not limited to:</p> <p>(i) Bank account management;</p> <p>(ii) Bank signature principles (including any advance payment);</p> <p>(iii) Management of online banking;</p> <p>(iv) Bank payment process; and</p> <p>(v) Bank payment collection management.</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>The part of the bank signature principle shall include the approval authority, which shall include but is not limited to: any payment instrument, including all bank payments, transfers or remittances must be operated in accordance with the authorized signature settings of the bank account.</p> | |
| | | <p>Any payment instrument, including any prepayment, for an amount of (i) HK\$1,000,000 or above, shall require the approval of the board of directors by record and the signatures of two authorized directors; (ii) HK\$300,000 or above to HK\$1,000,000, shall require the signatures of two authorized directors; and (iii) HK\$300,000 or below, shall require the signatures of any two authorized signatories.</p> | |
| | | <p>The Board reserves the right to amend the settings from time to time at its absolute discretion.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 11 | Approval for entering into major procurement contracts and contract management | | |
| | No relevant internal documents at the time of signing of a contract by GZ Mayer were found, including the relevant records of background check conducted on another contractual party and the records of contract approval at that time. | Personnel of the procurement and marketing department at GZ Mayer shall follow the "Raw Material Procurement Management System" and archive the supplier background check and approval records after entering into the contract with the supplier. | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 12 | Processing and approval of payments, advances and deposits (including assessment of recoverability at the time of payment) | | |
| | The approval for the transfer of a payment was signed on 10 May 2019 but such payment was completed on 8 January 2019. | The staff of purchasing department of GZ Mayer should fill in the document of request of signature for the payment according to the signed contract and submit it together with relevant documents to the manager of procurement department, finance manager and general manager for approval before signing the request of signature for the payment. | Recommended rectifications adopted. |
| | A payment amount of HK\$20 million was signed by the applicant only and without being reviewed by the relevant officers and signed by the senior management for approval. | The subsidiaries of the Company shall follow the "Raw Material Procurement Management System", before carrying out the purchase, the relevant producer, reviewer and approver shall sign the "Payment Application Form", and the staff of the procurement and marketing department shall archive the relevant contract approvals and the approval records of the "Payment Application Form" and use them as the basis for the purchases and the relevant payments. | Recommended rectifications adopted. |

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| | | <p>The payment approval process shall include (but not limited to):</p> <p>(i) for the purchase of stainless steel coils and pipes, the procurement personnel shall prepare a quotation form according to the order requirements and send it to various steel traders to invite for quotations. For conventional raw materials, no less than three suppliers shall be consulted in general. Under special circumstances, purchases may be made after approval by the superior. After price inquiry, price comparison and negotiation, potential suppliers are selected, and a purchase contract is established in ERP to generate a "raw material ordering list". At the same time, a contract is drafted. The order or contract must specify the implementation standards, quality requirements and delivery date;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(ii) for general procurements, the personnel only need to place orders with suppliers according to the different series and material requirements of pipe fittings, and require them to meet quality standards, delivery time, implementation standards and customer needs. The daily orders are notified to the suppliers in the form of electronic files or screenshots for shipment. At the end of the month, the purchasing staff will make a formal order with the accumulated purchasing specifications and quantities for the month and provide it to the suppliers for confirmation; and</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | (iii) in respect of procurement approval, on the last day of each month, the purchasing staff will print out the monthly suppliers, quantity of procurement and specifications from the ERP purchase order report and submit it for approval. The business manager – purchasing supervisor – chief financial officer – deputy general manager in charge of business – executive deputy general manager will sign and stamp it, and then it will be passed to the supplier for stamp confirmation. The raw material purchasing permission authority shall be implemented in accordance with the “Regulations on Job Responsibilities”. | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | An agreement entered into by the Company's subsidiary stipulates that the service commission shall be paid in one lump sum by the principal to the bank account or designated account of the agent within 5 working days from the signing of the agreement. The subsidiary of the Company paid the relevant service fee on 21 February 2020 despite that the relevant agreement was signed on 17 January 2020. | In the event that there is a chance that the progress of business development or product delivery may be affected, staff of the business department of the subsidiary of the Company shall, in accordance with the terms of the signed agreement and by filling in the Payment Application Form, submit it to the relevant finance manager and the general manager for approval, and then make payment in a timely manner by the finance department after obtaining the relevant authorization. | Recommended rectifications adopted. |
| | The implementation of certain service agreements entered into by the subsidiary of the Company and the progress of the relevant completion of certain projects in Zhuhai were mainly relied on two former Directors at that time to report to the other members of the Board. However, no records of the implementation and completion progress of these relevant projects could be provided. | <p>If the services commissioned are of significant importance at the Group level, the relevant personnel shall require the service provider to submit monthly written reports on the implementation and progress of the project to the responsible personnel of the relevant company.</p> <p>The relevant reports shall be submitted to the responsible director for approval and written records should be kept, and the responsible director should report to the Board in a timely manner on any delays or irregularities.</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 13 | Purchase of fixed assets | | |
| | Certain subsidiaries of the Company have not established a written system regarding the management of fixed assets. | <p>The finance department of the Company should establish a written system for the "Fixed Asset Management System".</p> <p>The coverage of the system includes, but not limited to:</p> <p>(i) the approval flow for apply for procurement of fixed assets: the actual user of the fixed asset shall fill in a requisition form, make specific statements regarding the reason for the application, the specific usage, the estimated price, the performance requirements of the fixed asset, and the expected date of arrival, etc. After the actual user of fixed assets submits an application, the immediate supervisor shall review the reasonableness of the application and consults the asset manager in the administrative department to see if the asset can be redeployed. If it can be redeployed internally, the administrative department will issue a redeployment notice directly and stop the procurement process. After the director (or authorized person) reviews and approves the application, the application is submitted to the procurement personnel for purchase investigation;</p> | Recommended rectifications adopted. |

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| | | (ii) maintenance of fixed assets: repairs are carried out by in-house staff with relevant professional skills designated by the head of department or by a dedicated in-house maintenance department on a non-remunerated basis. However, for equipment under warranty, repairs can only be carried out by staff of the warranty unit and dismantling and repairing of the equipment on the own initiative of the staff is strictly prohibited; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(iii) scrapping and disposal of fixed assets: the fixed asset utilization department shall fill out a scrapping application for fixed assets that have completely lost their functionality or whose repair cost exceeds the value of the assets, stating the reasons for scrapping, the original value, the service life, and whether or not they need to be replaced/reacquired, etc., and submits the application to the administration department after the department manager has confirmed the application. The administration department verifies the fixed assets to be scrapped and signs for confirmation; after the scrapping application is submitted to the director and being approved, the Administration Department will register the scrapping of the assets; the Finance Department will handle the accounting entry on the fixed assets liquidation; and</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(iv) inventory management of fixed assets: to clearly understand the usage status of the Company's fixed assets, the administration department will organize a fixed asset stocktaking of the Company at the end of the year according to the fixed asset stocktaking method requirements (no duplication or omission, distinguish between those in use and those not in use or scrapped), and issue an inventory report (listing the results of surplus and shortage). After approval by the directors (or authorized personnel), the detailed list of surplus and shortage will be submitted to the responsible accountants for adjustment.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| 14 | Fixed asset management and protection (including stocktaking and discrepancy handling) | | |
| | Certain subsidiaries of the Company did not maintain records of stocktaking of fixed assets for the year 2024. | The responsible personnel of the relevant company shall conduct an annual stocktaking of fixed assets, and shall be signed by the person who conducted the stocktaking and the person who reviewed the stocktaking, and keep the relevant records. | Recommended rectifications adopted. |
| 15 | Management of opening, maintenance and termination of bank accounts (including online banking) | | |
| | Certain subsidiaries of the Company have not established a written system regarding the management of cash, banking and treasury management. | The finance department of the relevant companies should establish a written system of "Cash, Banking and Fund Management System". | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>The coverage of the system includes, but not limited to:</p> <p>(i) Bank account management: the finance department must strictly comply with the relevant bank account management requirements and is not allowed to rent or lend bank accounts. The opening of bank accounts shall be subject to the approval of the listed company. Authorized signatories for all bank accounts shall be formulated by the listed company. The manager of the Finance Department of the company shall prepare and submit to the listed company for approval the "Application for Opening, Changing or Cancellation of Bank Account" and the "Bank Account Opening Application Form";</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>(ii) Bank signature principles: All pre-set authorizations for bank accounts (including authorized signatories) must be approved by the board of directors of the listed company before implementation, and all subsequent modifications to the authorization must be approved by the board of directors of the listed company before modification. Any payment instrument, including bank payments, transfers or remittances must be operated in accordance with the authorized signature settings of the bank account. Any payment instrument, including any prepayment, for an amount of (i) HK\$1,000,000 or above, shall require the approval of the board of directors by record and the signatures of two authorized directors; (ii) HK\$300,000 or above to HK\$1,000,000, shall require the signatures of two authorized directors; and (iii) HK\$300,000 or below, shall require the signatures of any two authorized signatories. The board of directors of the listed company reserves the right to amend the settings from time to time at its absolute discretion;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | (iii) Management of online banking: payment to third parties must be pre-configured with the identity of the third party and the recipient's account information, with a transfer limit of HK\$1,000,000, which can only be set after the board of directors of the listed company has approved the establishment of the account and the transfer limit. All additions and modifications must be approved by the board of directors of the listed company in the first place; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>(iv) Bank payment collection management: the finance department shall be responsible for communicating with the relevant payers. In case of fund arrival, the finance department should check the payer in the internet banking system in a timely manner to see if the amount of payment is correct or not, and whether the time of arrival is reasonable or not. If the payment amount is incorrect or overdue, it should be followed up by the administration department; and</p> | |
| | | <p>(v) Spare cash management: spare cash is used to maintain office operational flexibility and to meet general miscellaneous expenses. The cashier shall be responsible for the safekeeping of the entrusted spare cash. The spare cash must be kept in a safe or other suitable lockable device and ensure that no unauthorized person can access it.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|-----------|---|---|--|
| 16 | Bank reconciliation | | |
| | Certain subsidiaries of the Company were unable to provide bank account reconciliation documents for the period under review. | The financial personnel of the relevant companies should keep all supporting documents of bank accounts and perform monthly reconciliations, which should be signed by the producers and reviewers, and keep the relevant review records. | Recommended rectifications adopted. |
| 17 | Custody and management of seals (including the custody and management of official seals and seals of the legal representative) | | |
| | Certain subsidiaries of the Company have not established a written system regarding the management of seals. | The finance department of the subsidiaries of the Company should establish a written system of "Seal Management System". | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>The coverage of the system includes, but not limited to:</p> <p>(i) principles of seal management: the use of the Seal shall be in compliance with the Company Law and relevant laws and regulations, and in accordance with the Company's internal authorization and business requirements, and shall not be used without authorization. The seal custodian is responsible for the use of the seal within the authorized scope and should strictly abide by this system when using the seal. If the seal custodian has doubts about the use of the seal, he or she has the right to temporarily not use the seal and at the same time report to the chairman to decide whether to use the seal. The chairman of the board of directors shall be responsible for approving applications for the engraving, lending, transferring and destruction of each type of seals, and is also responsible for approving applications for the use of seals;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|--|--|
| | | <p>(ii) Rules for the seal custodian: the company shall have a designated person to be responsible for the safekeeping of all types of seals (including statutory seals). The custodian shall be nominated by the head of the department and appointed with the approval of the general manager or an authorized person of the general manager. When the custodian vacates the office or is transferred for any reason, the seal transfer procedure should be completed and the seals shall be handed over after approval by the department head. For statutory seals such as the Company's official seal, the transfer shall be reported to the general manager for approval;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>(iii) Keeping of the seal: seals shall be kept in a secure locked cabinet or safe and should not be left on the table or carried around when not in use. All seals of the Company shall be kept and used by a designated person. Departmental seals shall be kept by the person in charge of the department. The company's statutory seals, such as the official seal, financial seal, invoice seal, among others, shall be stored independently, and set up a two-person, two-lock management mechanism (if conditions so permit). The custodian shall regularly check the integrity of the seals, and if any loss, damage or abnormality is found, it shall be immediately reported to the department head and reported to the industrial and commercial or public security authorities in accordance with Article 13 of the Company Law and relevant regulations;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|--|--|
| | | <p>(iv) Use of the seal: before using the Seal, the applicant should fill in the "Application for Use of the Seal", stating the purpose of use, name of the document and basis of authorization, and submit it to the custodian after review and approval by the head of the department.</p> <p>For statutory seals such as the Company's official seal, it shall be approved by the general manager or an authorized person of the general manager. In case of emergencies, an oral report can be made to the head of department and the application procedures can be completed afterwards.</p> <p>However, when the matter involves statutory seals, the application must be completed within 24 hours; and</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | (v) Supervision and inspection of the seal: the internal audit department of the company shall conduct an inspection of the seal management at least once a year, focusing on the compliance of the statutory seal. The results of the inspection should be reported to the Company and recommendations for corrective action should be made in case of non-compliance. | |

18 Formulation of Accounting Policies and Procedures

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| Certain subsidiaries of the Company have not established a written system regarding financial reporting procedures. | The finance department of the relevant companies should establish a written system of "Guidelines for the Settlement, Preparation and Reporting of Financial Reports". | Recommended rectifications adopted. |
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| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>The coverage of the system includes, but not limited to:</p> <p>(i) Requirements on financial reporting and basis of delivery: the delivery of general ledger and the preparation of financial statements shall have a formal completion schedule and relevant procedural guidelines. This includes established accounting policies and procedures on a monthly, quarterly, semi-annual and annual basis;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|--|--|
| | | (ii) Preparation of financial statements: externally speaking, the quarterly, interim and annual reports have been prepared in accordance with Hong Kong Financial Reporting Standards (“ HKFRSs ”), Hong Kong Accounting Standards (“ HKASs ”), Generally Accepted Accounting Principles (“ GAAPs ”) issued by the Hong Kong Institute of Certified Public Accountants (“ HKICPA ”) and the disclosure requirements of the Hong Kong Companies Ordinance; | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|--|--|
| | | <p>(iii) Analysis of financial data: financial reports or statements should include comparative figures, such as prior period (previous month/ half year/year) figures, or budgeted amounts, etc., to explain and analyze unusual fluctuations and significant variances. should be discussed with management to arrange for follow-up action;</p> <p>(iv) Reporting and disclosure: the financial statements, financial summary and consolidated financial statements (including income statement, balance sheet, statement of shareholders' equity and cash flow statement, etc.) shall be organized in accordance with the disclosure requirements of Appendix D2 to the Listing Rules; and</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(v) Reporting of financial information: according to the Hong Kong Listing Rules, Hong Kong listed companies are required to release their interim and annual results (including business discussion and analysis within the period and projected) to the public and shareholders. Therefore, the finance department of the head office of the Group is required to have a full understanding of the financial position of the subsidiaries, their business plans, the status of implementation of the business plans, as well as the effectiveness of the internal controls in the preparation of the financial statements; to achieve such purpose, domestic subsidiaries are required to report to the finance department of the Group's head office as required.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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19 Periodic Financial Closing Procedures

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| Certain subsidiaries of the Company were unable to provide the monthly financial statements for the period under review and the email records as proof of service of such information on the Company. | The relevant companies shall keep the monthly financial statements for the period under review and the email records as proof of service of such information on the Company. | Recommended rectifications adopted. |
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20 Budgeting Process, and Budget Monitoring, Supervision, and Updates

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| Certain subsidiaries of the Company did not perform variance analyses against the budgets formulated at the year end. | The subsidiaries of the Company shall conduct regular variance analyses on the financial budgets formulated at the year end to better monitor, evaluate, and update related income and expenses. | Recommended rectifications adopted. |
| A subsidiary of the Company did not prepare any annual financial budget. | The subsidiary of the Company shall prepare annual financial budgets for the coming year at the end of each year, regularly compare the budgets with actual data, and conduct variance analyses to provide effective information and basis for corporate decision-making, control, and evaluation. | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|-----------|---|--|--|
| 21 | Financial Analysis and Variance Analysis | | |
| | Certain subsidiaries of the Company did not prepare or submit monthly financial statements to the Company. | The relevant subsidiaries shall prepare monthly financial statements and submit them to the Company for approval each month. | Recommended rectifications adopted. |
| 22 | Tax Compliance Monitoring | | |
| | Certain subsidiaries of the Company have not established a written system regarding tax declaration management. | <p>The finance department of the relevant companies should establish a written system of "Tax Declaration Management System".</p> <p>The coverage of the system includes, but not limited to:</p> <p>(i) Personnel responsible for managing the system and supervision: to be executed by the chief financial officer, financial managers and personnel from the human resources department of each company, and to be reviewed and supervise by the chief financial officer, general managers and the management committee of each company.</p> | Recommended rectifications adopted. |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>(ii) Tax declaration and key criteria: in accordance with Chinese tax regulations, financial managers of each branch in China must declare corporate income tax quarterly within local deadlines and use December as the year end. The declaration must be approved by the branch's general manager and copied to the chief financial officer (or the Group's Finance General Manager) for filing. For foreign-invested companies in China, annual financial and tax audits must be conducted by a Chinese certified public accountant at least three months before the deadline, with a target completion date of at least one month before the deadline;</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
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| | | <p>(iii) Employee Salary</p> <p>Declarations: pursuant to the Hong Kong Inland Revenue Ordinance, each employee's annual salary shall be calculated from 1 April of the prior year to 31 March of the current year, employers typically receive the employer's return (IR56A&B) in early April and are required to return them to the Inland Revenue Department within the same month, remuneration and relevant allowance of each employees shall be stated in the form, and the IRD, the Company, and the employee shall retain one copy of the tax return respectively.</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|---|--|
| | | <p>(iv) Tax Payment: upon confirmation of the tax amount and receipt of the payment notice, financial managers must copy the notice to the general manager and chief financial officer (or the Group's finance general manager), all tax payments, except for withholding taxes, must be prearranged at least 10 days before the due date, the payment documents must also be copied to the above personnel, and the documents must be independently stored for at least seven financial years; and</p> | |

| # | Issue Identified | Recommended Rectification | Management's Response/ Rectification Status |
|---|------------------|--|--|
| | | <p>(v) Tax Dispute Handling: if there are tax disputes, the general manager and chief financial officer (or the Group's finance general manager) must be notified immediately. If the additional tax and penalties involve significant amounts, the matter must be submitted to the management committee for discussion and handling. If necessary, it should engage local tax specialists to make enquiry and handle the issue on its behalf. If such taxes and penalty are come to its knowledge before interim/ annual financial reporting, and payment of which are likely to be required, provision for such outstanding payable and expenses must be made in the accounts.</p> | |

FOLLOW-UP REVIEW

The IC Adviser has completed the Follow-up Review. The IC Adviser confirmed that the Company has implemented all the remedial measures suggested in the IC Report to address those internal control deficiencies. The IC Report also stated that the remediation has mitigated the risks associated with the identified deficiencies in the Company's internal control system. As of the date of this announcement, the II Committee confirms that those internal control deficiencies identified by the IC Adviser have all been adequately addressed through the remedial measures outlined above.

OPINIONS OF THE II COMMITTEE AND THE BOARD

The Board (including the II Committee) has reviewed the content and the findings and results of the internal control review and Follow-up Review in the IC Report. The Company has been advised that the management has acknowledged and agreed with the findings and results by the IC Adviser.

The Company has adopted all advice and recommendations suggested by the IC Adviser, and has adopted, revised and/or strengthened (as applicable) relevant policies and procedures of the Company. The IC Adviser has conducted the Follow-up Review after the implementation of relevant remedial measures by the Group. After considered the internal control review report and the remedial measures taken by the Company, the Board is of the view (and the II Committee concurs) that: (a) all internal control deficiencies identified in the IC Report have been adequately addressed through appropriate recommended rectifications; (b) the remedial measures taken by the Company are sufficient and adequate; and (c) the Company has established sufficient and reliable governance, internal control, and financial reporting systems to perform its obligations under the Listing Rules.

The Board (including the II Committee) will continue to monitor the effectiveness of the Company's internal control system and procedures to perform its obligations under the Listing Rules, and ensure our internal control policies and procedures are reasonable and adequate, and integrate them into our operations.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 29 September 2023 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Mayer Holdings Limited
Ip Yun Kit
Chairman and Executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ip Yun Kit (Chairman), Mr. Cheung Ka Yue (Chief Executive Officer) and Ms. Zhang Yana; and three Independent Non-Executive Directors, namely Mr. Lau Kwok Hung, Mr. Lu Jianping and Mr. Du Ning.