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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)**

**CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT**

References are made to (i) the announcements of Mayer Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 January 2018, 20 July 2018, 18 September 2018, 19 November 2018, 21 December 2020 and 20 January 2020 and the circular of the Company dated 21 September 2018, in relation to the proceeds from the Open Offer (the “**Proceeds**”); and (ii) the annual report of the Company for the eighteen months ended 30 June 2022 (the “**2022 Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the same respective meanings as defined in the 2022 Annual Report.

**CLARIFICATION ON THE USE OF PROCEEDS FROM OPEN OFFER**

Reference is made to the section headed “Update on the use of proceeds from Open Offer” in the “Management Discussion and Analysis” on pages 19 and 20 of the 2022 Annual Report. The Company would like to clarify the use of Proceeds as disclosed in the 2022 Annual Report. The estimated Proceeds (after deducting the underwriting commission) proposed by the Company in late October 2018 were in the amount of approximately HK\$275 million and were stated to be utilised as follows:

<b>Use of Proceeds</b>	<b>Intended Uses</b> <i>HK\$’ million</i> <i>(approximately)</i>	<b>by 31 Dec 2021</b> <i>HK\$’ million</i> <i>(approximately)</i>	<b>by 30 June 2022</b> <i>HK\$’ million</i> <i>(approximately)</i>	<b>by 31 Dec 2022</b> <i>HK\$’ million</i> <i>(approximately)</i>
Legal, consultancy and professional fees and other costs and expenses arising from the resumption	48.77	48.76	48.76	48.76
Repayment of outstanding loans (including the Court Monies)	76.90	75.10 <i>(Note 2)</i>	75.10 <i>(Note 2)</i>	75.10 <i>(Note 2)</i>

Use of Proceeds	Intended Uses HK\$' million (approximately)	by 31 Dec 2021 HK\$' million (approximately)	by 30 June 2022 HK\$' million (approximately)	by 31 Dec 2022 HK\$' million (approximately)
Directors' remuneration	5.60	5.30	5.30	5.30
Capital expenditure for Guangzhou Mayer	42.77 (Note 1)	42.35	45.08 (Note 3)	45.08 (Note 3)
General working capital	100.65 (Note 1)	100.65	100.65	100.65
<b>Remaining amount</b>		<b>2.73</b>	<b>—</b>	<b>—</b>
<b>Accumulated use of the Proceeds</b> (Note 4)		<b>272.16</b>	<b>274.89</b>	<b>274.89</b>

*Notes:*

1. According to the announcements of the Company dated 21 December 2020 and 20 January 2021, the Company had re-allocated its uses of proceeds from "Capital expenditures for Guangzhou Mayer" to "General working capital". Accordingly, the Proceeds (i) to be used in the "Capital expenditures for Guangzhou Mayer" decreased from approximately HK\$93.73 million to approximately HK\$42.77 million; and (ii) to be used in the "General working capital" increased from approximately HK\$49.69 million to approximately HK\$100.65 million.
2. The Company had previously deposited approximately HK\$11.03 million (the "Court Monies"), equivalent to the amount of the debt being claimed by Mr. Lai Yueh Hsing (the "Mr. Lai"), to the Grand Court of the Cayman Islands (the "Court") for the purpose of a winding-up petition filed by Mr. Lai against the Company. As at the date of this announcement, there is no decision from the Court, and the Court Monies are being locked-up by the Court.

Since the Court Monies (i.e. HK\$11.03 million from the Proceeds) had not been utilised (i.e. paid to Mr. Lai) pending the decision of the Court, the Company has classified the Court Monies as unutilized in its financial report. For illustration purposes, with the inclusion of the Court Monies, the proceeds utilised under the "Repayment of outstanding loans" were then considered as substantially the same as it was previously intended (i.e. HK\$64.07 million + HK\$11.03 million = HK\$75.10 million). Save for the Court Monies, all the outstanding loans that had been intended to be paid-off with the Proceeds were paid by the Company.

3. *Due to the reasons as stated in Note 2 above, the Company would like to further clarify that the Company has continued to invest money, including any remaining amount of the Proceeds, in the capital expenditures for Guangzhou Mayer for its operational uses. Additional amounts were also expended by the Company through its internal resources for the period up to 30 June 2022 and 31 December 2022 (i.e. stated as approximately HK\$46.30 million and approximately HK\$56.12 million in the 2022 Annual Report and the interim report of the Company for the six months ended 31 December 2022 respectively) to purchase production materials that would allow Guangzhou Mayer and the Group to develop their business in the environmental segment in the PRC.*
4. *The Proceeds were considered as substantially utilised according to their intended purposes.*

As illustrated in the table above, the Proceeds were substantially utilised by the Company as previously intended by the year ended 31 December 2021 and that the Company has also made more investment through its internal resources in Guangzhou Mayer's operation. Additionally, due to the different exchange rates adopted by the Company differing from the one used in the Open Offer and the rounding of the figures, the figures stated in the 2022 Annual Report and in the table above have been adjusted for illustration purposes.

#### **SUPPLEMENTAL INFORMATION ON BOARD'S AND AUDIT COMMITTEE'S VIEWS ON THE AUDIT QUALIFICATION**

References are made to the section headed "Risk and Management Control" in the "Corporate Governance Report" and the items stated in the section headed "Basis for Qualified Opinion" on pages 76 to 78 of the Independent Auditor's Report of the 2022 Annual Report.

#### ***The Yuetang Village Project and the Guaranteed Performance***

As disclosed in the circular of the Company dated 23 August 2019, the Target Group is principally engaged in, among others, urban renewal projects planning and consulting, including but not limited to Yuetang Village (the "**Yuetang Village Project**") and other re-development projects in Zhuhai. More information about the Group's re-development projects in Zhuhai, including but not limited to the Yuetang Village Project and the Target Profit Level of the Target Group is hereby provided by the Company in respect of (i) item 1 (Interest in an associate); (ii) item 2 (Financial assets at fair value through profit or loss); and (iii) item 3 (Prepayments and trade receivables) (the "**Qualified Opinions**") stated under the "Basis for Qualified Opinion" in the 2022 Annual Report.

Currently, the Board is of the view that the re-development of the Yuetang Village Project is at a preliminary stage (i.e. land survey completed and the proposal of the re-development units submitted to the local governmental authorities) as a result of, among other reasons, the impact of certain preventive measures by the local government in response to the outspread of the COVID-19 since 2019. The Vendor,

the Guarantor and the majority of the Board have not finalized the details of the development of the Yuetang Village Project in their recent meetings, which then caused the re-development of the Yuetang Village Project to be put on-hold although there were signs of recovery from the COVID-19. In light of the above circumstances and the Yuetang Village Project still at its preliminary stage, the Board and the Audit Committee are of the view that the Target Group will not be able to achieve the guaranteed Target Profit Level in the foreseeable future and that the Company does not expect to enter into any supplemental agreement for, among others, the further extension of the period to achieve the guaranteed Target Profit Level until any solutions can be reached and/or agreed.

Each of the other re-development projects in Zhuhai, similar to the Yuetang Village Project, is also considered as at a preliminary stage (i.e. pending approval of the local governmental authorities to commence construction).

The Qualified Opinions in relation to the recoverable amount of the Yuetang Village Project and the recoverability of the prepayments and trade receivables of these re-development projects will become measurable and thus can be removed upon:

- (i) the execution of settlement solutions with regard to the Target Profit Level of the Target Group and prepayments and trade receivables of the other re-development projects in Zhuhai among the contracting parties (for instances, exercising of the Put Option by the Company and/or disposal of the Target Group) in estimating such recoverable amount to the Group; or
- (ii) in the event that settlement solutions cannot be reached and agreed among the contracting parties, the Company could proceed to take appropriate legal actions to, among other outcomes, obtain a juridical court's decision in determining the compensation amount to the Group.

As the Group understood that legal procedures may possibly be more time-consuming, the Board has been trying to reach settlement solutions in resolving the above matters. Simultaneously, the Board will continue to seek legal advices from its legal advisers on appropriate legal actions that can be taken in relation to the matters mentioned above if and when necessary, in order to protect and safeguard the interests of the Shareholders and the Company.

***Consolidation of Shenzhen Hei Jing Photoelectric Technology Co., Ltd. (“Hei Jing”)***

The Company has been appointing Zhonghui Anda Risk Services Limited (“**Zhonghui Anda**”) to conduct annual regular reviews on the Company's risk management and internal control systems (the “**Risk Assessment and ICR**”).

Upon completion of the Risk Assessment and ICR for the period covering from 1 January 2021 to 30 June 2022 (the “**Review Period**”), Zhonghui Anda has addressed its assessments and results in the risk assessment report (the “**RA Report**”) and the internal control review report (the “**ICR Report**”) respectively and provided its recommendations to the Board and the Audit Committee.

In assessing the Group’s risk management, business/ market risks; operational risks; financial risks; compliance risks and environment, social and governance (ESG) related risks were taken into account for continuous risk assessment purposes. According to the RA Report, Zhonghui Anda had listed the risk items related to the business, operation, financial and compliance controls of the Group during the Review Period and then reviewed the results as to the relevant mitigation actions of identified risks with the key personnel and management of the Company. A re-assessment of the residual risk was conducted in September 2022.

In reviewing the Group’s internal control systems, according to the ICR Report, Zhonghui Anda identified several internal control deficiencies related to corporate governance and business-level control during the Review Period and the results were contained in the ICR Report dated 29 September 2022 to the Audit Committee and the Board. The management of the Company then discussed with and demonstrated to Zhonghui Anda that it had implemented and/or would implement all the recommended actions from Zhonghui Anda to address the identified internal control deficiencies set out in the ICR Report.

Set out below is a summary of the key findings and respective recommended actions taken by the Group:

Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<i>Compliance with Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules</i>		
1 During the period from 1 January 2021 to 27 September 2021, the Company had not taken out any Directors’ and Officers’ Liability insurance.	The Company shall take out an appropriate Directors’ and Officers’ Liability insurance as soon as possible, to avoid personal economic loss arising from litigations or claims brought against the Directors and officers of the Company when making major decisions or executing authorizations.	As it took time for the Company to solicit a suitable insurer with an insurance plan at reasonable commercial terms and conditions, the Company did not arrange an appropriate insurance cover in respect of legal action against the Directors from 1 January 2021 to 27 September 2021. The Company purchased the Directors’ and Officers’ Liability insurance on 28 September 2021 and has complied with the code provision C.1.8 of the CG Code.

Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<p>2 Mr. Xu Lidi, an Executive Director, ceased to be the Chief Executive Officer when he was appointed as the Chairman on 12 March 2021. During the period from 12 March 2021 to 26 November 2021, the Company has not appointed the Chief Executive Officer, and there was no clear division of the responsibilities between the Chairman of the Board and the Chief Executive Officer, and the role and duty of the Chief Executive Officer were jointly assumed by all executive Directors.</p>	<p>The roles of the Chairman of the Board and the Chief Executive Officer shall be separate. In addition, the duties and responsibilities between the Chairman of the Board and the Chief Executive Officer shall be clearly defined.</p>	<p>As the role and duty of the Chief Executive Officer were jointly assumed by all Executive Directors, the Company had not appointed the Chief Executive Officer. While the Board had been assessing if any change was needed, the Board believed that such arrangement of joint assumption enabled the Company to make and implement decisions in a rapid manner, thus the Company's targets could be achieved effectively and fast amid the rapidly changing environment. Nevertheless, after further consideration, the Company had appointed Mr. Xiao Libo as the Chief Executive Officer on 26 November 2021 to comply with the code provision C.2.1 of the CG Code.</p>

#### *Supervision*

<p>3 In respect of the merger between Guangzhou Mayer and Shenzhen Meiheng New Material Co., Ltd. (深圳美恒新材料有限公司), it had been passed only by the board resolution of Guangzhou Mayer and was not approved by resolution at the general meeting, thus failing to comply with the relevant requirements under the Company Law of the People's Republic of China and the Articles of Association of Guangzhou Mayer.</p>	<p>Convening a general meeting by Guangzhou Mayer to approve a resolution shall be subject to the relevant requirements under the Company Law of the People's Republic of China and the Articles of Association of Guangzhou Mayer. Convening an extraordinary general meeting by Guangzhou Mayer to consider and approve each resolution shall be subject to authorization from qualified shareholders via shareholders' powers of attorney that are properly prepared.</p>	<p>After the Company had taken up the recommendation, the 2021 annual general meeting of Guangzhou Mayer held on 29 August 2022 was in compliance with the relevant requirements under the Company Law of the People's Republic of China and the Articles of Association of Guangzhou Mayer, and was authorized by the shareholders with the signed powers of attorney to consider and approve each resolution.</p>
<p>4 Guangzhou Mayer had convened two extraordinary general meetings on 9 October 2021 and 24 November 2021, respectively. Both did not keep the shareholders' powers of attorney.</p>	<p>Convening a general meeting by Guangzhou Mayer shall be subject to the relevant requirements under the Company Law of the People's Republic of China and the Articles of Association of Guangzhou Mayer. Convening an extraordinary general meeting by Guangzhou Mayer to consider and approve each resolution shall be subject to authorization from qualified shareholders via shareholders' powers of attorney that are properly prepared.</p>	<p>The then general manager of Guangzhou Mayer had encroached on the interests of the Company and forged signatures of the shareholders to illegally convene the extraordinary general meeting. The management of the Company (the "<b>Management</b>") has agreed to and strictly implemented the corrective recommendations in accordance with the Articles of Association of Guangzhou Mayer. Prior to convening an extraordinary general meeting, shareholders shall be notified and the original powers of attorney shall be obtained from shareholders to legally convene the general meeting. Guangzhou Mayer convened its general meeting on 29 August 2022.</p>

Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<p>5 On 3 December 2021, Guangzhou Mayer resolved to transfer 51% of the equity of Hei Jing only at the twelfth board meeting, and sold it at a price of RMB5,300,000. The resolution had not been passed at a general meeting in advance, thus failing to comply with the provisions of the Company Law of the People’s Republic of China and the Articles of Association of Guangzhou Mayer.</p>	<p>Pursuant to the relevant requirements under the Law of the People’s Republic of China and the Articles of Association of Guangzhou Mayer, Guangzhou Mayer shall convene an extraordinary general meeting before disposing of its subsidiary. Convening a general meeting by Guangzhou Mayer to consider and approve each resolution shall be subject to authorization from qualified shareholders via shareholders’ powers of attorney that are properly prepared.</p>	<p>The then general manager of Guangzhou Mayer had encroached on the Company’s interests, illegally convened a general meeting, changed the board composition, and illegally convened a board meeting to sell off the company’s assets. The Management also agrees with the corrective recommendations, has dismissed the former general manager of Guangzhou Mayer and entrusted a lawyer to recover the relevant losses in order to protect the interests of the shareholders.</p>

*Procurement/Cost Expenses, Payables and Payments*

<p>6 From 5 November 2018 to 30 June 2020, Guangzhou Mayer purchased 9,424 bottles of red wine from supplier A, with an amount of RMB1,123,200. However, Guangzhou Mayer did not have a complete registration record of red wine consumption. In addition, on 9 June 2020, Guangzhou Mayer entered into a purchase contract with supplier B to purchase 10,800 bottles of red wine at an amount of RMB173,579. The batch of red wine arrived on 14 August 2020. However, as of 31 March 2022, although the relevant invoices were complete and included in the financial accounts as prepayments to Supplier B, no gift assets or expenditures had been recorded. In addition, the documents on requisition of the red wine for this batch were incomplete, and Guangzhou Mayer did not have a complete registration record of red wine consumption.</p>	<p>Guangzhou Mayer shall purchase business gifts in accordance with the procurement process of the Internal Control System, subject to approval and in and out warehousing management based on actual inventory quantity. The requisitionists must fill in the “Item Requisition Form” and obtain approval before they can use it. The warehouse should also keep relevant records.</p>	<p>The Management agreed with the corrective recommendations and implemented accordingly. Strict approval and control have been placed on procurements and in and out warehousing and a ledger has been established for inventory. The “Item Requisition Form” has been improved and special personnel have been assigned to be responsible for relevant management procedures. For alcohol consumption, the requisitionist must fill in the “Liquor Requisition Form” from October 2022.</p>
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Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<p>7 From September 2021 to January 2022, Guangzhou Mayer entered into four equipment procurement contracts with supplier C, with a total amount of RMB2,730,000. However, the procurement of these equipment did not comply with the relevant purchase requirements of production equipment of the Internal Control System. Procurement of production equipment should be put forward by the production department or the business department, and approved in accordance with Guangzhou Mayer’s regulations on duty management or approved by the resolution of the board of Guangzhou Mayer. Finally, only the research and development (the “R&amp;D”) department made inquiries about the purchases.</p>	<p>Guangzhou Mayer shall strictly comply with the relevant purchase requirements of production equipment of the Internal Control System. Procurement of production equipment should be put forward by the production department or the business department, and approved in accordance with Guangzhou Mayer’s regulations on duty management or approved by a resolution of the board of Guangzhou Mayer. Finally, the R&amp;D department will make inquiries about the purchases.</p>	<p>The then general manager of Guangzhou Mayer had abused the corporate rights, and has been dismissed. The Management agreed with the corrective recommendations and has strictly complied with the purchase requirements of production equipment of the Internal Control System.</p>
<p>8 Guangzhou Mayer engaged supplier D to renovate restaurant and office building, which had started on 18 January 2021 and was completed on 18 April 2021, with a total contract amount of RMB2.85 million. The inspection and acceptance of such project, however, was only confirmed by signature of the administrative director of Guangzhou Mayer. There was no record of acceptance by the heads of the user department and the engineering department, nor were documents, including specific project contents and corresponding acceptances kept. Moreover, such project was conducted solely under the instructions of the management of Guangzhou Mayer without involving the process of price comparison of suppliers, keeping details of project cost budget and following the bidding procedures for selection of contractors.</p>	<p>Guangzhou Mayer shall strictly abide by the requirements of the requirements on outsourcing projects under the Internal Control System, and shall assign relevant project officers to prepare documents such as statement of project and budget schedules, which shall be reviewed and approved in accordance with the procedures of Guangzhou Mayer’s regulations on duty management. In addition, the budget amount approved shall be considered when making inquiry, price comparison and selection of contractors.</p>	<p>The former general manager of Guangzhou Mayer had abused the corporate rights, and has been dismissed. The Management agrees with the corrective recommendations and has strictly complied with the requirements on outsourcing projects under the Internal Control System.</p>



Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<p>9 On 30 April 2021, Guangzhou Mayer began to prepay supplier D for the construction of new pipe fitting workshops. As of 17 September 2021, the prepayment made was RMB 1,889,475. However, (i) the prepayment exceeded the total project amount stipulated in the contract by RMB 1,850,000; (ii) such project had not undergone price comparison procedure for suppliers; (iii) no record indicated that the relevant budget of such construction investment project had been passed by a resolution at the 2021 annual general meeting; and (iv) there was no board resolution for such investment project.</p>	<p>Guangzhou Mayer shall strictly abide by the requirements of the requirements on outsourcing projects under the Internal Control System, and shall assign relevant project officers to prepare documents such as statement of project and budget schedules, which shall be reviewed and approved in accordance with the procedures of Guangzhou Mayer's regulations on duty management. In addition, the budget amount approved shall be considered when making inquiry, price comparison and selection of contractors.</p>	<p>The former general manager of Guangzhou Mayer had abused the corporate rights, and has been dismissed. The Management agrees with the corrective recommendations and has strictly complied with the requirements on outsourcing projects under the Internal Control System.</p>
<p>10 Guangzhou Mayer engaged Supplier D to carry out the restaurant and office building decoration project. The project had started on 18 January 2021 and was completed on 18 April 2021. On 30 April 2021, in addition to the first advance payment for the construction of plant, the second payment should be made in accordance with the relevant contract obligations, but when going through the payment approval procedures, there was only a temporary payment application form, and no proof of the progress of the corresponding contract performance and project completion acceptance certificate. The total amount paid by Guangzhou Mayer for the project amounted to RMB 1,889,475. However, as of 31 March 2022, Supplier D still had not issued a special value-added tax invoice to Guangzhou Mayer, and Guangzhou Mayer did not follow up on this.</p>	<p>Guangzhou Mayer shall strictly abide by the requirements of the Internal Control System for outsourced projects. The project payment must be approved and made in accordance with the regulations of the contract. If the project has been completed, the business department of Guangzhou Mayer shall conduct inspection and acceptance according to the project completion report, invoice and other documents, which, after being approved, shall be submitted to the accounting department of Guangzhou Mayer for payment. When the accounting department of Guangzhou Mayer pays the project fee and related input value-added tax, it should also obtain the supplier's value-added tax invoice at the same time or in advance.</p>	<p>The former general manager of Guangzhou Mayer had abused the corporate rights, and has been dismissed. The Management agrees with the corrective recommendations and has strictly complied with the requirements on outsourcing projects under the Internal Control System.</p>

Summary of key findings	Corrective Recommendations	Recommended actions taken by the Group
<i>Cash, Banking and Funds Management</i>		
11 On 10 January 2022, the Company’s announcement set out the suspension of the then general manager of Guangzhou Mayer. However, on 26 January 2022, the Guangzhou Mayer 2021 IOP project bonus distribution plan document still showed that it was approved by him with his signature.	After the Company has issued an announcement, Guangzhou Mayer shall immediately suspend the duties of relevant persons and stop accepting the documents approved by him after the suspension of his duties.	After the general meeting, a notice about the suspension of all the duties of the then general manager of Guangzhou Mayer was made. The Management also agrees with the corrective recommendations, and new directors and Management have been appointed. The new directors and Management have taken over Guangzhou Mayer through legal procedures, and the then general manager of Guangzhou Mayer has been dismissed.
<i>Custody and Management of Chops</i>		
12 Guangzhou Mayer’s Management System of Chops did not specify the application and supervision process for the use of chops.	Guangzhou Mayer should specify in the Management System of Chops that an application for the use of a chop is required through Guangzhou Mayer’s internal office automation (the “OA”) system, and the seal can only be used after obtaining relevant approvals. The administrative department of Guangzhou Mayer must keep the relevant OA system approval records, and regularly review the application for the use of chops for management and supervision purposes.	The Management had agreed with the corrective recommendations and Guangzhou Mayer revised the Management Process of Chops on 15 August 2022, stating that applicants must fill in the application form for the use of chops or apply for the use of chops through the OA system, and the seal can only be used after obtaining relevant approval. The administration department of Guangzhou Mayer will also keep relevant approval records for supervision purposes.

In respect of the Risk Assessment and ICR, based on the discussions with Zhonghui Anda for the management override conducted by the two former directors, the Company understood that (i) the risk-items or identified deficiencies set out in the RA Report and the ICR Report respectively were not the reasons that resulted in the disposal of 51% equity interest in Hei Jing (the “**Disposal**”); and (ii) no further risk items or internal control deficiencies were identified and no further recommendations were made on the Group’s risk management and internal control systems after the reassessment and follow-up review conducted by Zhonghui Anda.

Guangzhou Mayer is a core operating subsidiary of the Company and an intermediate holding company of Hei Jing. Under any circumstances, its business and/or investment plans must comply with the internal control system requirements of the Company, which mandate that responsible individuals must submit an evaluation report to the board of directors for approval before concluding any long-term and short-term investment. Additionally, in accordance with the Articles of Association of Guangzhou Mayer, the board of directors of Guangzhou Mayer is required to follow the company’s business plan and investment plan that are determined by its shareholders’ meeting.

However, the Disposal at the consideration of RMB5,300,000 was approved only by a board meeting of Guangzhou Mayer that was eventually considered as illegally held on 3 December 2021 and was also not approved by a shareholders' meeting of Guangzhou Mayer. Accordingly, the Directors consider that the Disposal was invalid, which then resulted in the issuing of a qualified opinion from the independent auditor of the Company as stated in the 2022 Annual Report (the “**Qualified Opinion**”) due to, among others, the validity and the status of the Disposal.

There were two former Directors involved in the Disposal being (i) Mr. Xu Lidi (“**Mr. Xu**”)\* (徐立地), a former director of Guangzhou Mayer and a former executive Director, whose responsibilities and position in the Group were ceased on 3 December 2021 following his resignation; and (ii) Mr. Wang Dongqi (“**Mr. Wang**”)\* (王東奇), a former director of Guangzhou Mayer and a former non-executive Director, whose responsibilities and position in the Group were ceased on 11 January 2022 following his resignation.

As stated in the Company's announcement dated 6 April 2022, in mid-December 2021, an independent investigator, Frank Forensic and Corporate Recovery Limited (the “**Independent Investigator**”) was appointed to conduct an investigation on the Disposal (the “**Investigation**”). According to the independent investigation report prepared by the Independent Investigator, there were pieces of evidence suggesting to the Independent Investigator to reasonably believe that Mr. Xu and Mr. Wang breached their fiduciary duties owed to the Company by using the corporate chops of Bamian Investments Pte Ltd (the “**Bamian**”), which is a wholly-owned subsidiary of the Company and the major shareholder of Guangzhou Mayer holding approximately 81.4% of its equity interest as at the material time, without Bamian's authorization and convening a board meeting of Guangzhou Mayer illegally to approve the Disposal that ultimately resulted in the Disposal. With the support of the results of the Investigation, the Directors are of the view that, the Disposal was conducted inappropriately, intentionally unreported to the Board and thus did not comply with the Company's internal control system requirements.

Since the Board became aware of the Disposal, the former directors of Guangzhou Mayer involved in the Disposal (i.e. Mr. Xu and Mr. Wang) had their positions terminated immediately. The Board has also instructed Guangzhou Mayer to appoint a local lawyer to instigate legal actions to rescind the disposal agreement and resume the ownership of the 51% equity interest in Hei Jing (collectively, the “**Legal Actions**”). Regardless of the results of the Legal Actions, the Company understands that the Qualified Opinion shall no longer be required once the ownership of Hei Jing can be determined (i.e. by the Company's or by a court's decision). On 23 February 2023, Guangzhou Mayer received a letter from the local court stating that Guangzhou Mayer would not be able to resume the ownership of the 51% equity interest in Hei Jing; nonetheless, having sought legal advice, Guangzhou Mayer has made an appeal against such decision. The Company has been regularly monitoring its risk

management and internal control systems, with particular attention to the use of chops of its subsidiaries, including but not limited to, those belonging to the Company, Bamian and Guangzhou Mayer, which must be approved by authorized personnel.

Having considered that (i) Zhonghui Anda has been conducting the Risk Assessment and ICR annually; (ii) the Board and the Audit Committee had reviewed and were satisfied with the results of the RA Report and ICR Report in late September 2022; (iii) the Investigation suggested evidence to the Independent Investigator that Mr. Xu and Mr. Wang had breached their fiduciary duties owed to the Company in using Bamian's corporate chops without proper authorization, convening inappropriate board meetings of Guangzhou Mayer and not reporting to the Board as required by the Group's internal control systems; (iv) the Company has taken immediate remedial actions, among others, to terminate the positions of Mr. Xu and Mr. Wang in both Guangzhou Mayer and the Group and to appoint a local lawyer to implement the Legal Actions; and (v) the Qualified Opinion shall no longer be required upon the results of the Legal Actions where the ownership of Hei Jing can be determined (i.e. by the Company's or by a court's decision), the Directors and the Audit Committee are of the view that the Company has maintained appropriate and effective risk management and internal control systems.

By order of the Board  
**Mayer Holdings Limited**  
**Lee Kwok Leung**  
*Executive Director*

Hong Kong, 10 August 2023

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Lee Kwok Leung (Chairman), Mr. Zhou Shi Hao, Mr. Chen Zhirui, Mr. Xiao Libo (Chief Executive Officer) and Dr. Cheung Ka Yue; one non-executive Director, namely Mr. Lam Chung Chak, and three independent non-executive Directors, namely Mr. Lau Kwok Hung, Mr. Chan Chun Kit and Mr. Lu Jianping.*

\* *For identification purpose only*