

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Mobile Internet (China) Holdings Limited

移動互聯(中國)控股有限公司

(Formerly known as China Packaging Holdings Development Limited

中華包裝控股發展有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1439)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS	Six Months ended 30 June		Change
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	
Turnover	503,919	384,305	31.1%
Gross profit	158,944	94,830	67.6%
Gross profit margin	31.5%	24.7%	
Profit attributable to owners of the Company	55,410	34,333	61.4%
Earnings per share			
Basic (RMB cents)	4.83	3.76	30.1%
Diluted (RMB cents)	4.20	3.73	13.9%

UNAUDITED INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Mobile Internet (China) Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 together with the unaudited comparative figures for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
	<i>Notes</i>	2017	2016
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Revenue	4	503,919	384,305
Cost of sales		<u>(344,975)</u>	<u>(289,475)</u>
Gross profit		158,944	94,830
Other revenue	5	2,876	1,283
Other income	6	36	3,305
Selling and distribution expenses		(34,680)	(26,064)
Administrative expenses		(21,455)	(14,178)
Amortisation of intangible assets		(14,215)	(2,360)
Change in fair value of derivative financial instruments		101	2,893
Change in fair value of contingent consideration payable		(4,780)	–
Loss on early redemption of promissory notes		–	(5,112)
Equity-settled share option expenses		<u>–</u>	<u>(2,355)</u>
Profit from operating activities		86,827	52,242
Finance costs	8	<u>(16,117)</u>	<u>(9,336)</u>
Profit before tax	7	70,710	42,906
Income tax expenses	9	<u>(15,300)</u>	<u>(8,573)</u>
Profit for the period		<u>55,410</u>	<u>34,333</u>
Other comprehensive income/(loss) for the period, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>11,813</u>	<u>(14,429)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>11,813</u>	<u>(14,429)</u>
Total comprehensive income for the period, net of tax		<u>67,223</u>	<u>19,904</u>
Profit attributable to owners of the Company		<u>55,410</u>	<u>34,333</u>
Total comprehensive income attributable to owners of the Company		<u>67,223</u>	<u>19,904</u>
Earnings per share attributable to owners of the Company			
– Basic (<i>RMB cents</i>)	11	<u>4.83</u>	<u>3.76</u>
– Diluted (<i>RMB cents</i>)	11	<u>4.20</u>	<u>3.73</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Notes</i>	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		142,181	147,727
Prepaid lease payments		2,225	2,255
Long-term prepayment		5,487	4,592
Goodwill		429,857	429,857
Intangible assets		10,085	19,708
		<hr/> 589,835 <hr/>	<hr/> 604,139 <hr/>
Current assets			
Inventories		30,711	28,122
Trade receivables	<i>12</i>	206,610	155,368
Prepayments, deposits and other receivables		115,699	71,427
Derivative financial instruments	<i>15, 16</i>	9,046	12,945
Pledged bank deposits		13,000	59,460
Cash and bank balances		341,236	374,335
		<hr/> 716,302 <hr/>	<hr/> 701,657 <hr/>
Current liabilities			
Trade, bills, other payables and accruals	<i>13</i>	139,556	138,405
Bank borrowings	<i>14</i>	16,970	91,110
Derivative financial instruments	<i>15, 16</i>	1,701	4,277
Promissory notes	<i>15</i>	173,640	178,804
Convertible bonds	<i>16</i>	23,627	32,868
Contingent consideration payable		155,568	155,568
Deferred revenue		57,493	57,617
Tax payables		5,625	3,925
		<hr/> 574,180 <hr/>	<hr/> 662,574 <hr/>
Net current assets		<hr/> 142,122 <hr/>	<hr/> 39,083 <hr/>
Total assets less current liabilities		<hr/> 731,957 <hr/>	<hr/> 643,222 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		30 June 2017	31 December 2016
	<i>Notes</i>	(Unaudited)	(Audited)
		RMB'000	RMB'000
Non-current liabilities			
Deferred taxation		1,054	2,980
Promissory notes	<i>15</i>	58,958	60,342
Bank borrowings	<i>14</i>	36,000	–
		<u>96,012</u>	<u>63,322</u>
Net assets		<u>635,945</u>	<u>579,900</u>
Capital and reserves attributable to owners of the Company			
Share capital	<i>17</i>	9,259	9,150
Reserves		<u>626,686</u>	<u>570,750</u>
Total equity		<u>635,945</u>	<u>579,900</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (the “HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016 as contained in the Company’s annual report 2016 (the “Annual Report 2016”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”).

These unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand (RMB’000), unless otherwise stated. RMB is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars. The directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors. These unaudited condensed consolidated financial statements were approved for issue on 22 August 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in preparing the financial statements are consistent with those applied in the annual consolidated financial statements of the Company for the year ended 31 December 2016, with addition for the new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, that have become effective for the Group’s financial year beginning on 1 January 2017. The adoption of these new and revised HKFRSs has no material effect on the financial statements. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

3. OPERATING SEGMENT

The Group engaged in two operating segments which are sales of paper-based packaging products and development, distribution and operation of mobile gaming products. The chief operating decision makers allocated resources and assessed performance based on the results of the period for the entire business comprehensively.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Segment revenues and results

The following is an analysis of the Group's turnover and results by reportable and operating segment:

	Paper-based packaging products		Development, distribution and operation of mobile gaming products		Consolidated	
	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000
Revenue	<u>375,259</u>	<u>341,114</u>	<u>128,660</u>	<u>43,191</u>	<u>503,919</u>	<u>384,305</u>
Segment results	<u>55,226</u>	<u>49,003</u>	<u>48,948</u>	<u>6,065</u>	<u>104,174</u>	<u>55,068</u>
Equity-settled share option expenses					–	(2,355)
Unallocated corporate income					1,517	2,893
Unallocated corporate expenses					(21,370)	(6,464)
Unallocated finance costs					(13,611)	(6,236)
Profit before tax					70,710	42,906
Income tax expenses					(15,300)	(8,573)
Profit for the period					<u>55,410</u>	<u>34,333</u>

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

	Paper-based packaging products		Development, distribution and operation of mobile gaming products		Consolidated	
	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000	6 months ended 30 June 2017 RMB'000	6 months ended 30 June 2016 RMB'000
Segment assets	649,780	657,052	197,122	127,873	846,902	784,925
Unallocated corporate assets					<u>459,235</u>	<u>502,669</u>
Total assets					<u>1,306,137</u>	<u>1,287,594</u>
Segment liabilities	168,098	239,799	74,403	50,947	242,501	290,746
Unallocated corporate liabilities					<u>427,691</u>	<u>391,541</u>
Total liabilities					<u>670,192</u>	<u>682,287</u>

The Company's and some dormant companies' assets are not considered to be segment assets for reporting to the chief decision makers as they are managed by the central treasury function.

The Company's and some dormant companies' liabilities are not considered to be segment liabilities for reporting to the chief decision makers as they are managed by the central treasury function.

Other segment information

Six months ended 30 June 2017

	Paper-based packaging products <i>RMB'000</i>	Development, distribution and operation of mobile gaming products <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Capital expenditures	(1,875)	(4,657)	(13)	(6,545)
Depreciation of property, plant and equipment	(7,409)	(87)	(2)	(7,498)
Amortisation of intangible assets	–	(14,215)	–	(14,215)
Change in fair value of derivative financial instruments	–	–	101	101
Change in fair value of contingent consideration payable	–	–	(4,780)	(4,780)
Finance costs	(2,444)	(62)	(13,611)	(16,117)

Six months ended 30 June 2016

	Paper-based packaging products <i>RMB'000</i>	Development, distribution and operation of mobile gaming products <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Capital expenditures	(894)	(70)	–	(964)
Depreciation of property, plant and equipment	(6,976)	(16)	(8)	(7,000)
Amortisation of intangible assets	–	(2,360)	–	(2,360)
Change in fair value of derivative financial instruments	–	–	2,893	2,893
Finance costs	(3,100)	–	(6,236)	(9,336)

During the six months ended 30 June 2017 and 2016, all revenue is derived from customers in the PRC.

4. REVENUE

Revenue represents the net amounts received and receivable for goods sold, net of discounts and excludes value added tax, service fees and commission received and sales of in-game virtual items:

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Sales of paper-based packaging products	375,259	341,114
Development, distribution and operation of mobile gaming products	128,660	43,191
	<u>503,919</u>	<u>384,305</u>

5. OTHER REVENUE

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Sales of residual materials	919	808
Bank interest income	1,957	475
	<u>2,876</u>	<u>1,283</u>

6. OTHER INCOME

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Tax concession (<i>Note</i>)	–	3,202
Government subsidies	31	100
Sundry incomes	5	3
	<u>36</u>	<u>3,305</u>

Note: Tax concession represents the government subsidy given by the local government with reference to the amount of value-added tax, land use tax and enterprise income tax paid in the PRC.

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs:		
Employee benefit expense (including directors' remuneration)		
Wages and salaries	25,160	19,223
Retirement benefit schemes contributions	2,397	2,035
	<u>27,557</u>	<u>21,258</u>
Other items:		
Cost of inventories sold	293,276	267,127
Depreciation of property, plant and equipment	7,498	7,000
Amortisation of prepaid lease payments	30	30
Amortisation of intangible assets	14,215	2,360
Minimum lease payments under operating leases of rented premises	411	151
Research and development costs	5,026	1,706
Equity-settled share option expenses	–	2,355
	<u>–</u>	<u>2,355</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	2,506	3,100
Imputed interest on promissory notes	10,904	4,988
Imputed interest on convertible bonds	2,707	1,248
	<u>16,117</u>	<u>9,336</u>

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC Enterprise Income Tax		
– Current tax	14,402	8,717
– Under provision in prior period	2,824	–
	<u>17,226</u>	<u>8,717</u>
Deferred tax		
– Current period	(1,926)	(144)
	<u>(1,926)</u>	<u>(144)</u>
Total income tax recognised in profit or loss	<u>15,300</u>	<u>8,573</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period (six months ended 30 June 2016: 16.5%). No Hong Kong profits tax is provided for the period as the Group does not have any assessable profit from the Group's operation located in Hong Kong.

The statutory enterprise income tax rate for the six months ended 30 June 2017 at the PRC is 25% (six months ended 30 June 2016: 25%).

Pursuant to the relevant laws and regulations in the PRC, HongSheng (Jiangxi) Color Printing Packaging Co., Ltd (“HongSheng”), which qualified as a High and New Technology Enterprise (“HNTE”) in August 2014, was entitled to a reduced enterprise income tax rate of 15 % from 1 January 2014 to 31 December 2016. During the six months ended 30 June 2017, HongSheng renewed the qualification of HNTE and entitled to the reduced tax rate of 15% until year ended 31 December 2019.

In accordance with various approval documents issued by the PRC government authority, Behill Science Technology Co., Limited is entitled to enjoy preferential income tax treatment of income tax exemption for the first two years when it became profitable, followed by three years preferential income tax rate of 12.5%. The three years' preferential income tax commencing from 1 January 2016.

10. DIVIDENDS

The Directors do not recommend payment of any dividends for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

On 30 June 2017, a special dividend of 2.0 HK cents per share was paid.

11. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit attributable to owners of the Company for the purpose of basic earnings per share	55,410	34,333
Effect of dilutive potential ordinary shares:		
Change in fair value of contingent consideration payable, net of tax	3,991	—
	<u>59,401</u>	<u>34,333</u>
Profit attributable to owners of the Company for the purpose of diluted earnings per share	<u>59,401</u>	<u>34,333</u>

Number of shares

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,146,519,129	912,244,898
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	44,192,355	9,174,646
Settlement of contingent consideration payable	222,239,857	—
	<u>1,412,951,341</u>	<u>921,419,544</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,412,951,341</u>	<u>921,419,544</u>

Basic earnings per share for the periods ended 30 June 2017 and 2016 are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of shares in issue during the period.

Diluted earnings per share for the period ended 30 June 2017 and 2016 is calculated by adjusting the weighted average number of shares in issue during the period to assume conversion of all potential dilutive ordinary shares. The weighted average number of ordinary shares as above is adjusted by the number of shares that would have been issued assuming the exercise of share options and the expected number of shares to be issued for the settlement of the contingent consideration payable.

For the period ended 30 June 2017, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since it would result in an anti-dilutive effect on earnings per share.

12. TRADE RECEIVABLES

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below is net of allowance for doubtful debts:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 30 days	93,530	74,397
31 – 60 days	83,093	59,569
61 – 90 days	29,987	21,402
	<u>206,610</u>	<u>155,368</u>

The Group allows an average credit period from 30 to 90 days. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Company does not hold any collaterals or other credit enhancements over these balances.

As at 30 June 2017, no trade receivables were impaired (31 December 2016: Nil). The Directors of the Company considered no provision for impairment is recognised during the period (six months ended 30 June 2016: Nil) as these independent customers had no recent history of default.

13. TRADE, BILLS, OTHER PAYABLES AND ACCRUALS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	75,398	78,420
Bills payable	24,000	25,700
Accruals	11,860	25,436
Receipt in advance	4,000	–
Other payables	24,298	8,849
	<u>139,556</u>	<u>138,405</u>

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 30 days	52,042	42,822
31 – 60 days	23,346	35,598
61 – 90 days	3	–
91 – 180 days	7	–
	<u>75,398</u>	<u>78,420</u>

The average credit period granted by suppliers is 60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

As at 30 June 2017, the bills payable of approximately RMB24,000,000 (31 December 2016: RMB25,700,000) was secured by the bank deposits.

14. BANK BORROWINGS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Secured	<u>52,970</u>	<u>91,110</u>
Carrying amount repayable:		
Within one year	16,970	91,110
More than one year, but not exceeding two years	<u>36,000</u>	–
	52,970	91,110
Less: Amounts shown under current liabilities	<u>(16,970)</u>	<u>(91,110)</u>
Amounts shown under non-current liabilities	<u>36,000</u>	–

All the bank borrowings were denominated in RMB. As at 30 June 2017 and 31 December 2016, the bank borrowings were secured by certain property, plant and equipment, prepaid lease payments and pledged bank deposits held by the Group.

The ranges of effective interest rates (which are equal to the contracted interest rates) on bank borrowings are as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Fixed rate	<u>4.4% – 7.7%</u>	<u>4.4% – 6.9%</u>

15. PROMISSORY NOTES

The promissory notes issued have been split as to the derivative financial assets component (term extension derivative component and redemption option derivative component embedded in promissory notes) and the financial liability component (promissory notes liabilities). The following tables summarise the movements of derivative financial assets and financial liability components during the six months ended 30 June 2017.

Derivative financial assets/(liabilities) – Term extension derivative component:

	Promissory Note 1 RMB'000	Promissory Note 3 RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017 (Audited)	(99)	705	606
Fair value change	98	(1,907)	(1,809)
Exchange realignment	1	15	16
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017 (Unaudited)	<u> </u>	<u>(1,187)</u>	<u>(1,187)</u>

Derivative financial assets – Redemption option derivative component:

	Promissory Note 1 RMB'000	Promissory Note 2 RMB'000	Promissory Note 3 RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017 (Audited)	142	189	–	331
Fair value change	1,591	1,962	2,917	6,470
Exchange realignment	(33)	(41)	(53)	(127)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017 (Unaudited)	<u>1,700</u>	<u>2,110</u>	<u>2,864</u>	<u>6,674</u>

Financial liability component – Promissory notes liabilities:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Current portion	(173,640)	(178,804)
Non-current portion	<u>(58,958)</u>	<u>(60,342)</u>
	<u>(232,598)</u>	<u>(239,146)</u>

	Promissory Note 1	Promissory Note 2	Promissory Note 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2016 and 1 January 2017 (Audited)	(71,617)	(60,342)	(107,187)	(239,146)
Imputed interest charged	(2,991)	(3,207)	(4,706)	(10,904)
Coupon interest payable	2,991	2,763	4,473	10,227
Exchange realignment	2,160	1,828	3,237	7,225
At 30 June 2017 (Unaudited)	<u>(69,457)</u>	<u>(58,958)</u>	<u>(104,183)</u>	<u>(232,598)</u>

16. CONVERTIBLE BONDS

The convertible bonds issued have been split as to the derivative financial asset component (redemption option derivative component embedded in convertible bonds); the derivative financial liability component (term extension derivative component embedded in convertible bonds); the financial liability component (convertible bonds) and equity component (convertible bonds reserve). The following tables summarise the movements of derivative financial assets; derivative financial liabilities; financial liabilities and equity component during the six months ended 30 June 2017.

Derivative financial assets – Redemption option derivative component:

	Convertible Bond 1	Convertible Bond 2	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2016 and 1 January 2017 (Audited)	7,857	4,052	11,909
Conversion of convertible bonds	(971)	(437)	(1,408)
Fair value change	(5,063)	(2,877)	(7,940)
Exchange realignment	(127)	(62)	(189)
At 30 June 2017 (Unaudited)	<u>1,696</u>	<u>676</u>	<u>2,372</u>

Derivative financial liabilities – Term extension derivative component:

	Convertible Bond 1	Convertible Bond 2	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2016 and 1 January 2017 (Audited)	(2,330)	(1,848)	(4,178)
Conversion of convertible bonds	–	224	224
Fair value change	2,302	1,078	3,380
Exchange realignment	28	32	60
At 30 June 2017 (Unaudited)	<u>–</u>	<u>(514)</u>	<u>(514)</u>

Financial liabilities – Financial liability component:

	Convertible Bond 1 RMB'000	Convertible Bond 2 RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017 (Audited)	(22,719)	(10,149)	(32,868)
Conversion of convertible bonds	6,606	3,425	10,031
Imputed interest charged	(2,142)	(565)	(2,707)
Coupon interest payable	763	316	1,079
Exchange realignment	590	248	838
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017 (Unaudited)	<u>(16,902)</u>	<u>(6,725)</u>	<u>(23,627)</u>

Reserves – Equity component:

	Convertible Bond 1 RMB'000	Convertible Bond 2 RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017 (Audited)	(4,067)	(639)	(4,706)
Conversion of convertible bonds	1,303	230	1,533
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017 (Unaudited)	<u>(2,764)</u>	<u>(409)</u>	<u>(3,173)</u>

17. SHARE CAPITAL

Share capital

	Number of shares '000	Share capital HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	<u>8,000,000</u>	<u>80,000</u>

	Number of shares '000	Share capital HK\$'000	RMB'000
<i>Issued and fully paid:</i>			
At 31 December 2016 and 1 January 2017, ordinary shares of HK\$0.01 each	1,140,953	11,410	9,150
Issue of shares upon conversion of convertible bonds	<u>12,288</u>	<u>123</u>	<u>109</u>
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017, ordinary shares of HK\$0.01 each	<u>1,153,241</u>	<u>11,533</u>	<u>9,259</u>

Note:

On 10 April 2017, 7,843,136 and 4,444,443 ordinary shares were issued respectively in relation to the conversion of Convertible Bonds 1 and 2.

18. EVENT AFTER THE REPORTING PERIOD

On 12 July 2017, the shareholders of the Company approved to issue additional 128,571,429 shares at the issue price of HK\$0.7 per share and the issue of the promissory note in the principal amount of HK\$90,000,000 for the settlement of the contingent consideration payable related to the acquisition of the Cable King Limited and its subsidiaries. The issue of the additional shares and the promissory note was completed on 19 July 2017. Please refer to the announcements of the Company dated 20 June 2017 and 12 July 2017 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is currently engaged in two business segments, (i) mobile gaming business and (ii) packaging business. During the period under review, the Group has continued to focus on the strategy to diversify into the fast growing PRC gaming business. It offers free-to-play mobile, browser and client-based online games. Apart from the mobile gaming business, the Group continued to engage in the manufacturing and sales of paper-based packaging products with operation in Jiangxi Province in the PRC. Our products are generally used in packaging of a wide variety of products such as food and beverage, glass and ceramics articles, metal hardware and chemicals products, bamboo articles, shopping bags, etc.

Mobile gaming segment

During the period under review, Cable King has kept on developing new games based on its strong technical and game development teams. Apart from the two games namely, Legend of the Journey to the West (大聖傳說) and Heroes of the Imperial Empire (帝國英雄), it has officially launched a new game namely, Legend of the Reign of the Assassins (劍雨傳說) in March 2017. The revenue from mobile gaming segment were approximately RMB128.7 million, representing approximately 25.5% of the total revenue of the Group.

Packaging segment

During the period under review, the Group's revenue from packaging segment has achieved a growth of 10.0% with the gross profit margin slightly increased 0.1% to 21.8% as compared to last corresponding period. The increase in gross profit margin is mainly due to the increase in average selling price in response to the continue increase in raw material cost. In May 2017, the Group's PRC subsidiary has signed a stone paper product marketing strategic cooperation agreement with Jiang Xi Air Co. Ltd (江西航空有限公司) to provide our stone paper for the use of their packaging and promotion products.

FINANCIAL REVIEW

During the period under review, the revenue of the Group was approximately RMB503.9 million (six months ended 30 June 2016: approximately RMB384.3 million), representing an increase of approximately RMB119.6 million or approximately 31.1% as compare to the last corresponding period. The increase in revenue was attributable to (i) the full six months contribution from mobile gaming business for the period as compared to only approximately 2 months contribution in the last corresponding period and (ii) the increase in average selling price of our packaging products. This increase was mainly due to our ability to increase our selling price amid of the increasing in raw material cost namely raw paper.

The following table sets out a breakdown of our revenue by product categories and their relative percentages of our total revenue during the period under review:

Revenue by products

	Six months ended 30 June			
	2017		2016	
	<i>RMB'000</i>	<i>% of Total</i>	<i>RMB'000</i>	<i>% of Total</i>
Flexo-printed cartons	183,083	36.3	169,531	44.1
Offset-printed cartons				
– Traditional paper-based cartons	95,609	19.0	97,496	25.4
– Stone-paper based cartons	96,567	19.2	74,087	19.3
Sub-total	192,176	38.2	171,583	44.7
Packaging segment	375,259	74.5	341,114	88.8
Mobile gaming segment	128,660	25.5	43,191	11.2
Total	503,919	100.0	384,305	100.0

Packaging segment

During the period under review, our revenue from sales of flexo-printed cartons was approximately RMB183.1 million (six months ended 30 June 2016: approximately RMB169.5 million), accounted for approximately 36.3% (six months ended 30 June 2016: approximately 44.1%) of our total revenue. Our revenue from sales of offset-printed cartons was approximately RMB192.2 million (six months ended 30 June 2016: approximately RMB171.6 million), accounted for approximately 38.2% (six months ended 30 June 2016: approximately 44.7%) of our total revenue.

Turnover by product categories of our customers (Packaging segment)

	Six months ended 30 June			
	2017		2016	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Food and beverages	137,737	36.7	131,076	38.4
Glass and ceramics articles	39,895	10.6	45,341	13.3
Metal hardware and chemical products	43,604	11.6	33,623	9.9
Bamboo articles	8,271	2.2	7,900	2.3
Department stores	64,052	17.1	41,055	12.0
Others	81,700	21.8	82,119	24.1
Packaging segment total	375,259	100.0	341,114	100.0

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

The Group's main customers are manufacturers of food and beverages in the PRC. During the period under review, revenue from food and beverages manufacturers was approximately RMB137.8 million (six months ended 30 June 2016: approximately RMB131.1 million), representing approximately 36.7% (six months ended 30 June 2016: approximately 38.4%) of the packaging segment.

Mobile gaming segment

During the period under review, our revenue from mobile gaming segment was approximately RMB128.7 million (six months ended 30 June 2016: RMB43.2 million), accounted for approximately 25.5% of the total revenue (six months ended 30 June 2016: 11.2%). The increase in percentage of mobile gaming segment is because mobile game business has a full period contribution in the period under review as compared to only approximately 2 months contribution in the corresponding period in 2016.

Turnover by games (Mobile gaming segment)

	Six months ended 30 June			
	2017		2016	
	RMB'000	%	RMB'000	%
Legend of the Journey to the West (大聖傳說)	31,866	24.8	30,181	69.9
Heroes of the Imperial Empire (帝國英雄)	24,963	19.4	12,778	29.6
Legend of the Reign of the Assassins (劍雨傳說)	65,844	51.2	–	–
Others	5,987	4.6	232	0.5
Mobile gaming segment total	<u>128,660</u>	<u>100.0</u>	<u>43,191</u>	<u>100.0</u>

Note: Others mainly represent commission received from operation of certain browser games developed by other game developers.

Gross profit and gross profit margin

The following table sets out our total gross profit and gross profit margin by major product categories during the period under review:

	Six months ended 30 June			
	2017		2016	
	RMB'000	GP margin (%)	RMB'000	GP margin (%)
Flexo-printed cartons	29,763	16.3	26,890	15.9
Offset-printed cartons				
– Traditional paper-based cartons	18,922	19.8	19,732	20.2
– Stone-paper based cartons	33,296	34.5	27,365	36.9
Sub-total	<u>52,218</u>	<u>27.2</u>	<u>47,097</u>	<u>27.4</u>
Printing segment	81,981	21.8	73,987	21.7
Mobile gaming segment	<u>76,963</u>	<u>59.8</u>	<u>20,843</u>	<u>48.3</u>
Total	<u>158,944</u>	<u>31.5</u>	<u>94,830</u>	<u>24.7</u>

The overall gross profit of the Group increased by RMB64.1 million or approximately 67.6% from approximately RMB94.8 million for the last corresponding period to approximately RMB158.9 million for the period under review. Our overall gross profit margin increased from approximately 24.7% for the last corresponding period to approximately 31.5% for the period under review primarily due to the higher percentage of contribution from the mobile gaming segment which operates on higher gross margin as compared to the packaging segment.

The gross profit from flexo-printed cartons for the period under review was approximately RMB29.8 million, representing an increase of approximately 10.8% as compared to approximately RMB26.9 million for the last corresponding period. The gross profit margin for flexo-printed cartons increased to approximately 16.3% for the period under review from approximately 15.9% for the last corresponding period mainly due to the increase in our average selling price in response to the continual increase in raw material cost.

The gross profit from offset-printed cartons for the period under review was approximately RMB52.2 million, represented a growth of approximately 10.8% as compared to approximately RMB47.1 million for the last corresponding period. The gross profit margin for offset-printed cartons decreased slightly to approximately 27.2% for the period under review from approximately 27.4% for the last corresponding period.

The gross profit from our mobile gaming segment for the period under review was approximately RMB77.0 million, represented a growth of approximately 270.2% as compared to approximately RMB20.8 million for the last corresponding period. The gross profit margin increased to approximately 59.8% for the period under review from approximately 48.3% for the last corresponding period. The improvement was mainly attributable to the increase in percentage of mobile gaming revenue contributed from our own game platforms in which no channel cost or revenue sharing cost was incurred.

OTHER REVENUE AND INCOME

During the period under review, other revenue and income of the Group was approximately RMB2.9 million, represented a decrease of approximately 37.0% or approximately RMB1.7 million as compared to approximately RMB4.6 million for the last corresponding period. The decrease was mainly attributable to the expiry of the tax concession in relation to the partial refund of the enterprise income tax paid in the PRC by the local government in early 2016.

SELLING AND DISTRIBUTION EXPENSES

During the period under review, selling and distribution expenses of the Group was approximately RMB34.7 million, representing an increase by approximately 33.0% or approximately RMB8.6 million as compared to approximately RMB26.1 million for the last corresponding period. The increase was mainly due to the incurred of marketing expenses of the games launched on our publication and distribution platforms known as youc.com (優戲網) and menle.com (萌樂網). The selling and distribution expenses as a percentage of our total turnover was approximately 6.9% for the period under review as compared to approximately 6.8% for the last corresponding period.

ADMINISTRATIVE EXPENSES

During the period under review, administrative expenses of the Group was approximately RMB21.5 million, representing an increase by approximately 51.4% or approximately RMB7.3 million as compared to RMB14.2 million for the last corresponding period. The increase was primarily attributable to the increase in office and administrative expenses from the mobile gaming business which was acquired on 27 April 2016.

FINANCE COSTS

During the period under review, finance costs of the Group was approximately RMB16.1 million, representing an increase by approximately 73.1% or approximately RMB6.8 million as compared to RMB9.3 million for the last corresponding period. The increase was mainly because of the new issue of Promissory Note and Convertible Bonds on 20 May 2016.

INCOME TAX EXPENSES

During the period under review, income tax expenses of the Group was approximately RMB15.3 million, representing an increase by approximately 77.9% or approximately RMB6.7 million as compared to RMB8.6 million for the last corresponding period. The Group's effective tax rate was approximately 21.6% for the period under review and 20.0% for the last corresponding period. The packaging PRC operational company continue to enjoy preferential income tax rate of 15% and the mobile gaming PRC operational company is entitled to enjoy preferential income tax treatment of income tax exemption for the first two years when it became profitable, followed by three years preferential income tax rate of 12.5%. The three years' preferential income tax commencing from 1 January 2016.

PROFIT FOR THE PERIOD

As a combined result of the factors discussed above, our profit for the period increased from approximately RMB34.3 million for the last corresponding period by approximately RMB21.1 million or approximately 61.5% to approximately RMB55.4 million for the period under review. Our net profit margin increased from 8.9% for the last corresponding period to 11.0% for the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group maintained in healthy liquidity position with working capital financed by internal resources, bank borrowings, Promissory Notes and Convertible Bonds. As at 30 June 2017, the cash and cash equivalents were approximately RMB341.2 million (31 December 2016: approximately RMB374.3 million) mostly denominated in Renminbi and Hong Kong Dollars. The Group's total borrowings which includes bank borrowings, Promissory Notes and Convertible Bonds amounted to approximately RMB309.2 million (31 December 2016: approximately RMB363.1 million). As at 30 June 2017, approximately 17.1% (31 December 2016: approximately 25.1%) of the total borrowings were denominated in Renminbi and approximately 82.9% (31 December 2016: approximately 74.9%) of the total borrowings were denominated in Hong Kong Dollars. The Group's gearing ratio is calculated as total borrowings, which is the summation of bank borrowings, Promissory Notes and Convertible Bonds, divided by total equity. The gearing ratio of the Group as at 30 June 2017 and 31 December 2016 were approximately 48.6% and approximately 62.6% respectively.

On 20 May 2017, the Promissory Note and Convertible Bonds (“Note and Bonds 2”) issued on 20 May 2016 with principal amount of HK\$120,000,000 and HK\$30,000,000, respectively were extended for one year. The Note and Bonds 2 will be repayable in full by 20 May 2018 and shall be extended for a further term of one year. The Note and Bonds 2 may be redeemed anytime at the option of the Group in whole after 20 April 2017. The Note and Bonds 2 bear a fixed coupon interest rate at 7.5% per annum payable semi-annually.

On 12 August 2016 and 10 April 2017, HK\$20,000,000 and HK\$3,333,333 of Bonds 2 were converted to 26,666,666 and 4,444,443 shares respectively, at a conversion price of HK\$0.75 per share.

On 19 June 2017, the Promissory Note and Convertible Bonds (“Note and Bonds 1”) issued on 19 June 2015 with principal amount of HK\$80,000,000 and HK\$20,000,000, respectively were extended for one year. The Note and Bonds 1 will be repayable in full by 19 June 2018. The Note and Bonds 1 may be redeemed anytime at the option of the Group in whole after 19 May 2016. The Note and Bonds 1 bear a fixed coupon interest rate at 7.5% per annum payable semi-annually.

On 10 April 2017, HK\$6,666,666 of Bonds 1 were converted to 7,843,136 shares at a conversion price of HK\$0.85 per share.

INVENTORIES

As at 30 June 2017, the inventories carried a total worth of approximately RMB30.7 million which was more than the amount of approximately RMB28.1 million as at 31 December 2016. The inventory turnover decreased by 1 day to 18 days compared to 19 days as at 31 December 2016.

TRADE RECEIVABLES

As at 30 June 2017, the trade receivables amounted to approximately RMB206.6 million (31 December 2016: approximately RMB155.3 million). The trade receivables turnover days increased by 1 day to 65 days compared to 64 days as at 31 December 2016.

TRADE PAYABLES

As at 30 June 2017, the trade payables amounted to approximately RMB75.4 million (31 December 2016: approximately RMB78.4 million). The trade payables turnover days decreased by 6 days to 40 days compared to 46 days as at 31 December 2016.

OUTLOOK

Mobile gaming segment

We will continue to leverage on our strong game research and development capability to develop innovative games to engage our players. We will aggressively seek out original games developed by mobile game developers and also provide our game development team with the environment and resources to create popular games. Looking forward to the second half of the year, we have adopted a game launching strategy to accelerate our game launching pace. Accordingly, on 15 July 2017, we launched a third party developed mobile game named “War of Heroes” (天天打魔獸) which is exclusively distributed by us. On 15 August 2017, we continued to launch our first self-developed browser game named “Swordsman” (七絕). Apart from the above-mentioned games, our pipeline includes a number of new games to be launched in later this year.

We believe that, through our dedication and accumulated experience in mobile games, constant innovations and persistence in our player-oriented philosophy, we will certainly be able to achieve our goal of driving higher growth and profitability to the Group.

Packaging segment

The Group will continue to invest further in upgrading the existing production facilities with more advance machinery and equipment to enhance our product quality, production capacity and efficiency in order to cope with the recent development trends in the high end packaging markets. High end consumer products manufacturer requires cartons with high resolution prints or graphics for packaging purposes. These production methods, with precise specifications and lamination requirements, will inevitably involve offset-printing method that would enhance the appeal of the underlying products. With the upgrading of existing facilities, it is expected that our product range will be widen to satisfy the ever changing customers’ need. In May 2017, the Company signed a stone paper product marketing strategic cooperation agreement with Jiang Xi Air Co. Ltd (江西航空有限公司) to provide our stone paper for the use of their packaging and promotion products. The Group expects such partnership to drive the demand for our stone paper products and will demonstrate the quality of our stone paper to provincial-wide user.

Looking ahead, the Group will continue to seek investment and business opportunities with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company.

EMPLOYEES

As at 30 June 2017, the Group had 698 full time employees in total (31 December 2016: 655). The Group remunerates its employees based on their performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees. The package includes salaries, medical insurance, discretionary bonuses, other benefits as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to a shareholders' resolution passed on 13 December 2013 (the "Share Option Scheme") as incentives or rewards to eligible participants who means full-time or part-time employees of our Company or members of our Group, including Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisors, consultants of our Group. The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Share Option Scheme is valid and effective during the period commencing on 13 January 2014 and ending on 12 January 2024, being the date falling 10 years from the date on which the Share Option Scheme becomes unconditional. A summary of the Share Option Scheme is as follows:

Basis of determining the exercise/subscription price

The subscription price for the shares subject for any option under the Share Option Scheme shall be the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share. A total of 80,000,000 share options have been granted under Share Option Scheme since its adoption.

Maximum number of shares

The total number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme must not, in aggregate, exceed 10 percent of the shares in issue as at 12 December 2013 (i.e. 800,000,000 shares) i.e. 80,000,000 shares unless refreshed by the shareholders. However, the Company may not grant any option if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes adopted by the Group from time to time exceeds 30 percent of the shares in issue.

Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the option granted to a participant under the Share Option Scheme in any 12-month period must not exceed one percent of all the shares in issue from time to time unless a further grant to such participant is approved by the shareholders in general meeting.

Time for acceptance of option

A share option will be offered for acceptance for a period of 28 days from the date on which the option is granted.

Amount payable on application or acceptance of option

HK\$1.00

Minimum and maximum period for the holding of a share option before it can be exercised

Unless otherwise determined by the Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of a share option before it can be exercised provided that the period within which the option must be exercised must not be more than 10 years from the date of the grant of the option.

The following table disclosed movements in the Company's share options granted under the Share Option Scheme during the six months ended 30 June 2017:

Name and category of grantee	Date of grant (dd/mm/yy)	Exercisable period (dd/mm/yy)	Exercise price per Share HK\$	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at end of the period
Directors								
Mr. Chen Wei Wei	18/12/14	18/12/14 to 17/12/17	0.65	3,450,000	-	-	-	3,450,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,450,000	-	-	-	3,450,000
Mr. Sun Shao Hua	18/12/14	18/12/14 to 17/12/17	0.65	3,750,000	-	-	-	3,750,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,750,000	-	-	-	3,750,000
Ms. Hu Li Yu (resigned on 18 March 2016)	18/12/14	18/12/14 to 17/12/17	0.65	3,300,000	-	-	-	3,300,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,300,000	-	-	-	3,300,000
				<u>21,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000,000</u>
Other employees	18/12/14	18/12/14 to 17/12/17	0.65	9,500,000	-	-	-	9,500,000
	18/12/14	18/12/15 to 17/12/17	0.65	9,500,000	-	-	-	9,500,000
	24/04/15	24/04/15 to 23/04/18	1.09	20,000,000	-	-	-	20,000,000
	24/04/15	24/04/16 to 23/04/18	1.09	20,000,000	-	-	-	20,000,000
				<u>59,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,000,000</u>
Total of all categories				<u>80,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000,000</u>

EXCHANGE RISK EXPOSURE

The Group mainly operates in the PRC and most of its operating transactions are settled in RMB. Most of its assets and liabilities are denominated in RMB. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group did not adopt formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the period under review.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil) to the shareholders.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group's capital commitments were approximately RMB60.0 million (31 December 2016: approximately RMB61.9 million). All the capital commitments were related to capital contribution payable to subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities or guarantees.

PLEDGE OF ASSETS

As at 30 June 2017, the Group pledged certain assets with a carry value of approximately RMB101.0 million (31 December 2016: approximately RMB151.5 million) as collateral for the Group's bills payable and bank borrowings.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any significant investments, material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company has adopted the Code Provisions in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board confirms that, save as disclosed below, the Company has complied with the CG Code throughout the six months ended 30 June 2017.

The Company is aware of the requirement under paragraph A.2.1 of the CG Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer”. Mr. Chen Wei Wei, the Chairman of the Group, is also responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective Executive Directors and senior management, who are in charge of different functions, complement the role of the Chairman. The Board is of the view that this structure provides the Group with strong and consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies, and ensures the generation of shareholders’ benefits.

The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstance arise.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. Having made specific enquiries, all the Directors confirm that they have complied with the Model Code throughout the period under review.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting and oversee the internal control procedures of the Company. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Ma Yiu Ho, Peter (Chairman), Mr. Liu Da Jin and Mr. Wu Ping.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 have not been audited by the auditor of the Company but have been reviewed by the Audit Committee. The Audit Committee is of the view that the unaudited condensed consolidated results of the Group for the six months ended 30 June 2017 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk under “Latest Listed Company Information” and the designated website of the Company at <http://www.hs-pack.com>. The interim report of the Company for the six months ended 30 June 2017 will be dispatched to the shareholders and be posted on the aforesaid websites in due course.

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

Jiangxi Province, the PRC, 22 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Wei Wei (Chairman), Mr. Sun Shao Hua and Ms. Zheng Li Fang; and the Independent Non-executive Directors of the Company are Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping.