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a metaverse company

A Metaverse Company

一元宇宙公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2024 ANNUAL REPORT AND 2023 ANNUAL REPORT

References are made to the annual reports of the A Metaverse Company (the “**Company**”), and its subsidiaries (collectively with the Company, the “**Group**”) for the year ended 31 December 2024 (the “**2024 Annual Report**”) and for the year ended 31 December 2023 (the “**2023 Annual Report**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the 2024 Annual Report and 2023 Annual Report.

Moore Stephens CPA Limited, currently known as Moore CPA Limited (“**Moore**”) expressed a qualified opinion on the current tax payable amounting to RMB11.3 million and RMB13.3 million for the years ended 31 December 2024 and 2023, respectively, and the income tax expense of RMB nil for the years ended 31 December 2024 and 2023, respectively. The qualified opinion was made on the basis that Moore was unable to obtain sufficient appropriate audit evidence relating to the revenue and profit recognised by the PRC Entities (the “**Audit Issue**”).

The Company would like to provide the following additional information in relation to the Audit Issue of the 2024 Annual Report and 2023 Annual Report to its shareholders and potential investors as follows:

(i) The Action Plans

Reference is made to section headed “The Company’s action plan” (the “**2023 Action Plan**”) on pages 25 to 26 of the 2023 Annual Report. The Company confirms 2023 Action Plan remains ongoing. There is only one PRC entity that remains affected in the permanent differences caused by external objective reasons (the “**PRC Entity**”). The Company intends to sell the equity in this PRC Entity by 31 December 2025, to fully resolve current tax payables and income tax issues, reducing the associated financial impact to zero. To implement this action plan in an orderly manner, the Company has already incorporated a new subsidiary in December 2024 to take over the core business of this PRC Entity, to facilitate the prompt sale of its equity (“**2025 Action Plan**”, collectively with the 2023 Action Plan, the “**Action Plans**”).

The 2025 Action Plan is the final phase of the Company’s comprehensive action plan. The Board is confident it could fully resolve the Audit Issue.

As of the date of this announcement, the Company is in negotiations with two potential investors for the sale of the PRC entity, which remains the only entity affected by permanent differences caused by external objective factors.

(ii) Measures taken by the Company

Although Moore issued a qualified opinion for the fourth consecutive year in the 2024 Annual Report, the Audit Issue was initially raised by Moore in June 2023 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 15 June 2023.

As at the date of this announcement, the execution of the Action Plans has achieved significant results and progress, reducing the current tax payable in the Qualified Opinion from approximately RMB39.5 million in the 2021 Annual Report to RMB11.3 million in the 2024 Annual Report. The measures taken by the Company during the year ended 31 December 2024 and the six months ended 30 June 2025, are as follows:

- in June and December 2024, the Company sold the equity of one PRC entity respectively, reducing the current tax payable by RMB1.1 million;
- by the end of December 2024, the Company received a tax notice from the tax authority requiring a supplementary tax payment of RMB7.3 million, which was fully settled by June 2025, further reducing the current tax payable by RMB7.3 million;
- in June 2025, the Company sold the equity of another PRC Entity, reducing the current tax payable by RMB1.7 million; and
- the Company strengthened internal control measures by setting up alternative roles for relevant financial positions to improve financial data management. Financial data is now backed up and kept in separate locations and maintained in both electronic and paper formats to prevent the recurrence of the inability to completely save financial information and related calculation logic.

For the six months ended 30 June 2025, the current tax payable has been reduced to approximately RMB3.2 million. In this regard, the Board is confident that the current tax payable shall be reduced to zero by the end of 2025 by executing the 2025 Action Plan.

(iii) Causes of the Audit Issue

Reference is made to section headed “The Board’s views on the qualified opinions” on page 25 of the 2023 Annual Report, the Audit Issue arose due to incomplete handovers following the resignation of financial personnel and restrictions imposed by pandemic control measures after Moore’s appointment. The Company was unable to provide complete records and full calculation logic for the profit data generated by the relevant PRC entities for the years ended 31 December 2015 to 31 December 2019 (the “**Information on the Profit Data for 2015 to 2019**”) to Moore.

The Company attempted to contact the departed financial personnel without success and sought support from the previous auditor, but received no effective responses. As a result, the Company could not provide further supporting documentation for the Information on the Profit Data for 2015 to 2019. No similar issues have arisen in audits since the 2021 Annual Report, and thus, the outstanding current tax payable has not increased. Once the current tax payable is reduced to zero, the Audit Issue will be fully resolved.

Given that the Audit Issue spans multiple financial years and involves multiple PRC entities, the Company has been addressing it in stages and phases. Through two years of dedicated efforts, the Company has progressively reduced the current tax payable and targets to reduce the current tax payable to zero by the end of 2025.

(iv) Views of Asian Alliance and the Audit Committee

Reference is made to the announcement of the Company dated on 18 June 2025. Moore has resigned and Asian Alliance (HK) CPA Limited (“**Asian Alliance**”) was appointed as the auditor of the Company with the recommendation of the audit committee of the Company (the “**Audit Committee**”) with effect from 18 June 2025.

On 18 June 2025, the Audit Committee held a teleconference with Asian Alliance to discuss the Audit Issue. Both the Audit Committee and Asian Alliance agree that the Action Plans are effective.

The Audit Committee will closely monitor the progress of the Action Plans and provide regular updates to the Board. The Company will collaborate closely with Asian Alliance to stay informed on developments related to the Audit Issue. Based on the implementation of the 2025 Action Plan, the Company expects to reduce the current tax payable to zero by 31 December 2025.

By order of the Board
A Metaverse Company
LIU Dong
Chairman

Beijing, the PRC, 6 August 2025

As at the date of this announcement, the Board comprises seven Directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan and Mr. HE Han as the executive Directors; and Mr. LAM Kai Yeung, Mr. HUANG Bo and Mr. SONG Dawei as the independent non-executive Directors.