

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.



MICHONG METAVERSE (CHINA) HOLDINGS GROUP LIMITED
米虫元宇宙（中國）控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8645)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 MARCH 2023

The board of directors (the “**Board**”) of Michong Metaverse (China) Holdings Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the nine months ended 31 March 2023. This announcement, containing the full text of the third quarterly report of the Company for the nine months ended 31 March 2023 (the “**2022/2023 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the third quarterly results. Printed version of the 2022/2023 Third Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.metamichong.com in due course.

By Order of the Board

Michong Metaverse (China) Holdings Group Limited
Yu Decai

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 12 May 2023

As at the date of this announcement, the Board comprises Mr. Yu Decai and Mr. Hu Mingdai as Executive Directors; and Mr. Chen Youchun, Mr. Ng Der Sian and Ms. Zheng Li Ping as Independent Non-executive Directors.

*This announcement, for which the directors (the “**Directors**”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the Stock Exchange website at www.hkexnews.hk on the “Latest Listed Company Information” page for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at www.metamichong.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

*This report, for which the directors (the “**Directors**”) of Michong Metaverse (China) Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CONTENTS

Pages

2	Corporate Information
4	Financial Highlights
5	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
7	Condensed Consolidated Statement of Changes in Equity
8	Notes to Condensed Consolidated Financial Statements
20	Management Discussion and Analysis
30	Other Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Decai (*Chairman and Chief Executive Officer*)
Mr. Hu Mingdai

Independent Non-executive Directors

Mr. Chen Youchun
Mr. Ng Der Sian
Ms. Zheng Li Ping

AUDIT COMMITTEE

Mr. Ng Der Sian (*Chairman*)
Mr. Chen Youchun
Ms. Zheng Li Ping

NOMINATION COMMITTEE

Ms. Zheng Li Ping (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

REMUNERATION COMMITTEE

Mr. Chen Youchun (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)
Mr. Yu Decai

COMPLIANCE OFFICER

Mr. Yu Decai

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F, C C Wu Building
302-308 Hennessy Road
Wan Chai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No.25, 25-1 & 25-3, Jalan MH 3
Taman Muzaffar Heights
75450 Ayer Keroh
Melaka, Malaysia

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Room 310-313, Building 7
WISCO High-tech Industrial Parks
No. 5 Maodian Shanzhong Road
East Lake High-tech Development Zone
Wuhan, the PRC

PRINCIPAL BANKERS

Malayan Bank Berhad
14th Floor, Menara Maybank
100 Jalan Tun Perak, 50050
Kuala Lumpur, Malaysia

China Zheshang Bank Co., Ltd
Wuhan Branch
No. 296 Xinhua Road
Jiangnan District
Wuhan, the PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.metamichong.com

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- The Group's revenue for the nine months ended 31 March 2023 amounted to approximately HK\$99,854,000, representing an increase of approximately HK\$24,606,000 or 32.7% as compared with that of the corresponding period in the prior period.
- Gross profit for the nine months ended 31 March 2023 increased by approximately HK\$39,364,000 or 209.8% to approximately HK\$58,123,000.
- Earnings per share of the Company for the nine months ended 31 March 2023 was approximately HK3.52 cents (*Nine months ended 31 March 2022: loss per share of approximately HK4.11 cents*).
- The Directors do not recommend the payment of any dividend for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: Nil*).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)
Revenue	4	33,303	23,798	99,854	75,248
Cost of sales and services		(13,775)	(19,340)	(41,731)	(56,489)
Gross profit		19,528	4,458	58,123	18,759
Other income	5	106	90	350	175
Other gain and losses	6	(156)	227	208	656
Selling expenses		(820)	(19,234)	(3,648)	(20,177)
Administrative and other operating expenses		(13,083)	(11,361)	(32,045)	(24,491)
Finance costs	7	(108)	(105)	(388)	(203)
Share of post-tax loss of associates	8	(404)	–	(404)	–
Profit (Loss) before tax	7	5,063	(25,925)	22,196	(25,281)
Income tax (expenses) credit	9	(1,677)	1,265	(1,177)	72
Profit (Loss) for the period		3,386	(24,660)	21,019	(25,209)
Other comprehensive income (expenses) for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Change in fair value of financial assets at Designated FVOCI	12	59	–	(177)	–
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		52	(542)	1,751	(455)
Other comprehensive income (expenses) for the period		111	(542)	1,574	(455)
Total comprehensive income (expenses) for the period		3,497	(25,202)	22,593	(25,664)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Notes	Three months ended 31 March		Nine months ended 31 March		
	2023	2022	2023	2022	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	
Profit (Loss) for the period attributable to:					
Equity holders of the Company	3,535	(23,560)	21,146	(24,685)	
Non-controlling interests	(149)	(1,100)	(127)	(524)	
	3,386	(24,660)	21,019	(25,209)	
Total comprehensive income (expenses) attributable to:					
Equity holders of the Company	3,649	(24,094)	22,723	(25,137)	
Non-controlling interests	(152)	(1,108)	(130)	(527)	
	3,497	(25,202)	22,593	(25,664)	
Earnings (Loss) per share for profit (loss) attributable to equity holders of the Company					
– Basic and diluted (HK cents)	11	0.59	(3.93)	3.52	(4.11)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2023

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Reserves			Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
				Fair value reserve (Note 12) HK\$'000	Foreign exchange reserve HK\$'000	Accumulated profits (losses) HK\$'000			
At 1 July 2021 (audited) (restated)	6,000	89,085	(31,712)	-	(1,254)	34,960	97,079	411	97,490
Loss for the period	-	-	-	-	-	(24,685)	(24,685)	(524)	(25,209)
Other comprehensive expenses for the period: <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange difference arising on translation of foreign operations	-	-	-	-	(452)	-	(452)	(3)	(455)
Total comprehensive expenses for the period	-	-	-	-	(452)	(24,685)	(25,137)	(527)	(25,664)
At 31 March 2022 (unaudited) (restated)	6,000	89,085	(31,712)	-	(1,706)	10,275	71,942	(116)	71,826
At 1 July 2022 (audited) (restated)	6,000	89,085	(31,712)	-	(4,627)	(3,080)	55,666	243	55,909
Profit (Loss) for the period	-	-	-	-	-	21,146	21,146	(127)	21,019
Other comprehensive (expenses) income for the period: <i>Item that will not be reclassified to profit or loss:</i> Change in fair value of financial assets at Designated FVOCI	-	-	-	(177)	-	-	(177)	-	(177)
<i>Items that may be reclassified subsequently to profit or loss:</i> Exchange difference arising on translation of foreign operations	-	-	-	-	1,754	-	1,754	(9)	1,751
Total comprehensive (expenses) income for the period	-	-	-	(177)	1,754	21,146	22,723	(130)	22,593
At 31 March 2023 (unaudited)	6,000	89,085	(31,712)	(177)	(2,873)	18,066	78,389	113	78,502

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

1. GENERAL INFORMATION

Michong Metaverse (China) Holdings Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018, and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2019 (the “**Listing**”).

The Company is an investment holding company. The Company together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) is principally engaged in rendering of: (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) electronic commerce (“**E-Commerce**”) services.

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this report.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 March 2023 (the “**Consolidated Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Consolidated Financial Statements are presented in Hong Kong Dollars (“**HK\$**”) and all amounts have been rounded to the nearest thousand (“**HK\$’000**”), unless otherwise indicated.

2. BASIS OF PREPARATION (CONTINUED)

Change in presentation currency

Prior to 1 July 2022, Malaysian Ringgit (“**RM**”) was regarded as the presentation currency of the Company and the consolidated financial statements were also presented in RM. Having considered that the Company’s shares (the “**Shares**”) are listed on the Stock Exchange and its stock is traded in HK\$, the Board believes that it is more appropriate to use HK\$ as the presentation currency as it enables the shareholders (the “**Shareholders**”) and potential investors of the Company to have a more accurate picture of the Group’s financial performance. The change in presentation currencies was accounted for in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. Comparative figures have been restated to reflect the change in the Group’s presentation currency.

For the purpose of re-presentation of the consolidated financial statements of the Group from RM to HK\$, the assets and liabilities are translated into HK\$ at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective periods/years. Share capital, share premium and reserves are translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

2. BASIS OF PREPARATION (CONTINUED)

The preparation of the Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

The Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 1 July 2022 and, therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs. They shall be read in conjunction with the audited consolidated financial statement of the Group for the year ended 30 June 2022 included in the annual report of the Company dated 23 September 2022 (the “**Annual Report 2021/2022**”).

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except for changes in accounting policies resulting from adoption of new or revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Consolidated Financial Statements are consistent with the Annual Report 2021/2022.

In the current period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s Consolidated Financial Statements.

Amendments to IAS 16	Proceeds before Intend use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018-2020 Cycle

The new/revised IFRSs does not have any material effect on the amounts reported and/or disclosures set out in the Consolidated Financial Statements.

The Group has not early adopted any new or revised IFRSs that has been issued but not yet effective in the current accounting period.

The Consolidated Financial Statements have not been audited by the Company’s independent auditor but have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and were approved for issue by the Board.

3. SEGMENT INFORMATION

The executive Directors determine its operating segments based on the internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the executive Directors, being identified as the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance based on products and services offered by the Group to the customers. The CODM considers that the operating segments of the Group comprise:

- (i) network support services and network connectivity services; and
- (ii) E-Commerce.

Segment results, which are the measures reported to CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of general administrative expenses incurred by corporate office and income tax.

The Group’s geographical segments regarding revenue is attributed to the segments based on the location where services are provided.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

3. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM of the Company for the reportable segments for the nine months ended 31 March 2023 and 2022 is as follows:

	Network support services and network connectivity services HK\$'000 (Unaudited)	E-Commerce HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Nine months ended 31 March 2023			
Primary geographical markets			
Malaysia	50,273	-	50,273
The PRC	2,156	47,425	49,581
Reportable segment revenue	52,429	47,425	99,854
Reportable segment (loss) profit	(6,743)	35,192	28,449
Nine months ended 31 March 2022 (restated)			
Primary geographical markets			
Malaysia	69,935	-	69,935
The PRC	1,636	3,677	5,313
Reportable segment revenue	71,571	3,677	75,248
Reportable segment loss	(4,285)	(17,951)	(22,236)

Reconciliation of reportable segment results

	Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Reportable segment profit/(loss)	28,449	(22,236)
Unallocated income	127	329
Unallocated expenses	(6,380)	(3,374)
Profit (loss) before tax	22,196	(25,281)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended 31 March 2023

4. REVENUE

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Revenue from contracts with customers within IFRS 15				
Sales of E-Commerce	116	208	464	208
Sales of hardware	1,666	4,060	3,686	23,258
Subscription fee	13,117	3,469	44,794	3,469
Revenue from advertisements	2,167	-	2,167	-
Rendering of services				
- On-site installation of hardware	476	419	995	1,929
- Network management and security services	1,250	267	3,976	3,363
- Network connectivity services	13,128	13,305	39,124	36,803
	31,920	21,728	95,206	69,030
Revenue from other sources				
Revenue from lease of hardware under operating lease with fixed lease payments	1,383	2,070	4,648	6,218
	33,303	23,798	99,854	75,248
Timing of revenue recognition under IFRS 15				
At a point in time	1,782	4,268	4,150	23,466
Over time	30,138	17,460	91,056	45,564
	31,920	21,728	95,206	69,030

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

5. OTHER INCOME

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Interest income from bank deposits	89	47	270	99
Government subsidies (Note)	-	24	44	50
Others	17	19	36	26
	106	90	350	175

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

6. OTHER GAIN AND LOSSES

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Compensation from a supplier	-	139	-	139
(Loss) Gain on disposal of property, plant and equipment	(66)	-	(66)	431
Reversal of impairment loss on trade receivables, net	1	97	140	322
Foreign exchange (loss) gain, net	(91)	(9)	134	(236)
	(156)	227	208	656

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

7. PROFIT (LOSS) BEFORE TAX

This is stated after charging:

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Finance costs				
Interest expenses on interest-bearing borrowings and bank overdrafts	56	69	221	130
Interest expenses on lease liabilities	52	36	167	73
	108	105	388	203
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowances and other benefits in kind	5,734	4,768	16,329	10,244
Contributions to defined contribution plans	570	521	1,746	1,262
	6,304	5,289	18,075	11,506
Other items				
Amortisation of contract costs	268	339	843	1,281
Cost of inventories	867	6,845	2,804	22,457
Depreciation of property, plant and equipment	5,163	5,455	14,405	13,322
Research and development costs (Note)	4,432	1,372	7,341	1,372

Note: Research and development costs recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above.

8. INTEREST IN ASSOCIATES

On 9 January 2023, Goodway Max Limited (“**Goodway Max**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability and wholly-owned by the Company, entered into the share subscription agreements with Million Up Holdings Limited (“**Million Up**”) and Fantastic Adventure Holdings Limited (“**Fantastic Adventure**”), pursuant to which Goodway Max agreed to subscribe for 250 shares from Million Up and 250 shares from Fantastic Adventure at the consideration of HK\$1,100,000 and HK\$1,400,000 respectively (the “**Share Subscription**”). At the same day, Goodway Max also entered into share purchase agreements with United Brilliant Limited for the sale and purchase of shares in Million Up and Fantastic Adventure, pursuant to which Goodway Max agreed to purchase 54 shares in the issued share capital of each of Million Up and Fantastic Adventure at the consideration of HK\$200,000 and HK\$300,000 respectively (the “**Share Purchase**”). Completion of the Share Subscription and the Share Purchase took place immediately after the signing of the respective share subscription agreement and share purchase agreement.

Upon completion of the Share Subscription and the Share Purchase, the shareholding held by the Group represents approximately 34.2% of the total issued share capital of Million Up and Fantastic Adventure respectively. Million Up and Fantastic Adventure are associates of the Company and their results have been equity accounted for. Share of post-tax loss of associates amounting to approximately HK\$404,000 was recognised during the nine months ended 31 March 2023.

For further details of the Share Subscription and the Share Purchase, please refer to the announcement of the Company dated 9 January 2023.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended 31 March 2023

9. INCOME TAX EXPENSES (CREDIT)

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Current tax				
Malaysia Corporate Income Tax ("CIT"):				
Current period	22	(1,379)	41	1,222
Under provision in prior year	-	-	16	-
PRC Enterprise Income Tax ("EIT")				
Current period	2,199	7	2,199	7
	2,221	(1,372)	2,256	1,229
Deferred tax				
Change in temporary differences	(544)	107	(1,079)	(1,301)
Total income tax expenses (credit) for the period	1,677	(1,265)	1,177	(72)

The Group entities established in the Cayman Islands and the BVI are exempted from income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the nine months ended 31 March 2023 and 2022.

Malaysia CIT is calculated at the rate of 24% of the Group's estimated assessable profits arising from Malaysia during the nine months ended 31 March 2023 and 2022. Malaysia incorporated entities with paid-up capital of RM2,500,000 or less enjoy tax rate of 17% on the first RM600,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the nine months ended 31 March 2023 and 2022.

The Group's subsidiaries established in the PRC are subject to the PRC EIT at 25% of the estimated assessable profits for the nine months ended 31 March 2023 and 2022 based on the existing legislation, interpretations and practices in respect thereof. Unused tax losses arising in the PRC, which was brought forward from the year ended 30 June 2022, has been utilised for the nine months ended 31 March 2023.

Deferred tax includes temporary differences arising from the contract costs, contract liabilities, capital allowances and accelerated accounting depreciation.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

10. DIVIDENDS

The Board did not recommend the payment of any dividend for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: Nil*).

11. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for profit (loss) attributable to equity holders of the Company is based on the following information:

	Three months ended 31 March		Nine months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Profit (Loss) for the period attributable to equity holders of the Company, used in basic and diluted earnings (loss) per share calculation	3,535	(23,560)	21,146	(24,685)
	Number of shares		Number of shares	
	2023	2022	2023	2022
Weighted average number of ordinary shares for basic and diluted earnings (loss) per share calculation	600,000,000	600,000,000	600,000,000	600,000,000

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there are no dilutive potential ordinary shares in existence during the nine months ended 31 March 2023 and 2022.

12. FINANCIAL ASSETS AT DESIGNATED FVOCI

On 30 October 2022, the Group purchased a total of approximately 8,353,000 units of XDAG (XDagger), a cryptocurrency, on the cryptocurrency trading platform in open market at an aggregate consideration of approximately HK\$1,000,000 (the “**Investment**”). The Group irrevocably designated the investments in equity securities as financial assets at designated fair value through other comprehensive income (“**Designated FVOCI**”) because these equity securities represent investments that the Group intends to hold for long term for strategic purposes.

At 31 March 2023, the fair value of financial assets at Designated FVOCI is determined on the basis of quoted market price. Change in fair value amounting to approximately HK\$177,000 was recognised as other comprehensive expense during the nine months ended 31 March 2023.

13. EVENT AFTER REPORTING PERIOD

Share Scheme

On 14 April 2023, (i) the adoption of share award scheme of the Company (the “**Share Award Scheme**”); (ii) termination of existing share option scheme of the Company which was approved and adopted by the Shareholders on 11 November 2019; and (iii) the adoption of new share option scheme of the Company (the “**Share Option Scheme**”) have been approved in the extraordinary general meeting of the Company. Details of the Share Award Scheme and the Share Option Scheme have been set out in the circular of the Company dated 15 March 2023.

Establishment of New Subsidiary to Engage in Blockchain Technology Business

In April 2023, the Company has established an indirect wholly-owned subsidiary in Hong Kong, namely Morwin Blockchain Technology Limited (“**Morwin Blockchain Technology**”). The scope of Morwin Blockchain Technology’s principal businesses will include providing global customers with customised solutions on virtual assets trading exchanges, solutions on non-fungible token (“**NFT(s)**”) trading platforms, as well as consulting services and total solutions regarding matters such as metaverse and cryptocurrencies. Details of the establishment and its planned business developments have been set out in the announcement of the Company on 3 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services which, mainly encompass network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) E-Commerce.

The Shares were successfully listed on GEM of the Stock Exchange. The Listing has enhanced the Company's capital strength and reinforcing the resources for future development as in line with the Group's long-term objective in strengthening our position as one of the major players in the information and communication technology in Malaysia has been an important milestone for the Group.

The Group has been actively considering and exploring various opportunities and flexibly change its business strategies to facilitate its business growth. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce, starting from 2022, the Group has kicked off the development of the E-Commerce business in the PRC, starting from our online shopping market, Michong Mall.

In light of recent developments in the virtual assets landscape, on 31 October 2022, the Financial Services and Treasury Bureau of Hong Kong Government issued a Policy Statement on Development of virtual assets in Hong Kong which sets out its vision, approach and future steps to facilitate the development of the virtual assets sector in Hong Kong, and the Securities and Futures Commission of Hong Kong will also be conducting a public consultation on how retail investors may be given a suitable degree of access to virtual assets under the new licensing regime.

In order to seize the business opportunity from the development of virtual assets sector in Hong Kong, we efficiently, flexibly and cautiously formulated a series of business plans to invest in this sector. On 5 December 2022 (after trading hours), Roma (meta) Group Limited (“**Roma**”, a company listed on the Stock Exchange, stock code: 8072) and the Company had entered into a memorandum of understanding (the “**MoU**”) on strategic cooperation so as to bring mutual benefits to each other. Pursuant to the MoU, Roma intends to leverage on the Company’s technical know-how and expertise on development of decentralised blockchain applications to integrate digital technology including blockchain technology into its business and explore cryptocurrency-related business opportunities while the Company intends to leverage on Roma’s corporate consulting, valuation and advisory services, wide spectrum of clients and social impact to promote its growth on the electronic commerce services and development of decentralised blockchain applications. By pooling of Roma and the Company’s competitive advantages, resource and expertise, both parties intend to establish a stable and mutually beneficial partnership on technology development and capturing business opportunities amid the rapid technological advancement. For further details of the MoU, please refer to the announcement of the Company dated 5 December 2022.

On 9 January 2023, the Company invested in Million Up and Fantastic Adventure through the Share Subscription and Share Purchase. Both companies are associates of the Company upon the completion on 9 January 2023. Yuen Meta (International) Securities Limited (“**Yuen Meta Securities**”), the wholly-owned subsidiary of Million Up and Leo Asset Management Limited (“**Leo Asset**”), the wholly-owned subsidiary of Fantastic Adventure follow up closely on development of virtual assets regulatory framework and the application for additional approvals related to virtual assets exchange and management business. As a strategic investor, the Group puts a best effort basis to support Yuen Meta Securities and Leo Asset to develop the virtual assets related business, including the blockchain technology research and marketing support. For further details of the Share Subscription and the Share Purchase, please refer to the announcement of the Company dated 9 January 2023.

E-Commerce Business

Online shopping market in the PRC has experienced rapid growth over the past few years. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce especially the change of consumers' living style from offline to online, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC with the Michong Mall, which is available in "Michong App", Tencent's WeChat official account and WeChat applet. The E-Commerce business contributed approximately HK\$47,425,000 or 47.5% of the total revenue of the Group for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$3,677,000 or 4.9% of the total revenue*).

Michong Mall is an online product sales platform, covering fresh vegetables and fruits, food and beverages, home appliances, beauty accessories and other products. The Michong Mall adopts paying membership policy, our paying members can enjoy special discounts and promotion rebates upon their consumption in the Michong Mall. As at 31 March 2023, the number of registered members of "Michong App" significantly increased to approximately 5,432,000, including approximately 170,000 paying members.

The Group mainly cooperates with domestic E-Commerce product suppliers with longterm industry experience in E-Commerce in the PRC. The competition of the domestic E-Commerce business in the PRC is coming to a head, the Group strives to guarantee and provide the satisfied online shopping experience to our member on the selection of E-Commerce commodities, quality assurance, logistics supply and after-sales service.

In view of the continuous growth of the number of registered members "Michong App", the Group began to expand the advertising business in "Michong App", by playing video advertisements on mobile applications for banking, insurance, and life service industries, etc. During the nine months ended 31 March 2023, the Group recognised revenue from advertisements at approximately HK\$2,167,000 (*Nine months ended 31 March 2022: Nil*).

Network support services and network connectivity services segment

During the nine months ended 31 March 2023, the revenue from Malaysian market decreased by approximately HK\$19,662,000 or 28.1% to approximately HK\$50,273,000 (*Nine months ended 31 March 2022: approximately HK\$69,935,000*), which was mainly due to completion of one-off projects in sales of hardware with significant amount in prior period and the effect of exchange rate. Gross profit margin has dropped to 20.9% during the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately 25.0%*) in the Malaysian market. Over the years, our team in Malaysia has developed more experiences and expertise in the field which make it easier to find and attract target customers, better manage customer relationships, and improve sales team performance. We will devote our best effort to grasp each opportunity, improve revenue, gross profit margin and maintain our market share in Malaysia.

PROSPECT

According to the report from Coinmarketcap.com, the market capitalisation of virtual assets has increased from approximately US\$10.3 billion in 2013 to approximately US\$1,076.6 billion in January 2023, or to approximately 2% of the combined equity market capitalisation of the New York Stock Exchange and NASDAQ. In view of the current development of blockchain technology in the decentralisation of the Internet, the Board is of the opinion that blockchain technology, as well as virtual assets, has the potential to bring about profound changes to the existing financial and technology industries.

With the growth of the E-Commerce business of the Group, we will expand the Group's network of partnership to strengthen our competitive advantage, and continuously improve operational efficiency. In addition, we will continue to make use of technological innovation, and invest in the research and development of the basic construction of the metaverse concept, especially the research and development of blockchain technology, NFT technology and virtual assets, to create the best interest to the Shareholders and contribute to the high-quality development of the digital economy in the PRC.

In April 2023, the Company has established an indirect wholly-owned subsidiary in Hong Kong, namely Morwin Blockchain Technology. The scope of Morwin Blockchain Technology's principal businesses will include providing global customers with customised solutions on virtual assets trading exchanges, solutions on NFTs trading platforms, as well as consulting services and total solutions regarding matters such as metaverse and cryptocurrencies. The Group believes that the operation of Morwin Blockchain Technology will seize the future opportunities, strive to seek the opportunities for investment, development or collaboration in the market, and participate in and promote the development and application of blockchain technology by leveraging on the Company's cumulative advantages in blockchain technology.

With resumption of economic activities in Malaysia in the post COVID-19 pandemic era. We will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies. In the coming years, the Group has aligned the go-to-market strategy in Malaysia.

One of the agendas which stated in Malaysia's Digital Economy Blueprint (the "DEB"), which was launched by Malaysia Prime Minister, is about data and connectivity issues hamper healthcare's digital evolution in Malaysia. This is one of the areas that we need to focus on due to some unequal adoption of high-speed internet access, data storage and security in many areas/healthcare premises in Malaysia. The DEB seeks to set the landscape for Malaysia to become a high-value-added digital economy and net exporter of homegrown technologies and digital solutions and aims to improve the lives of Malaysians through digital advancement and economic growth driven by digital technology. The Group is looking this into strengthening the network support services and network connectivity services segment, grow business opportunity and revenue by providing better solution to help and overcome this issue.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which includes the revenue from sales of hardware, on-site installation of hardware, network management and securities services, and lease of hardware, (ii) network connectivity services and (iii) the E-Commerce business.

Our revenue increased by approximately HK\$24,606,000 or 32.7% from approximately HK\$75,248,000 for the nine months ended 31 March 2022 to approximately HK\$99,854,000 for the nine months ended 31 March 2023. Such increase was mainly attributable to the newly introduction of the E-Commerce business in 2022, which contributed approximately HK\$47,425,000 or 47.5% of the total revenue for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$3,677,000 or 4.9% of the total revenue*), and partially offset by decrease in revenue from sales of hardware by approximately HK\$19,572,000 or approximately 84.2% to approximately HK\$3,686,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$23,258,000*) due to completion of one-off projects with significant amount in prior period.

Cost of sales and services

Our cost of sales and services decreased by approximately HK\$14,758,000 or 26.1% from approximately HK\$56,489,000 for the nine months ended 31 March 2022 to approximately HK\$41,731,000 for the nine months ended 31 March 2023, which was mainly attributable to the decrease in the cost of inventories by approximately HK\$19,653,000 or 87.5% to approximately HK\$2,804,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$22,457,000*), which is in line with the decrease in revenue from sales of hardware.

Gross profit margin

Our gross profit margin increased from approximately 24.9% for the nine months ended 31 March 2022 to approximately 58.2% for the nine months ended 31 March 2023, which was mainly due the introduction of the E-Commerce business, which contributed a relatively higher gross profit margin at approximately 99.0% for the nine months ended 31 March 2023.

Other income

Our other income mainly represented interest income from bank deposits, government subsidies and others. Other income increased by approximately HK\$175,000 or 100.0% from approximately HK\$175,000 for the nine months ended 31 March 2022 to approximately HK\$350,000 for the nine months ended 31 March 2023. Such increase was mainly attributable to the increase in receipt of interest income from bank deposits by approximately HK\$171,000 or 172.7%.

Other gain and losses

Our other gain, net decreased by approximately HK\$448,000 or 68.3% from approximately HK\$656,000 for the nine months ended 31 March 2022 to approximately HK\$208,000 for the nine months ended 31 March 2023. The decrease was attributable to the combined effect of (i) receipt of compensation from a supplier of the E-Commerce business of approximately HK\$139,000 for the nine months ended 31 March 2022 while no such compensation for the nine months ended 31 March 2023; (ii) the recognition of loss on disposal of property, plant and equipment for the nine months ended 31 March 2023 of approximately RM66,000 (*Nine months ended 31 March 2022: gain of approximately HK\$431,000*); (iii) decrease in reversal of impairment loss on trade receivables, net by approximately HK\$182,000 or 59.5%; and (iv) the recognition of foreign exchange gain, net at approximately HK\$134,000 (*Nine months ended 31 March 2022: foreign exchange loss, net at approximately HK\$236,000*).

Selling expenses

Our selling expenses mainly represented (i) marketing fee incurred on promotion of our newly introduced E-Commerce business; (ii) commission to our sales representatives for securing contracts with new and current customers; and (iii) other staff costs for the sales team of the Group.

Selling expenses decreased by approximately HK\$16,529,000 or 81.9% from approximately HK\$20,177,000 for the nine months ended 31 March 2022 to approximately HK\$3,648,000 for the nine months ended 31 March 2023. Such decrease was mainly attributable to the decrease in initial marketing fee incurred on promotion of the E-Commerce business by approximately HK\$17,356,000 or 94.5% to approximately HK\$1,001,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$18,357,000*).

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately HK\$7,554,000 or 30.8% from approximately HK\$24,491,000 for the nine months ended 31 March 2022 to approximately HK\$32,045,000 for the nine months ended 31 March 2023. The increase was mainly due to expansion of the Group's business in the PRC, especially in (i) increase in staff cost for administrative and management personnel (including Directors) by approximately HK\$4,876,000 or 63.2% to approximately HK\$12,590,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$7,714,000*) due to increase in number of employees; (ii) increase in server fee incurred in the research and development activities by approximately HK\$2,746,000 to approximately HK\$2,746,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: Nil*); and (iii) increase in depreciation of property, plant and equipment by approximately HK\$537,000 or 5.4% to approximately HK\$10,441,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$9,904,000*).

Share of post-tax loss of associates

Our share of post-tax loss of associates derived from investments in Million Up and Fantastic Adventures from the Share Subscription and the Share Purchase. Share of post-tax loss of associates amounted to approximately HK\$404,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: Nil*).

Finance costs

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities. Such costs increased by approximately HK\$185,000 or 91.1% from approximately HK\$203,000 for the nine months ended 31 March 2022 to approximately HK\$388,000 for the nine months ended 31 March 2023. The increase was mainly due to (i) increase in interest expenses on interest-bearing borrowings and bank overdrafts by approximately HK\$91,000 or 70.0% to HK\$221,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$130,000*) due to the increase in average balance of bank overdrafts and increase in average effective interest rate during the nine months ended 31 March 2023; and (ii) increase in interest expenses on lease liabilities by approximately HK\$94,000 or 128.8% to HK\$167,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$73,000*) due to the increase in average balance of lease liabilities during the nine months ended 31 March 2023.

Income tax (expenses) credit

Income tax expenses were approximately HK\$1,177,000 for the nine months ended 31 March 2023, as compared to income tax credit of approximately HK\$72,000 for the nine months ended 31 March 2022. The change of income tax was mainly attributable to the combined effect of (i) increase in assessable profits of the PRC subsidiaries during the nine months ended 31 March 2023; (ii) decrease in assessable profits of Malaysian subsidiaries during the nine months ended 31 March 2023; and (iii) decrease in deferred tax credit in relation to the temporary differences arising from the capital allowances and accelerated accounting depreciation, and provision for contract costs and contract liabilities.

Profit (Loss) for the period

Our profit for the period was approximately HK\$21,019,000 for the nine months ended 31 March 2023 as compared to loss of approximately HK\$25,209,000 for the nine months ended 31 March 2022. The turnaround was mainly due to the aggregate effect of increase in revenue and improvement in gross profit margin, decrease in selling expenses and partially offset by the increase in administrative and other operating expenses, as analysed above.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 March 2023, the capital structure of the Group comprised mainly of issued share capital and reserves.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement from time to time.

FOREIGN EXCHANGE EXPOSURE

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any significant contingent liabilities (At 31 March 2022: Nil).

DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 March 2023 (Nine months ended 31 March 2022: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

Save as the Share Subscription and the Share Purchase disclosed under Note 8, and the Investment disclosed under Note 12 to the Consolidated Financial Statements, the Group did not have material acquisitions or disposals of subsidiaries and affiliated companies and significant investments by the Group during the nine months ended 31 March 2023.

Save as disclosed in Note 13 to the Consolidated Financial Statements, there was no significant event of the Group after the reporting period and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of 131 employees (*At 31 March 2022: 121 employees*). The staff costs (including Directors' emoluments) were approximately HK\$18,075,000 for the nine months ended 31 March 2023 (*Nine months ended 31 March 2022: approximately HK\$11,506,000*). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share award under the Share Award Scheme and share options under the Share Option Scheme. Details of the Share Award Scheme and the Share Option Scheme are set out in the paragraph headed "Share Scheme" in the "Other Information" section of this report.

The Group encourages and subsidises employees to enrol and/or participate in development or training courses in support of their career and professional development. The Group also provides inhouse training courses for the personal development of the employees.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *Long position in the ordinary shares of the Company*

Name of Director	Nature of interest and capacity	Number of shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interests in controlled corporations	416,364,000 (L)	69.39%

Notes:

1. The letter “L” demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest Limited (“**Thrive Harvest**”) and Worldtone Riches Investment Limited (“**Worldtone Riches**”). Thrive Harvest is a company incorporated in the BVI, which in turn holds 303,864,000 Shares or approximately 50.64% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 18.75% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at 31 March 2023, none of the Directors nor chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Scheme" below, at no time during the nine months ended 31 March 2023 were rights to acquire benefits by means of the acquisition of shares or underlying shares or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 March 2023, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote all circumstance at general meetings of any member of the Group.

Long Position in the ordinary Shares of the Company

Name	Nature of interest and capacity	Number of Shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interest in a controlled corporation	416,364,000(L)	69.39%
Thrive Harvest (Note 2)	Beneficial owner	303,864,000(L)	50.64%
Worldtone Riches (Note 2)	Beneficial owner	112,500,000(L)	18.75%
Wuhan Jiayou (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Shenzhen Huitong (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Garden Wealth (Note 3)	Beneficial owner	33,750,000(L)	5.625%

Notes:

1. The letter “L” demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.
3. 100% equity interest of Garden Wealth Limited (“**Garden Wealth**”) is owned by Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)* (“**Shenzhen Huitong**”) and 97% equity interest of Shenzhen Huitong is owned by Wuhan Jiayou Information Technology Co., Ltd.* (“**Wuhan Jiayou**”). Therefore, Wuhan Jiayou and Shenzhen Huitong are deemed, or taken to be, interested in the Shares held by Garden Wealth for the purpose of the SFO.

* *for identification purpose only*

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin (“ Ms. Fathim ”)	30%

Note:

Ms. Fathim is one of the members of the Group’s senior management.

Save as disclosed above, as at 31 March 2023, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE SCHEME

On 14 April 2023, (i) the adoption of the Share Award Scheme, (ii) termination of existing share option scheme of the Company which was approved and adopted by the Shareholders on 11 November 2019; and (iii) the adoption of the Share Option Scheme have been approved in the extraordinary general meeting of the Company. Details of the Share Award Scheme and the Share Option Scheme have been set out in the circular of the Company dated 15 March 2023.

During the nine months ended 31 March 2023, no share award and share option had been granted, exercised, lapsed or cancelled pursuant to the Share Award Scheme and the Share Option Scheme, respectively. There was no share award and share option outstanding as at 31 March 2023.

AUDIT COMMITTEE

As at 31 March 2023, the Audit Committee has three members comprising three Independent Non-executive Directors, namely Mr. Ng Der Sian (Chairman), Mr. Chen Youchun and Ms. Zheng Li Ping. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial, internal controls and risk management systems, accounting policies and practices with management and external auditors; to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; and to review the Company's compliance with the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls, risk management systems and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated financial results of the Group for the nine months ended 31 March 2023 and this report and is of the opinion that the preparation of such statements compiled with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices follow the principles and code provisions as set out in the CG Code in Appendix 15 of the GEM Listing Rules. The Company has adopted and complied with, where applicable, the CG Code during the nine months ended 31 March 2023 to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Mr. Yu is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"). As Mr. Yu has more than 10 years of experience in technologies, media and telecommunications sector, corporate strategic management, project management, investment business and fund management, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Mr. Yu acting as both the Chairman and the Chief Executive Officer for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the current structure of vesting rights of the Chairman and the Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the "**Required Standard of Dealings**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings during the nine months ended 31 March 2023.

OTHER INFORMATION

COMPETING INTERESTS

During the nine months ended 31 March 2023, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

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

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 March 2023.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our Shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board

Michong Metaverse (China) Holdings Group Limited
Yu Decai

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 12 May 2023

As at the date of this report, the Board comprises Mr. Yu Decai and Mr. Hu Mingdai as Executive Directors; and Mr. Chen Youchun, Mr. Ng Der Sian and Ms. Zheng Li Ping as Independent Non-executive Directors.

Website: <http://www.metamichong.com>