

MOG Digitech Holdings Limited
馬可數字科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1942



INTERIM REPORT
2024



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Deng Zhihua (*Chairman and Co-CEO*)
Mr. Chen Yongzhong (*Co-CEO*)
(appointed on 12 July 2024)
Ms. Tang Tsz Yuet
Mr. Zhou Yue

Independent Non-Executive Directors

Mr. Yau Tung Shing
Mr. Gao Hongxiang
Ms. Chen Wen (appointed on 5 August 2024)
Ms. Jiao Jie (resigned on 5 August 2024)

AUDIT COMMITTEE

Mr. Gao Hongxiang (*Chairman*)
(appointed as chairman on 31 May 2024)
Mr. Yau Tung Shing
(ceased as chairman on 31 May 2024)
Ms. Chen Wen (appointed on 5 August 2024)
Ms. Jiao Jie (resigned on 5 August 2024)

REMUNERATION COMMITTEE

Mr. Gao Hongxiang (*Chairman*)
Mr. Deng Zhihua
Mr. Yau Tung Shing

NOMINATION COMMITTEE

Mr. Deng Zhihua (*Chairman*)
Mr. Yau Tung Shing
Mr. Gao Hongxiang

AUTHORIZED REPRESENTATIVES

Mr. Deng Zhihua
Ms. Tang Tsz Yuet

COMPANY SECRETARY

Mr. Yu Wan Hei

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants, Hong Kong
Level 23, YF Life Tower
33 Lockhart Road
Wan Chai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 201, 2nd Floor
Tower 2, Hengye Plaza
No. 1666 Ziyu Road
Chaoyang New City
Xihu District
Nanchang City
Jiangxi Province
China

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. 1-2, 2nd Floor
Jalan Kajang Indah 1
Taman Kajang Indah
Sg Chua, 43000 Kajang
Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1102, 11/F
29 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
17th Floor, Menara CIMB
No. 1 Jalan Stesen Sentral 2
Kuala Lumpur Sentral 50470
Kuala Lumpur
Malaysia

Maybank
Ground & Mezzanine Floor
No. 28-30, Jalan Tukang
43000 Kajang
Selangor
Malaysia

STOCK CODE

1942

WEBSITE

<http://www.mogglobal.com>



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW AND FUTURE PROSPECTS

During the period under review, economic growth has slowed due to the sluggish recovery of the global economy, trade protectionism, and geopolitical tensions. High inflation in the world's major economies, rising interest rates in related currencies, and prevailing tepid consumer sentiment have all contributed to a market recovery that fell short of expectations. In this context, the Group experienced an impact from the gradual economic recovery, evidenced by (i) a reduction in sales volume of the digital retail payment solutions trading business due to the Group's strategic shift in business direction, resulting in a significant decrease in revenue, and (ii) diminished revenue from the Group's financing services due to heightened credit risks associated with lending to the wholesale and retail trading sector. Consequently, the Group recorded a decrease in revenue for the six months ended 30 June 2024 (the "**Reporting Period**").

To mitigate business risks and optimize returns for its shareholders, the Group is dedicated to broadening its revenue streams by pursuing promising opportunities within its existing businesses or potential new sectors. The Group seeks to enhance its insurance intermediary service as a key component of its strategic business plan and is prepared to make substantial investments in developing a proprietary technology platform tailored to its precise business requirements. Specifically, the Group plans to expand its services beyond acting as a settlement process agent by transitioning into a platform service provider. Its objective is to offer insurance clients a seamless transaction experience through the platform, providing a suite of client services, including product selection and recommendations, online underwriting assistance, online completion of insurance purchases, and policy management.

With this innovative platform, the Group will be well-positioned to broker insurance products to clients through insurance agents and expand its market to a wider range of insurance clients through strategic business partnerships. In addition to its insurtech business, the Group is dedicated to diversifying and expanding its scope by exploring diverse digital Fintech platform, such as biometric verification artificial intelligence financial data services. The Board possesses confidence in the Group's ability to maintain a competitive and sustainable business model focused on the specialized yet extensive insurance and digital market segment. With a steadfast commitment to expanding its market share, the Group is optimistic about the substantial growth potential within this market segment.

Moreover, the Board believes that the current intensive operational model of its optical retail business must align with the Group's forward-looking strategy of asset-light and service-oriented operations. As part of its commitment to breaking away from traditional operational models, the Group emphasizes the potential of a franchise operational approach. Furthermore, the Group aims to revamp certain underperforming brand operations within its optical business. Lastly, during the second half of the year, the Group will review its business operations and diligently monitor market conditions to optimize returns for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue, gross profit and profit before taxation of approximately RMB613.4 million, RMB87.5 million and RMB7.3 million, respectively, representing a decrease of approximately 30.0%, 65.9% and 88.6%, respectively, as compared to the same for the six months ended 30 June 2023 (the “**Corresponding Period**”). Out of the Group’s total revenue of approximately RMB613.4 million, each of the revenue generated from the PRC and Malaysia contributed approximately RMB527.6 million (for the Corresponding Period: approximately RMB786.4 million) and approximately RMB85.8 million (for the Corresponding Period: RMB89.9 million), representing approximately 86.0% (for the Corresponding Period: approximately 89.7%) and approximately 14.0% (for the Corresponding Period: approximately 10.3%) of the Group’s total revenue, respectively. The decline in revenue is mainly due to the decrease in revenue generated from the digital retail payment solutions trading business due to (i) the decline in sales volume of the digital retail payment solutions trading business, stemming from the Group’s strategic shift in business direction, resulting in a significant decrease in revenue; and (ii) the decrease in revenue generated from the Group’s financing services due to heightened credit risks associated with lending to the wholesale and retail trading sector.

Other income and other gains

The Group’s other income and other gains decreased by approximately RMB1.1 million or approximately 27.5% from approximately RMB3.9 million for the Corresponding Period to approximately RMB2.8 million for the Reporting Period. The decrease was mainly due to the decrease of loan interest income.

Gross profit and gross profit margin

The Group’s gross profit decreased by approximately RMB168.9 million or approximately 65.9% from approximately RMB256.4 million for the Corresponding Period to approximately RMB87.5 million for the Reporting Period. Such decrease was mainly contributed by the decrease in the Group’s revenue from the digital payment solutions related business in the PRC. The Group’s gross profit margin decreased from approximately 29.3% for the Corresponding Period to approximately 14.3% for the Reporting Period, primarily due to the reduction in the revenue of financing services which has a higher gross profit margin.

Selling and distribution costs

The Group’s selling and distribution costs decreased by approximately RMB113.9 million or approximately 69.0% from approximately RMB165.1 million for the Corresponding Period to approximately RMB51.2 million for the Reporting Period, which is due to the decline in the volume of the digital payment solutions related business of the Group in the PRC.

Administrative expenses

The Group’s administrative expenses increased by approximately RMB8.4 million or approximately 41.2% from approximately RMB20.4 million for the Corresponding Period to approximately RMB28.9 million for the Reporting Period, primarily due to the increase in research and development expenses and professional fee of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs decreased by approximately RMB1.6 million or approximately 69.4% from approximately RMB2.2 million for the Corresponding Period to approximately RMB0.7 million for the Reporting Period, primarily attributable to the significant decrease in the interest incurred from the interest-bearing borrowings in the Reporting Period.

Income tax expense

The Group's income tax expense slightly decreased by approximately RMB0.4 million or approximately 9.8% from approximately RMB4.4 million for the Corresponding Period to approximately RMB3.9 million for the Reporting Period despite the Group incurred a reduction in profit from the Reporting Period. The slightly decrease mainly due to there are no assessable profits in or derived from the business in the PRC and the taxable profit derived from the business in Malaysia is decreased.

Net profit for the period

The Group's net profit decreased by approximately RMB56.5 million or approximately 94.3% from approximately RMB59.9 million for the Corresponding Period to approximately RMB3.4 million, primarily attributable to the decrease in revenue from the digital payment solutions related business in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial resources

The Group generally finances its operations with internally generated funds, facilities and fund raised from issuing shares. As at 30 June 2024, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RMB92.1 million (31 December 2023: approximately RMB79.0 million). As at 30 June 2024, approximately 14.4% (31 December 2023: approximately 42.4%) was denominated in RMB, approximately 34.6% (31 December 2023: approximately 52.6%) was denominated in Malaysian Ringgit ("RM"), approximately 50.1% (31 December 2023: approximately 0.5%) was denominated in Hong Kong dollar ("HKD") and approximately 0.9% (31 December 2023: approximately 4.5%) was denominated in United States dollar ("USD").

Banking facilities and lease facilities

As at 30 June 2024, the Group had interest-bearing borrowings of approximately RMB15.5 million (31 December 2023: approximately RMB12.0 million). The Group's interest-bearing borrowings carried weighted average effective interest rates of approximately 4.22% (31 December 2023: approximately 4.12%) per annum. The carrying amount of the interest-bearing borrowings was denominated in RMB.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 30 June 2024 was approximately RMB16.8 million (31 December 2023: approximately RMB26.8 million), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group as at 30 June 2024 was approximately 3.56% (31 December 2023: approximately 3.56%) per annum.

Capital structure

As at 30 June 2024, the Group's total equity and liabilities amounted to approximately RMB688.7 million and approximately RMB130.2 million respectively (31 December 2023: approximately RMB556.4 million and approximately RMB134.2 million respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

The Group's gearing ratio was approximately 0.05 times (31 December 2023: approximately 0.07 times) and remains low.

Current ratio

The Group's current ratio was improved from approximately 3.41 times for the Corresponding Period to approximately 4.07 times.

Pledge of assets

As at 30 June 2024, fixed deposits with licensed banks of approximately RMB2.2 million (31 December 2023: approximately RMB2.2 million) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 30 June 2024.

Capital commitments

The Group did not have any material commitments as at 30 June 2024 (31 December 2023: Nil).

Contingent liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

Employees and remuneration policies

It is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the Reporting Period, the Group incurred staff costs of approximately RMB31.6 million (for the Corresponding Period: approximately RMB30.3 million). As at 30 June 2024, the Group had a total of 404 employees (31 December 2023: 464 employees) among whom 81 (31 December 2023: 73) were based in PRC and 323 (31 December 2023: 391) were based in Malaysia.

Foreign currency exposure

Save for certain bank balances were denominated in RM, HKD, Singapore dollar and USD, the Group has minimal exposure to foreign currency risk. During the Reporting Period, the Group operated with most of its transaction denominated in RMB, RM and HKD, there is no significant currency mismatch in its operational cashflow and the Group is not exposed to any significant foreign currency exchange risk in operations. The Group currently does not have a hedging policy in respect of foreign currency transactions, assets and liabilities. The management monitors the foreign currency exposure from time to time and will consider hedging significant foreign currency exposure should the need arise.

Significant investment held

As at 30 June 2024, the Group did not hold any significant investments (31 December 2023: Nil).

Material acquisitions or disposals

Save as disclosed in this report, the Group did not have any material acquisition or disposals of subsidiaries or associated companies during the Reporting Period.

DIVIDENDS

The Board did not recommend the payment of interim dividend for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 April 2020 (the “**Listing**”) with a total of 500,000,000 offer shares issued based on the final offer price of HKD1.00 per offer share, the aggregate net proceeds, after deducting the related underwriting fee, incentive and estimated expenses paid and payable by the Company in relation to the Listing, received by the Company were approximately HKD91.1 million or approximately RM50.3 million (based on exchange rate of RM0.5517:HKD1). There was no change in the intended use of net proceeds as previously disclosed in the prospectus of the Company dated 28 March 2020 (the “**Prospectus**”). As at 30 June 2023, the net proceeds had been utilised as follows:

	Intended use of net proceeds RM million	Amount unutilised as at 31 December 2023 RM million	Amount utilised during the six months ended 30 June 2024 RM million	Amount unutilised as at 30 June 2024 RM million	Expected time frame for utilisation (Note 2)
Set up 36 self-owned retail stores (Note 1)	28.1	22.1	–	22.1	31 March 2025
Upgrade and renovate 25 self-owned retail stores	5.1	2.6	0.7	1.9	31 March 2025
Promote recognition of the Group’s 11 retail brands and to further market the Group’s Own Brands optical products	4.7	1.2	0.7	0.5	31 March 2025
Develop optical lab for the production of lenses	5.5	5.5	–	5.5	30 September 2025
Upgrade the Group’s information technology systems and acquire an RMS and upgrade its POS systems	4.3	2.2	0.1	2.1	31 March 2025
General working capital	2.6	–	–	–	Fully utilised
Total	50.3	33.6	1.5	32.1	

Notes:

- In view of the uncertainty of the current market condition, there was a delay in the time frame for the opening of the retail stores at this point in time. For the Reporting Period, the Group has not set up retail stores.
- In view of the uncertainty of the current market condition, there has been a delay in the utilisation of the net proceeds than the planned schedule of utilisation as disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM32.1 million in accordance with the section headed “Future Plan and Use of Proceeds” in the Prospectus.
- As at the date of this report, the unutilised net proceeds from the Listing were placed in interest-bearing deposits with authorised financial institutions or licensed banks.

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed above, the actual application of the net proceeds was slower than expected and such delay was mainly due to the current market condition, which has caused obstacles, closures and movement restrictions to the retail industry to a very large extent. The Group strives to minimise the impact on its operation caused thereby and has adopted a prudent approach for utilising the net proceeds effectively and efficiently for the long term benefit and development of the Group, which is in the interest of the shareholders and the Group.

Please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus for details.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

References are made to the announcements of the Company dated 24 January 2024 and 14 February 2024, respectively in relation to the allotment and issue of 129,366,561 new shares of the Company to not less than six places at the placing price of HK\$1.14 per placing share (the “Placing”).

The net proceeds from the Placing were approximately HK\$145.94 million. As at 30 June 2024, the net proceeds from the Placing had been applied as follows:

	Intended use of net proceeds HK\$'000	Amount utilised up to 30 June 2024 HK\$'000	Amount unutilised as at 30 June 2024 HK\$'000 (Note)
Any investment opportunities in payment related business as identified by the Group from time to time	72,970	70,000	2,970
Repayment of part of the Group's current debt	29,190	–	29,190
General working capital of the Group	43,780	31,500	12,280
Total	145,940	101,500	44,440

Note:

For the unutilised net proceeds from the Placing up to 30 June 2024, the Company intends to use them for the same intended purposes as previously planned. The Company has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. The Board estimated that the time for utilising the remaining unutilised net proceeds by 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 July 2024, the Company entered into an agreement (the “**Acquisition Agreement**”) with an independent third party for the sale and purchase of the entire issued share capital in and the assignment of the shareholder’s loan of Azure Sea Global Limited (“**Azure Sea**”). Azure Sea is a company incorporated in Hong Kong with limited liability and is a registered money lender holding a valid money lenders licence (Money Lenders Register No: 5642) under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Since all applicable percentage ratios (as defined under the Listing Rules) for this acquisition are below 5%, the acquisition of Azure Sea is not subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”). As of the date of this report, the conditions precedent under the Acquisition Agreement have not yet been fulfilled, and therefore, the acquisition of Azure Sea remains incomplete.
- (b) On 9 July 2024, a wholly owned subsidiary of the Company entered into a disposal agreement (the “**Disposal Agreement**”) with an independent third party for the disposal of certain trademarks together with the goodwill attached with the trademarks. Since all applicable percentage ratios (as defined under the Listing Rules) for this disposal are below 5%, the disposal is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As of the date of this report, the conditions precedent under the Disposal Agreement have been fulfilled, and therefore, the disposal is completed.
- (c) On 18 July 2024, the Company entered into a placing agreement with a placing agent (the “**Placing Agent**”), pursuant to which the Company agreed to place through the Placing Agent up to a maximum of 155,230,000 placing shares (the “**Placing Share(s)**”) at a placing price of HK\$0.88 per Placing Share on a best effort basis. The Placing Shares will be allotted and issued by the Company to the placee(s) under the general mandate granted at the annual general meeting of the Company held on 27 June 2024. On 8 August 2024, the Company and the Placing Agent entered into the first side letter to extend the long stop date of the placing agreement to 23 August 2024. On 23 August 2024, the Company and the Placing Agent entered into the second side letter to further extend the long stop date of the placing agreement to 13 September 2024 and revise the placing price to HK\$0.7 per Placing Share. For details, please refer to the Company’s announcements dated 18 July 2024, 8 August 2024 and 23 August 2024 respectively.

By Order of the Board
MOG Digitech Holdings Limited
Zhou Yue
Executive Director

Hong Kong, 30 August 2024

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, during the Reporting Period, complied with the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules released by the Stock Exchange, except stated below.

The chairman of the Company, Mr. Deng Zihua (“**Mr. Deng**”), is responsible for the overall strategic planning and corporate policies as well as overseeing the operation of the Group. Mr. Deng, as the co-chief executive officer of the Company, is also responsible for the overall management and operation in the PRC. Mr. Chen Yongzhong (“**Mr. Chen**”), as the co-chief executive officer of the Company, is responsible for the management and operation of the Group’s insurance and financial technology related businesses. Datin Low Lay Choo (“**Datin Low**”), as the co-chief executive officer of the Company, is responsible for the overall management and operation in Malaysia.

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board believes that Mr. Deng has demonstrated suitable management and leadership capabilities along with his thorough understanding of the Group’s business and strategy as from his appointment as the executive director, vesting the roles of both the chairman and the co-chief executive officer of the Company, Mr. Deng can facilitate and ensure a smooth and continuous execution of the Group’s business strategies and boost effectiveness of its operation. Also, Mr. Deng will be fully responsible for the reporting of all the PRC operations and financial matters to both the Board and regulators in Hong Kong while Mr. Chen will be fully responsible for the same on the Group’s insurance and financial technology related businesses and Datin Low will be fully responsible for the same on the businesses in Malaysia, therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The terms of reference of the audit committee of the Company (the “**Audit Committee**”) are in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include but are not limited to, make recommendation to the Board on the appointment, re-appointment and removal of the external auditor; and to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s financial reporting, internal control procedure, risk management processes and external audit functions, and corporate governance responsibilities.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Gao Hongxiang, Mr. Yau Tung Shing and Ms. Chen Wen. The chairman of the Audit Committee is Mr. Gao Hongxiang. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the Reporting Period.



CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors or the chief executives of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions 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 were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Details of share option scheme are set out in Note 19 to the condensed consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2024, the Company has not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept pursuant to section 336 of the SFO.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed elsewhere in this interim report, there were no other change to the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	4	613,426	876,323
Cost of sales		(525,956)	(619,925)
Gross profit		87,470	256,398
Other income and other gains, net	5	2,811	3,879
Selling and distribution costs		(51,243)	(165,142)
Administrative expenses		(28,860)	(20,444)
Provision for impairment loss on loan, trade and other receivables		(3,233)	(8,923)
Finance costs	6	(687)	(2,244)
Share of results of associates	12	1,084	765
Profit before tax	6	7,342	64,289
Income tax expense	7	(3,944)	(4,374)
Profit for the period		3,398	59,915
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		2,043	18,714
Fair value change of financial assets at fair value through other comprehensive income		714	–
		2,757	18,714
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(322)	(15,759)
Other comprehensive income for the period		2,435	2,955
Total comprehensive income for the period		5,833	62,870

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		1,339	40,899
Non-controlling interests		2,059	19,016
		3,398	59,915
Total comprehensive income attributable to:			
Owners of the Company		3,818	46,021
Non-controlling interests		2,015	16,849
		5,833	62,870
Earnings per share attributable to owners of the Company			
Basic and diluted (RMB)	8	0.002	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Non-current assets			
Investment properties		1,768	1,801
Right-of-use assets	10	16,822	26,585
Plant and equipment	11	78,128	17,280
Investment in associates	12	114,570	113,530
Intangible assets		59,845	63,603
Goodwill		83,847	83,847
Financial assets at fair value through other comprehensive income	13	3,929	2,369
Other receivables	14	21,901	21,763
Deferred tax assets		728	1,044
		381,538	331,822
Current assets			
Inventories		34,791	35,829
Trade and other receivables	14	275,570	212,648
Fixed deposits with licensed banks		30,854	26,830
Bank balances and cash		92,094	78,968
Tax recoverable		4,075	4,424
		437,384	358,699
Current liabilities			
Trade and other payables	15	82,160	78,341
Interest-bearing borrowings	16	15,496	12,043
Lease liabilities	17	9,893	14,933
Tax payable		–	11
		107,549	105,328
Net current assets		329,835	253,371
Total assets less current liabilities		711,373	585,193

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Non-current liabilities			
Lease liabilities	17	6,873	11,826
Provisions		810	1,105
Deferred tax liabilities		14,961	15,901
		22,644	28,832
NET ASSETS		688,729	556,361
Capital and reserves			
Share capital	18	6,962	5,771
Reserves		665,545	528,366
Equity attributable to owners of the Company		672,507	534,137
Non-controlling interests		16,222	22,224
TOTAL EQUITY		688,729	556,361

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 18)	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Reserves				Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
					Exchange reserve RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000			
At 1 January 2023 (audited)	5,351	351,580	(10,923)	64	(1,958)	41,897	209	88,432	474,652	11,081	485,733
Profit for the period	-	-	-	-	-	-	-	40,899	40,899	19,016	59,915
Other comprehensive income											
<i>Item that will not be reclassified to profit or loss:</i>											
Exchange differences on translation of the Company's financial statements to presentation currency	-	-	-	-	18,714	-	-	-	18,714	-	18,714
<i>Item that may be reclassified subsequently to profit or loss:</i>											
Exchange differences on consolidation	-	-	-	-	(13,592)	-	-	-	(13,592)	(2,167)	(15,759)
Other comprehensive income for the period	-	-	-	-	5,122	-	-	-	5,122	(2,167)	2,955
Total comprehensive income for the period	-	-	-	-	5,122	-	-	40,899	46,021	16,849	62,870
Transactions with owners:											
<i>Contributions and distributions</i>											
Newly incorporated non-controlling interests	-	-	-	-	-	-	-	-	-	100	100
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	25,500	25,500
Dividend	-	-	-	-	-	-	-	-	-	(1,004)	(1,004)
Disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	(230)	(230)
Shares issued under exercising of share options	420	169,386	-	-	-	(41,897)	-	-	127,909	-	127,909
Total transactions with owners	420	169,386	-	-	-	(41,897)	-	-	127,909	24,366	152,275
At 30 June 2023 (unaudited)	5,771	520,966	(10,923)	64	3,164	-	209	129,331	648,582	52,296	700,878

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	Reserves								Total RMB'000			
	Share capital RMB'000 (Note 18)	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000				
At 1 January 2024 (audited)	5,771	520,966	(10,923)	64	(1,147)	6,389	149	12,868	534,137	22,224	556,361	
Profit for the period	-	-	-	-	-	-	-	1,339	1,339	2,059	3,398	
Other comprehensive income												
<i>Item that will not be reclassified to profit or loss:</i>												
Exchange differences on translation of the Company's financial statements to presentation currency	-	-	-	-	-	2,043	-	-	2,043	-	2,043	
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	-	714	-	-	-	714	-	714	
<i>Item that may be reclassified subsequently to profit or loss:</i>												
Exchange differences on consolidation	-	-	-	-	-	(278)	-	-	(278)	(44)	(322)	
Other comprehensive income for the period	-	-	-	-	714	1,765	-	-	2,479	(44)	2,435	
Total comprehensive income for the period	-	-	-	-	714	1,765	-	-	3,818	2,015	5,833	
Transactions with owners:												
<i>Contributions and distributions</i>												
Acquisition of non-controlling interests	-	-	-	-	-	-	204	-	204	(488)	(284)	
Dividend	-	-	-	-	-	-	-	-	-	(1,875)	(1,875)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(5,654)	(5,654)	
Shares issued under placing	1,191	133,157	-	-	-	-	-	-	134,348	-	134,348	
Total transactions with owners	1,191	133,157	-	-	-	-	204	-	134,552	(8,017)	126,535	
At 30 June 2024 (unaudited)	6,962	654,123	(10,923)	64	(433)	8,154	353	14,207	672,507	16,222	688,729	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
OPERATING ACTIVITIES		
Profit before tax	7,342	64,289
Adjustments for:		
Bank interest income	(903)	(348)
Depreciation of plant and equipment	2,433	1,713
Depreciation of investment properties	32	49
Depreciation of right-of-use assets	7,385	7,936
Amortisation of intangible assets	3,758	3,882
Gain on termination of lease	–	(2)
Provision for impairment loss on trade receivables	708	1,849
Provision for impairment loss on other receivables	1,802	5,909
Provision for impairment loss on loan receivables	723	1,165
Finance costs	687	2,244
Gain on disposal of plant and equipment, net	(86)	(30)
Loss on disposal of subsidiaries	48	–
Gain on disposal of an associate	(271)	–
Reversal of write down of inventories	(319)	(118)
Write-off of plant and equipment	156	6
Share of results of associates	(1,084)	(765)
Operating cash inflows before movements in working capital	22,411	87,779
Changes in working capital:		
Inventories	(4,355)	(2,493)
Trade and other receivables	(37,239)	(155,730)
Amount due from an associate	1,068	(1,181)
Trade and other payables	12,229	43,396
Provisions	(24)	(2)
Cash used in operations	(5,910)	(28,231)
Income tax paid	(4,907)	(4,375)
Net cash used in operating activities	(10,817)	(32,606)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
INVESTING ACTIVITIES		
Interest received	903	348
Increase in fixed deposits with licensed banks	(4,008)	(13,951)
Purchase of plant and equipment	(2,066)	(3,891)
Purchase of intangible assets	–	(1,230)
Addition of right-of-use assets	–	(139)
Proceeds from loan receivable	(31,728)	(43,524)
Purchase of financial assets at fair value through other comprehensive income	(835)	–
Acquisition of a subsidiary, net of cash acquired	(65,059)	907
Acquisition of investment in associates	–	(106,489)
Proceeds from disposal of an associate	315	–
Proceeds from disposal of plant and equipment	248	44
Net cash outflow on disposal of subsidiaries	(2,878)	–
Net cash used in investing activities	(105,108)	(167,925)
FINANCING ACTIVITIES		
Proceeds from interest-bearing borrowings	6,510	50,621
Repayment of interest-bearing borrowings	(3,057)	(721)
Repayment of lease liabilities	(7,653)	(8,242)
Dividends paid to non-controlling interests	(1,875)	(1,004)
Interest paid	(687)	(1,760)
Advance from a director	183	–
Net decrease of non-controlling interests without change of control	(284)	(130)
Proceeds from issuance of shares under exercising of share option	–	127,909
Proceeds from issuance of shares under placing	134,348	–
Net cash generated from financing activities	127,485	166,673
Net increase/(decrease) in cash and cash equivalents	11,560	(33,858)
Cash and cash equivalents at the beginning of the period	78,968	68,021
Effect on exchange rate changes	1,566	3,120
Cash and cash equivalents at the end of the period, represented by bank balances and cash	92,094	37,283

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

MOG Digitech Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing**”). The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group’s headquarter is situated at Room 201, 2nd Floor, Tower 2, Hengye Plaza, No. 1666 Ziyu Road, Chaoyang New City, Xihu District, Nanchang City, Jiangxi Province, the People’s Republic of China (the “**PRC**”). The Company’s principal place of business in Hong Kong is situated at Unit 1102, 11/F, 29 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in digital payment solutions related business, e-commerce and financing services in the PRC, optical product retail, and franchise and license management in Malaysia.

The unaudited condensed consolidated financial information are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “*Interim Financial Reporting*” issued by International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”).

In preparing the Interim Financial Statements, significant judgements made by the management of the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2023 Financial Statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principal accounting policies

The measurement basis used in the preparation of the Interim Financial Statements is historical cost.

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2023 Financial Statements.

The adoption of the new/revised IFRSs which are relevant to the Group and effective for the current period does not have any significant impact on the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (1) Digital payment solutions related business;
- (2) Optical product retail;
- (3) Franchise and license management;
- (4) E-commerce; and
- (5) Financing services.

Segment revenue and results

Segment revenue represents revenue derived from digital payment solutions related business, optical product retail, franchise and license management, e-commerce and financing services.

Segment results represent the profit before tax reported by each segment without allocation of other income and administrative expenses reported by corporate office, finance costs, provision for impairment loss on loan, trade and other receivables, share results of associates and income tax expense. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment information provided to the CODM of the Group for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:

For the six months ended 30 June 2024 (unaudited)

	Digital payment solutions related business RMB'000	Optical product retail RMB'000	Franchise and license management RMB'000	Sub-total RMB'000	E-commerce RMB'000	Financing services RMB'000	Total RMB'000
Segment revenue	486,562	85,228	591	572,381	30,632	10,413	613,426
Segment results	(2,224)	14,530	591	12,897	(2,756)	4,444	14,585
Unallocated other income							934
Unallocated administrative expenses							(5,341)
Finance costs							(687)
Provision for impairment loss on loan, trade and other receivables							(3,233)
Share results of associates							1,084
Profit before tax							7,342
Income tax expense							(3,944)
Profit for the period							3,398

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2023 (unaudited)

	Digital payment solutions related business RMB'000	Optical product retail RMB'000	Franchise and license management RMB'000	Total RMB'000
Segment revenue	786,389	87,390	2,544	876,323
Segment results	62,974	20,326	2,475	85,775
Unallocated other income				1,852
Unallocated administrative expenses				(12,936)
Finance costs				(2,244)
Provision for impairment loss on loan, trade and other receivables				(8,923)
Share results of associates				765
Profit before tax				64,289
Income tax expense				(4,374)
Profit for the period				59,915

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 June 2024 (unaudited)

	Digital payment solutions related business RMB'000	Optical product retail RMB'000	Franchise and license management RMB'000	E-commerce RMB'000	Financing services RMB'000	Unallocated RMB'000	Total RMB'000
Assets							
Reportable segment assets	135,579	153,657	3,955	75,252	217,283	233,196	818,922
Liabilities							
Reportable segment liabilities	7,163	51,744	1,302	40,353	14,710	14,921	130,193
Other segment information:							
Amortisation of intangible assets	-	-	-	155	3,603	-	3,758
Depreciation of plant and equipment	123	1,787	-	58	-	465	2,433
Depreciation of right-of-use assets	-	7,386	-	-	-	-	7,386
Depreciation of investment properties	-	-	-	-	-	32	32
Gain on disposal of plant and equipment	-	(86)	-	-	-	-	(86)
Write-off of plant and equipment	-	156	-	-	-	-	156
Additions to right-of-use assets	-	4,333	-	-	-	-	4,333
Additions to plant and equipment	703	1,824	-	5	-	64,593	67,125
Provision for impairment loss on trade receivables	310	-	-	342	-	-	652
Provision for impairment loss on other receivables	1,493	-	-	309	-	-	1,802
Provision for impairment loss on loan receivables	139	-	-	-	640	-	779
Reversal of written down inventories	-	(319)	-	-	-	-	(319)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2023 (audited)

	Digital payment solutions related business RMB'000	Optical product retail RMB'000	Franchise and license management RMB'000	E-commerce RMB'000	Financing services RMB'000	Unallocated RMB'000	Total RMB'000
Assets							
Reportable segment assets	158,510	173,705	3,955	76,885	178,316	99,150	690,521
Liabilities							
Reportable segment liabilities	6,518	68,434	1,302	31,887	15,614	10,405	134,160
Other segment information:							
Amortisation of intangible assets	-	-	-	310	7,204	-	7,514
Depreciation of plant and equipment	1	3,619	-	234	-	-	3,854
Depreciation of right-of-use assets	126	16,216	14	-	-	-	16,356
Depreciation of investment properties	-	-	-	-	-	64	64
Impairment loss on goodwill	-	-	-	31,277	56,993	-	88,270
Gain on disposal of plant and equipment, net	-	(87)	-	-	-	-	(87)
Provision for impairment loss on trade and other receivables	7,058	-	-	48	9,564	-	16,670
Write down of inventories	-	185	-	-	-	-	185
Write-off of plant and equipment	-	12	-	-	-	-	12
Additions to right-of-use assets	-	17,752	-	-	-	-	17,752
Additions to plant and equipment	6	6,741	1,720	77	-	-	8,544

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include investment properties, right-of-use assets, plant and equipment, goodwill, investments in associates, intangible assets, deferred tax assets, inventories, loan receivables, trade and other receivables, amount due from associates, fixed deposits with licensed banks, and bank balances and cash. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade and other payables, interest-bearing borrowings, lease liabilities, tax payable and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is derived from its operations in the PRC and Malaysia. Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on physical location of the assets, in the case of plant and equipment, right-of-use assets, goodwill and investment properties, and the location of the operation to which they are allocated, in the case of intangible assets, goodwill and investments in associates and excluded other receivables and deferred tax assets.

(a) Information about the Group's revenue from external customers

During the six months ended 30 June 2024, out of the Group's total revenue of approximately RMB613,426,000 (30 June 2023: approximately RMB876,323,000), the revenue generated from the PRC and Malaysia contributed approximately RMB527,607,000 (30 June 2023: approximately RMB786,389,000) and approximately RMB85,819,000 (30 June 2023: approximately RMB89,934,000), representing approximately 86% (30 June 2023: approximately 90%) and approximately 14% (30 June 2023: approximately 10%) of the Group's total revenue, respectively.

(b) Information about the Group's non-current assets

At 30 June 2024, out of the Group's total non-current assets of approximately RMB354,980,000 (30 June 2023: approximately RMB390,233,000), the non-current assets located in the PRC and Malaysia contributed approximately RMB324,335,000 (30 June 2023: approximately RMB349,172,000) and approximately RMB30,645,000 (30 June 2023: approximately RMB41,061,000), representing approximately 91% (30 June 2023: approximately 89%) and approximately 9% (30 June 2023: approximately 11%) of the Group's total non-current assets, respectively.

Information about major customers

Details of the customers individually accounting for 10% or more of total revenue of the Group during the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Customer A (Notes a & b)	111,476	–
Customer B (Notes a & b)	64,193	–

Notes:

- (a) Revenue from digital payment solutions related business.
- (b) The customer did not contribute revenue to the Group over 10% of the total revenue in the six months ended 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue from contracts with customers within IFRS 15		
Digital payment solutions related business	486,562	786,389
Optical product retail		
– to retail customers	85,228	86,028
– to franchisees	23	1,362
Franchise and royalty fees income	568	2,544
E-commerce	30,632	–
Financing services	10,413	–
	613,426	876,323
Timing of revenue recognition		
A point in time	602,977	871,727
Over time	10,449	4,596
	613,426	876,323
Type of transaction price		
Fixed price	612,858	874,925
Variable price	568	1,398
	613,426	876,323

The amount of revenue recognised for the six months ended 30 June 2024 that was included in the contract liabilities at the beginning of the reporting period was approximately RMB3,518,000 (six months ended 30 June 2023: approximately RMB4,461,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Bank interest income	903	348
Management fee income	–	2
Gain on disposal of plant and equipment, net	86	30
Gain on disposal of an associate	271	–
Rental income from investment properties	113	125
Sponsorship income	486	443
Loan interest income	183	1,551
Sundry income	769	1,380
	2,811	3,879

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. PROFIT BEFORE TAX

This is stated after charging/(crediting):

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Finance costs		
Interest on interest-bearing borrowings	263	1,760
Interest on lease liabilities	424	484
	687	2,244
Staff costs (including directors' remuneration)		
Salaries, discretionary bonus, allowances and other benefits in kind	28,879	29,238
Contributions to defined contribution plans	2,707	1,058
	31,586	30,296
Other items		
Amortisation of intangible assets	3,758	3,882
Cost of inventories	498,829	531,028
Depreciation of investment properties	32	49
Depreciation of plant and equipment	2,433	1,713
Depreciation of right-of-use assets	7,386	7,936
Exchange loss, net	55	178
Other rental and related expenses	570	696
Reversal of write down of inventories (included in "Cost of sales")	(319)	(118)
Write-off of plant and equipment	156	6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax		
PRC enterprise income tax	4	–
Malaysia corporate income tax	5,380	5,313
Deferred tax		
Changes in temporary differences	(1,440)	(939)
Total income tax expense for the period	3,944	4,374

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2024 and 2023.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

The group entities established in the PRC are subject to PRC enterprise income tax at a statutory rate of 25%.

Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2024 and 2023.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	1,339	40,899

	Number of shares	
	2024 (unaudited)	2023 (unaudited)
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	744,923,934	632,824,407

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

10. RIGHT-OF-USE ASSETS

	Shoplots RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Lease Properties RMB'000	Total RMB'000
Reconciliation of carrying amounts – year ended 31 December 2023					
At 1 January 2023	23,702	2,054	195	564	26,515
Additions	17,234	518	–	–	17,752
Termination of leases	(199)	–	–	(438)	(637)
Depreciation	(15,655)	(561)	(14)	(126)	(16,356)
Reclassification to plant and equipment	–	(141)	–	–	(141)
Exchange realignment	(504)	(41)	(3)	–	(548)
At 31 December 2023	24,578	1,829	178	–	26,585
Reconciliation of carrying amounts – six months ended 30 June 2024 (unaudited)					
At 1 January 2024	24,578	1,829	178	–	26,585
Additions	4,333	–	–	–	4,333
Termination of leases	(660)	–	–	–	(660)
Depreciation	(7,102)	(276)	(7)	–	(7,385)
Disposal of subsidiaries	(5,957)	–	–	–	(5,957)
Exchange realignment	(91)	(3)	–	–	(94)
At 30 June 2024	15,101	1,550	171	–	16,822

The Group leases several assets including shoplots, motor vehicles, leasehold improvements and lease properties. The leases in respect of shoplots typically run for an initial period of 1 to 3 years (31 December 2023: 1 to 3 years) and the lease term of the remaining right-of-use assets are ranging from 4 to 5 years (31 December 2023: 4 to 5 years).

Certain leases in respect of shoplots which were entered into by the Group are secured by a corporate guarantee provided by the Company (31 December 2023: secured by a corporate guarantee provided by the Company).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. PLANT AND EQUIPMENT

	Computers and software RMB'000	Furniture, fixtures and office equipment RMB'000	Optical equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Leasehold land and building RMB'000	Total RMB'000
Reconciliation of carrying amounts – year ended 31 December 2023							
At 1 January 2023	926	4,410	5,730	518	1,434	–	13,018
Additions	211	4,651	1,962	–	1,720	–	8,544
Disposals	(11)	(5)	(115)	(141)	–	–	(272)
Reclassification from right-of-use assets	–	–	–	141	–	–	141
Written off	–	(10)	(2)	–	–	–	(12)
Depreciation	(369)	(1,483)	(1,332)	(157)	(513)	–	(3,854)
Exchange realignment	(16)	(113)	(123)	(11)	(22)	–	(285)
At 31 December 2023	741	7,450	6,120	350	2,619	–	17,280
Reconciliation of carrying amounts – six months ended 30 June 2024 (unaudited)							
At 1 January 2024	741	7,450	6,120	350	2,619	–	17,280
Additions	29	1,822	302	–	379	64,593	67,125
Disposals	(1)	(7)	(154)	–	–	–	(162)
Disposal of subsidiaries	(104)	(1,781)	(1,245)	–	(764)	–	(3,894)
Written off	(2)	(113)	(41)	–	–	–	(156)
Depreciation	(173)	(842)	(563)	(77)	(313)	(465)	(2,433)
Exchange realignment	(2)	(37)	(55)	(1)	1	462	368
At 30 June 2024	488	6,492	4,364	272	1,922	64,590	78,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. INVESTMENT IN ASSOCIATES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
At the beginning of the period/year	113,530	93
Addition	-	106,486
Disposal	(44)	(93)
Share of results of associates	1,084	7,043
Exchange realignment	-	1
At the end of the period/year	114,570	113,530

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Listed equity securities	3,929	2,369

The above listed equity investments represent ordinary shares of an entity listed in Malaysia. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade receivables		
From third parties	81,911	68,426
Less: loss allowances	(860)	(208)
	81,051	68,218
Other receivables		
Deposits paid	39,586	50,258
Prepayments	7,690	327
Refundable rental and other related deposits	11,349	7,980
Other receivables	34,735	10,715
Amount due from an associate (note)	–	1,078
Acquired receivables	100,753	102,883
Loan receivable	46,628	14,900
Less: loss allowances	(24,321)	(21,948)
	216,420	166,193
Less: non-current portion of – Acquired receivables	(21,901)	(21,763)
	194,519	144,430
	275,570	212,648

Note: The amounts are unsecured, interest free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES (Continued)

The ageing of trade receivables, net of loss allowances, based on the date of delivery of goods at the end of each reporting period is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 30 days	8,941	62,102
31 to 60 days	3,078	941
61 to 90 days	1,359	806
91 to 120 days	793	513
121 to 360 days	64,039	1,624
Over 361 days	2,841	2,232
	81,051	68,218

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Not yet due	8,941	62,102
Past due:		
Within 30 days	3,078	941
31 to 60 days	1,359	806
61 to 90 days	793	513
91 to 120 days	64,039	1,624
121 to 360 days	2,841	2,232
	72,110	6,116
	81,051	68,218

The Group normally grants credit term to third parties ranges from 30 to 60 days (31 December 2023: ranges from 30 to 60 days) from the date of delivery of goods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade payables to third parties	20,761	17,986
Other payables		
Contract liabilities	2,421	4,856
Salaries and allowances payable	4,395	7,066
Accrued charges and other payables	53,678	44,748
Amounts due to minority interests of subsidiaries	905	3,685
	61,399	60,355
	82,160	78,341

The trade payables are interest-free and normal credit terms up to 180 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 30 days	9,988	15,869
31 to 60 days	6,099	1,721
61 to 90 days	3,960	180
91 to 120 days	–	59
Over 121 days	714	157
	20,761	17,986

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. INTEREST-BEARING BORROWINGS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Bank borrowings – unsecured	15,496	12,043
Other borrowings – unsecured	–	–
	15,496	12,043
Less: Amounts due within one year shown under current liabilities	–	–
	15,496	12,043

17. LEASE LIABILITIES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Analysed for reporting purposes:		
Current liabilities	9,893	14,933
Non-current liabilities	6,873	11,826
	16,766	26,759

The leases of certain premises for retail stores in Malaysia call for additional rentals, which will be based on a certain percentage of revenue of the operations being undertaken therein pursuant to the terms and conditions as stipulated in the respective tenancy agreements. As the future revenue of these retail stores could not be accurately determined as at the end of the reporting period, the relevant contingent rental has not been included. Such variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liabilities and therefore are charged to profit or loss (included in “other rental and related expenses”) in the accounting period in which they are incurred.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. LEASE LIABILITIES (Continued)

Certain leases impose a restriction that the right-of-use assets can only be used by the Group. For leases over shoplots, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The total cash outflow for leases (including other rental and related expenses in Note 6) for the six months ended 30 June 2024 was approximately RMB8,647,000 (six months ended 30 June 2023: approximately RMB8,938,000).

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (unaudited)	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (unaudited)
Amounts payable:				
Within one year	10,373	15,720	9,893	14,933
More than one year, but not exceeding two years	5,332	8,659	5,347	8,359
More than two years, but not exceeding five years	1,736	3,567	1,526	3,467
	17,441	27,946		
Future finance charges	(675)	(1,187)		
Present value of lease liabilities	16,766	26,759	16,766	26,759
Less: Amounts due for settlement within 12 months			(9,893)	(14,933)
Amounts due for settlement after 12 months			6,873	11,826

At 30 June 2024, the weighted average effective interest rate for the lease liabilities of the Group was approximately 3.56% (31 December 2023: approximately 3.56%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. SHARE CAPITAL

	Number of shares	HK\$	Equivalent to RMB'000
Ordinary share of HK\$0.01 each			
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	2,000,000,000	20,000,000	18,232
Issued and fully paid:			
At 1 January 2023 (audited)	598,992,805	5,989,928	5,351
Shares issued under exercising of share options (note a)	47,840,000	478,400	420
At 31 December 2023 (audited)	646,832,805	6,468,328	5,771
Shares issued upon placing of shares (note b)	129,366,561	1,293,666	1,191
At 30 June 2024 (unaudited)	776,199,366	7,761,994	6,962

Notes:

- (a) On 23 February 2023, 47,840,000 share options were exercised to subscribe for 47,840,000 ordinary shares of the Company at a consideration of approximately HK\$145,816,000 (equivalent to approximately RMB127,909,000) of which approximately HK\$478,000 (equivalent to approximately RMB420,000) was credited to the share capital and the balance of approximately HK\$145,338,000 (equivalent to approximately RMB127,489,000) was credited to the share premium account. Amount of approximately HK\$48,976,000 (equivalent to approximately RMB41,897,000) has been transferred from share option reserve to the share premium account.
- (b) On 14 February 2024, the Group issued an aggregate of 129,366,561 new ordinary shares of the Company for general working capital, repayment of part of the Group's current debt and for any investment opportunities in payment related business as identified by the Group from time to time. Amount of approximately HK\$1,294,000 (equivalent to approximately RMB1,191,000) was credited to the share capital account of the Company. Particulars of these event were set out in the Company's announcements dated 24 January 2024 and 14 February 2024.

19. SHARE OPTION SCHEME

The Company has approved the share option scheme on 23 March 2020 (the "Share Option Scheme"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Share Option Scheme is designed to motivate executives and key employees and other persons who make a contribution to the Group and enable the Group to attract and retain individuals with experience and ability and to reward them for their past contributions. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. SHARE OPTION SCHEME (Continued)

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, and any of the subsidiaries;
- (2) any director (including executive and independent non-executive directors) of the Company and any of the subsidiaries; and
- (3) any consultant, advisers of the Company and any of the subsidiaries.

(C) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from its adoption date (i.e. 23 March 2020) (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the date of the Listing. The Board may renew this limit at any time to 10% of the Shares in issue as of the date of approval by the Shareholders in general meeting.

As at 30 June 2024, there were 2,160,000 options available for grant under the Share Option Scheme, representing approximately 0.3% of the issued share capital of the Company as at 30 June 2024.

During the period from 23 March 2020, being the date of adoption of the Share Option Scheme last refreshed, and up to 30 June 2024, 47,840,000 options have been granted under the Share Option Scheme (details are set out in the Company's announcement dated 30 September 2022), and all of which have exercised during February 2023.

As at 1 January 2024 and 30 June 2024, the total number of share options available for grant under the Share Option Scheme were 2,160,000.

The total number of Shares that may be issued in respect of options granted under all schemes of the Company during the period ended 30 June 2024 divided by the weighted average number of Shares in issue for the period ended 30 June 2024 was approximately 0.3%.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. SHARE OPTION SCHEME (Continued)

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

(E) The period within which the Shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(G) The amount payable on acceptance of an option and the period within which payments shall be made

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date within 28 days from the date of the offer.

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 15 April 2020 until 14 April 2030.

As at the beginning and the end of the reporting period and the date of this report, the Company has no outstanding share options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

20. ACQUISITION OF A SUBSIDIARY

On 23 May 2024, the Company entered into an agreement with an independent third party to acquire 100% equity interest in Sky Trend Real Estates Limited (“**Sky Trend**”) and the shareholder’s loan. The total consideration of the acquisition amounted to HK\$70,000,000 (equivalents to RMB65,059,000) which has been satisfied by the cash. Sky Trend did not operate any business prior to the acquisitions and only had properties. Therefore, the Group considered this would be an acquisition of assets in substance. The acquisition was completed on 23 May 2024.

The identifiable assets acquired and liabilities assumed of the Sky Trend at the date of acquisition were as follows.

	23 May 2024 RMB'000
Leasehold land and building	65,059
Shareholder’s loan	(110,240)
Total identifiable net liabilities	(45,181)
Add: shareholder’s loan	110,240
Total purchase consideration	65,059
Cash outflow on acquisitions of subsidiaries	65,059

21. DISPOSAL OF SUBSIDIARIES

On 20 February 2024, a direct wholly-owned subsidiary of the Company – Metro Eyewear Holdings Sdn Bhd and an independent third party entered into the sales and purchases agreement, to sell, equity interests in twelve subsidiaries which were engaged in wholesale and retail of optical products and related accessories in Malaysia, at a consideration of RM100,000.

The disposal of subsidiaries was completed on 29 February 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of the subsidiaries at the date of disposal were as follows:

	RMB'000
Non-Current Assets	
Property, plant and equipment	3,894
Right-of-use assets	5,957
Deferred tax assets	220
Current Assets	
Inventories	5,598
Trade receivables	119
Other receivables, deposits and prepayments	1,489
Tax recoverable	449
Cash and cash equivalents	3,031
Current Liabilities	
Trade payables	(1,677)
Other payables & accruals	(6,069)
Contract liabilities	(795)
Provision for restoration costs	(268)
Lease liabilities	(6,093)
Net assets disposed of	5,855
Less: Non-controlling interest	(5,654)
	201
Analysis of gain on disposal of subsidiaries:	
Cash consideration received	153
Net assets and non-controlling interest disposed of	(201)
Loss on disposal of subsidiaries	(48)
Analysis of cash and cash equivalents in respect of the disposal:	
Cash consideration	153
Less: Cash and cash equivalents disposed of	(3,031)
Net cash outflow on disposal of subsidiaries	(2,878)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2024 and 2023, further information of the related party transactions is set out below.

(a) Related party transactions of the Group:

Name of the related party	Nature of transaction	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Dato' Ng Kwang Hua and Dato' Ng Chin Kee	Rental expenses	55	84

(b) Remuneration for key management personnel (including directors) of the Group:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, discretionary bonus, allowances and other benefits in kind	4,097	2,618
Contributions to defined contribution plan	342	107
	4,439	2,725

23. MAJOR NON-CASH TRANSACTIONS

In addition to the information disclosed elsewhere in the Interim Financial Statements, the Group had the following major non-cash transactions:

During the six months ended 30 June 2024, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RMB4,333,000 (six months ended 30 June 2023: approximately RMB6,927,000).

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For the six months ended 30 June 2024

24. COMMITMENTS

Commitments under operating leases

The Group as lessor

The Group leases out its investment properties under operating leases with average lease terms of three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Within one year	251	209
Between one and two years	102	194
Between two and five years	–	87
	353	490

25. EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 July 2024, the Company entered into an agreement (the “**Acquisition Agreement**”) with an independent third party for the sale and purchase of the entire issued share capital in and the assignment of the shareholder’s loan of Azure Sea Global Limited (“**Azure Sea**”). Azure Sea is a company incorporated in Hong Kong with limited liability and is a registered money lender holding a valid money lenders licence (Money Lenders Register No: 5642) under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Since all applicable percentage ratios (as defined under the Listing Rules) for this acquisition are below 5%, the acquisition of Azure Sea is not subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”). As of the date of this report, the conditions precedent under the Acquisition Agreement have not yet been fulfilled, and therefore, the acquisition of Azure Sea remains incomplete.
- (b) On 9 July 2024, a wholly owned subsidiary of the Company entered into a disposal agreement (the “**Disposal Agreement**”) with an independent third party for the disposal of certain trademarks together with the goodwill attached with the trademarks. Since all applicable percentage ratios (as defined under the Listing Rules) for this disposal are below 5%, the disposal is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As of the date of this report, the conditions precedent under the Disposal Agreement have been fulfilled, and therefore, the disposal is completed.
- (c) On 18 July 2024, the Company entered into a placing agreement with a placing agent (the “**Placing Agent**”), pursuant to which the Company agreed to place through the Placing Agent up to a maximum of 155,230,000 placing shares (the “**Placing Share(s)**”) at a placing price of HK\$0.88 per Placing Share on a best effort basis. The Placing Shares will be allotted and issued by the Company to the placee(s) under the general mandate granted at the annual general meeting of the Company held on 27 June 2024. On 8 August 2024, the Company and the Placing Agent entered into the first side letter to extend the long stop date of the placing agreement to 23 August 2024. On 23 August 2024, the Company and the Placing Agent entered into the second side letter to further extend the long stop date of the placing agreement to 13 September 2024 and revise the placing price to HK\$0.7 per Placing Share. For details, please refer to the Company’s announcements dated 18 July 2024, 8 August 2024 and 23 August 2024 respectively.