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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)

POSITIVE PROFIT ALERT

This announcement is made by Michong Metaverse (China) Holdings Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on a preliminary assessment by the Board with reference to the unaudited management accounts of the Group for the nine months ended 31 March 2023 and the information currently available to the Board, the Group expects to record a net profit of approximately HK\$21,019,000 for the nine months ended 31 March 2023 as compared to the net loss of approximately HK\$25,209,000 for the nine months ended 31 March 2022.

The Board considers the expected net profit for the nine months ended 31 March 2023 is mainly attributable to:

- (i) an increase in the revenue 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 mainly due to the subscription fee of approximately HK\$44,794,000 arisen from the electronic commerce services in the PRC (*Nine months ended 31 March 2022: approximately HK\$3,469,000*);
- (ii) an improvement in gross profit margin from approximately 24.9% for the nine months ended 31 March 2022 to approximately 58.2% for the nine months ended 31 March 2023; and

- (iii) a decrease in the selling expenses 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 mainly due to the decrease in the initial marketing cost of the e-commerce business in the PRC.

The Company is still in the process of finalising the quarterly results of the Group for the nine months ended 31 March 2023. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited management accounts of the Group for the nine months ended 31 March 2023 and the information currently available to the Company which may be subject to change and is not based on any figures or information that have been audited or reviewed by the Company's Auditors nor reviewed by the audit committee of the Company. The actual financial results of the Group may be different from what is disclosed in this announcement. Details of the Group's financial results will be disclosed as and when the quarterly results of the Group for the nine months ended 31 March 2023 is announced in accordance with the requirements of the GEM Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Michong Metaverse (China) Holdings Group Limited
Yu Decai
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 5 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 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.