MOG DIGITECH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Director(s)**") of MOG Digitech Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 31 December 2023, together with the comparative figures for the nine months ended 31 December 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023** ***RMB'000***	Nine months ended 31 December 2022 *RMB'000*
Revenue	*5*	**1,419,769**	550,032
Cost of sales		**(1,214,024)**	(396,420)
Gross profit		**205,745**	153,612
Other income	*6*	**11,270**	5,260
Other gains	*7*	**110**	4,323
Selling and distribution costs		**(133,436)**	(89,308)
Administrative expenses		**(50,988)**	(81,639)
Provision for impairment loss on trade and other receivables		**(16,670)**	(5,465)
Impairment on goodwill		**(88,270)**	–
Finance costs	*8*	**(4,423)**	(756)
Share result of associates		**7,043**	(62)
Loss before tax	*8*	**(69,619)**	(14,035)
Income tax expense	*9*	**(4,761)**	(9,444)
Loss for the year/period		**(74,380)**	(23,479)

	Note	Year ended 31 December 2023 RMB'000	Nine months ended 31 December 2022 RMB'000
Other comprehensive income/(loss)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of the Company's financial statements to presentation currency		**6,102**	11,450
Fair value change of financial assets at fair value through other comprehensive income		**(1,147)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on consolidation		**(21)**	5,727
Other comprehensive income for the year/period		**4,934**	17,177
Total comprehensive loss for the year/period		**(69,446)**	(6,302)
Loss for the year/period attributable to:			
Owners of the Company		**(75,564)**	(27,856)
Non-controlling interests		**1,184**	4,377
		(74,380)	(23,479)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(68,364)**	(13,188)
Non-controlling interests		**(1,082)**	6,886
		(69,446)	(6,302)
Loss per share attributable to owners of the Company			
Basic and diluted	*10*	**RMB(0.12)**	RMB(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current assets			
Investment properties		**1,801**	1,904
Right-of-use assets		**26,585**	26,515
Plant and equipment		**17,280**	13,018
Investment in associates		**113,530**	93
Intangible assets		**63,603**	71,117
Goodwill		**83,847**	172,117
Financial assets at fair value through other comprehensive income		**2,369**	–
Other receivables	*12*	**21,763**	47,464
Deferred tax assets		**1,044**	1,247
		331,822	333,475
Current assets			
Inventories		**35,829**	38,426
Trade and other receivables	*12*	**212,648**	137,149
Fixed deposits with licensed banks		**26,830**	19,366
Bank balances and cash		**78,968**	68,021
Tax recoverable		**4,424**	282
		358,699	263,244
Current liabilities			
Trade and other payables	*13*	**78,341**	64,949
Interest-bearing borrowings		**12,043**	721
Lease liabilities		**14,933**	13,518
Tax payable		**11**	–
		105,328	79,188
Net current assets		**253,371**	184,056
Total assets less current liabilities		**585,193**	517,531

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current liabilities			
Lease liabilities		**11,826**	12,949
Provisions		**1,105**	1,070
Deferred tax liabilities		**15,901**	17,779
		28,832	31,798
NET ASSETS		**556,361**	485,733
Capital and reserves			
Share capital	*14*	**5,771**	5,351
Reserves		**528,366**	469,301
Equity attributable to owners of the Company		**534,137**	474,652
Non-controlling interests		**22,224**	11,081
TOTAL EQUITY		**556,361**	485,733

NOTES

1. GENERAL 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 has changed from Room 1910, 19th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong to Unit 1102, 11/F, 29 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong with effect from 11 March 2024.

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

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRS Accounting Standards, 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 the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements are presented in Renminbi ("**RMB**") and all amounts have been rounded to the nearest thousand ("**RMB'000**"), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new or amendments to IFRS Accounting Standards.

Adoption of new or amendments to IFRS Accounting Standards

The Group has applied, for the first time, the following new or amendments to IFRS Accounting Standards that are relevant to the Group:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of the new or amendments to IFRS Accounting Standards does not have any significant impact on the consolidated financial statements, except as described below.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRS Accounting Standards, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

3. FUTURE CHANGES IN IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following amendments to IFRS Accounting Standards that are not yet effective for the current financial year, which the Group has not early adopted:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement[1]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 The effective date to be determined
3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company do not anticipate that the adoption of the amendments to IFRS Accounting Standards in future periods will have any material impact on the Group's consolidated financial statements.

4. 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) Sales of optical products.

(3) Franchise and license management.

(4) E-commerce.

(5) Financing services.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the consolidated financial statements.

Segment revenue represents revenue derived from digital payment solutions related business, sales of optical products, franchise and license management, e-commence and financing services.

Segment results represent the profit/(loss) before tax reported by each segment without allocation of other income and administrative expenses reported by corporate office, finance costs, impairment loss on goodwill, provision of allowance for doubtful debts, share result of an associate and income tax expense. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable segments for the year ended 31 December 2023 and nine months ended 31 December 2022 are as follows:

Year ended 31 December 2023

	Digital payment solutions related business *RMB'000*	**Sales of optical products** *RMB'000*	**Franchise and license management** *RMB'000*	**E-commerce** *RMB'000*	**Financing services** *RMB'000*	**Total** *RMB'000*
Segment revenue	**1,170,197**	**181,212**	**2,879**	**28,989**	**36,492**	**1,419,769**
Segment results	**4,546**	**17,032**	**2,879**	**(1,648)**	**32,288**	**55,097**
Unallocated other income						**6,543**
Unallocated administrative expenses						**(29,074)**
Unallocated other gains						**135**
Impairment on goodwill						**(88,270)**
Share result of associates						**7,043**
Provision of allowance for doubtful debts						**(16,670)**
Finance costs						**(4,423)**
Loss before tax						**(69,619)**
Income tax expense						**(4,761)**
Loss for the year						**(74,380)**

Nine months ended 31 December 2022

	Digital payment solutions related business *RMB'000*	Sales of optical products *RMB'000*	Franchise and license management *RMB'000*	E-commerce *RMB'000*	Financing services *RMB'000*	Total *RMB'000*
Segment revenue	344,494	182,734	3,842	5,244	13,718	550,032
Segment results	728	36,153	3,842	138	12,459	53,320
Unallocated other income						3,677
Unallocated administrative expenses						(27,175)
Unallocated other gains						4,323
Share-based payment expense						(41,897)
Share result of an associate						(62)
Provision of allowance for doubtful debts						(5,465)
Finance costs						(756)
Loss before tax						(14,035)
Income tax expense						(9,444)
Loss for the period						(23,479)

Segment assets and liabilities

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

<u>At 31 December 2023</u>

	Digital payment solutions related business *RMB'000*	Sales of optical products *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	10,431	134,186
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	–	272	–	–	–	–	272
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	–	6,747	1,720	77	–	–	8,544

At 31 December 2022

	Digital payment solutions related business *RMB'000*	Sales of optical products *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	49,970	159,423	2,221	97,699	271,127	16,279	596,719
Liabilities							
Reportable segment liabilities	6,100	62,433	1,053	13,235	1,263	26,902	110,986
Other segment information:							
Amortisation of intangible assets	–	–	59	77	2,402	–	2,538
Depreciation of plant and equipment	1	3,379	–	15	–	–	3,395
Depreciation of right-of-use assets	187	13,771	68	–	–	–	14,026
Depreciation of investment properties	–	–	–	–	–	47	47
Gain on disposal of plant and equipment, net	–	(402)	–	–	–	–	(402)
Provision for impairment loss on trade and other receivables	–	–	–	44	5,421	–	5,465
Write down of inventories	–	226	–	–	–	–	226
Write-off of plant and equipment	–	70	–	–	–	–	70
Additions to right-of-use assets	–	21,061	–	–	–	–	21,061
Additions to plant and equipment	–	7,360	5	1,108	–	–	8,473
Additions to intangible assets	–	–	304	–	–	–	304

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, investment in associates, intangible assets, financial assets at fair value through other comprehensive income, inventories, trade and other receivables, 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 borrowing, lease liabilities and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

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 and investment properties, and the location of the operation to which they are allocated, in the case of intangible assets, goodwill and investment in an associate and excluded other receivables and deferred tax assets.

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

During the year ended 31 December 2023, out of the Group's total revenue of approximately RMB1,419,769,000 (nine months ended 31 December 2022: approximately RMB550,032,000), the revenue generated from the PRC and Malaysia contributed approximately RMB1,235,678,000 (nine months ended 31 December 2022: approximately RMB363,456,000) and approximately RMB184,091,000 (nine months ended 31 December 2022: approximately RMB186,576,000), representing approximately 87% (nine months ended 31 December 2022: approximately 66%) and approximately 13% (nine months ended 31 December 2022: approximately 34%) of the Group's total revenue, respectively.

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

At 31 December 2023, out of the Group's total non-current assets of approximately RMB331,822,000 (31 December 2022: approximately RMB333,475,000), the non-current assets located in the PRC and Malaysia contributed approximately RMB283,654,000 (31 December 2022: approximately RMB292,368,000) and approximately RMB48,168,000 (31 December 2022: approximately RMB41,107,000), representing approximately 85% (31 December 2022: approximately 88%) and approximately 15% (31 December 2022: approximately 12%) 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 year ended 31 December 2023 and nine months ended 31 December 2022 are as follows:

	Year ended 31 December 2023 ***RMB'000***	Nine months ended 31 December 2022 *RMB'000*
Customer A *(Note)*	**N/A***	144,759
Customer B *(Note)*	**192,927**	–
Customer C *(Note)*	**190,239**	–

Note:

Revenue from digital payment solutions related business.

* *Contributed under 10% of total revenue for the year ended 31 December 2023.*

5. REVENUE

	Year ended 31 December 2023 *RMB'000*	Nine months ended 31 December 2022 *RMB'000*
Revenue from contracts with customers within IFRS 15		
Digital payment solutions related business	**1,170,197**	344,494
Sales of optical products		
– To retail customers	**181,212**	182,700
– To franchisees	**47**	34
Franchise and royalty fees income	**2,832**	3,842
E-commerce	**28,989**	5,244
Financing services	**36,492**	13,718
	1,419,769	550,032
Timing of revenue recognition:		
A point in time	**1,383,208**	546,924
Over time	**36,561**	3,108
	1,419,769	550,032
Type of transaction price:		
Fixed price	**1,415,908**	547,189
Variable price	**3,861**	2,843
	1,419,769	550,032

The amount of revenue recognised for the year ended 31 December 2023 that was included in the contract liabilities at the beginning of the reporting period was approximately RMB4,371,000 (nine months ended 31 December 2022: approximately RMB3,206,000).

6. OTHER INCOME

	Year ended 31 December 2023 RMB'000	Nine months ended 31 December 2022 RMB'000
Bank interest income	**859**	1,897
Government subsidies *(Note)*	**111**	14
Income on COVID-19-related rent concessions	**–**	508
Loan interest income	**3,733**	–
Rental income from investment properties	**244**	186
Service income	**2,065**	–
Sponsorship income	**1,929**	1,117
Sundry income	**2,329**	1,538
	11,270	5,260

Note: During the year ended 31 December 2023, the Group recognised government subsidies of approximately RMB111,000 (nine months ended 31 December 2022: approximately RMB14,000). In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these subsidies.

7. OTHER GAINS

	Year ended 31 December 2023 RMB'000	Nine months ended 31 December 2022 RMB'000
Gain on disposal of plant and equipment, net	**87**	402
Gain on disposal of subsidiaries	**–**	3,847
Gain on termination of leases	**23**	52
Reversal of provision for restoration cost	**–**	22
	110	4,323

8. LOSS BEFORE TAX

	Year ended 31 December 2023 *RMB'000*	Nine months ended 31 December 2022 *RMB'000*
Finance costs		
Interest on interest-bearing borrowings	**3,384**	7
Interest on lease liabilities	**1,039**	749
	4,423	756
Staff costs (including directors' remuneration)		
Salaries, discretionary bonus, allowances and other benefits in kind	**65,278**	48,421
Contributions to defined contribution plans	**5,475**	3,901
Share-based payment expense	**–**	41,897
	70,753	94,219
Other items		
Auditors' remuneration		
– Audit services	**2,501**	1,878
Cost of inventories	**1,188,172**	400,045
Amortisation of intangible assets	**7,514**	2,538
Depreciation of investment properties	**64**	47
Depreciation of plant and equipment	**3,854**	3,395
Depreciation of right-of-use assets	**16,356**	14,026
Impairment of goodwill	**88,270**	–
Direct operating expenses arising from investment properties that generated rental income	**1,729**	7
Exchange loss, net	**1,045**	9,827
Gain on disposal of plant and equipment, net	**(87)**	(402)
Loss on disposal of associates	**59**	–
Other rental and related expenses	**6,185**	8,313
Provision for impairment loss on trade and other receivables	**16,670**	5,465
Write down of inventories (included in "Cost of sales")	**185**	226
Write-off of plant and equipment	**12**	70
Bad debts written off	**1,013**	1,013
Legal claim for non-delivery of products under hardware trading operation	**–**	4,000

9. INCOME TAX EXPENSE

	Year ended 31 December 2023 *RMB'000*	Nine months ended 31 December 2022 *RMB'000*
Current tax		
PRC enterprise income tax	**32**	–
Malaysia corporate income tax	**6,490**	9,878
	6,522	9,878
Deferred tax		
Changes in temporary differences	**(1,761)**	(434)
Total income tax expense for the year/period	**4,761**	9,444

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 year ended 31 December 2023 and nine months ended 31 December 2022.

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

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

Saved as disclosed below, Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the year ended 31 December 2023 and nine months ended 31 December 2022.

For the year ended 31 December 2023, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

10. LOSS PER SHARE

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

	Year ended 31 December 2023 *RMB'000*	Nine months ended 31 December 2022 *RMB'000*
Loss for the year/period attributable to owners of the Company, used in basic and diluted earnings per share calculation	**(75,564)**	(27,856)

	Number of shares	
	Year ended 31 December 2023	Nine months ended 31 December 2022
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**639,886,175**	542,116,939

For the year ended 31 December 2023, no adjustment has been made to basic loss per share as there was no potential shares outstanding.

For the nine months ended 31 December 2022, the computation of diluted loss per share do not assume the exercise of the Company's share options as they would reduce loss per share.

11. DIVIDENDS

	Year ended 31 December 2023 *RMB'000*	Nine months ended 31 December 2022 *RMB'000*
Dividends declared and paid to owners of the Company	**–**	–

The Board of Directors does not recommend the payment of a final dividend (31 December 2022: Nil).

12. TRADE AND OTHER RECEIVABLES

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Trade receivables		
From third parties	**68,426**	5,751
Less: Loss allowances	**(208)**	(65)
	68,218	5,686
Other receivables		
Deposits paid	**50,258**	28,151
Prepayments	**327**	1,586
Refundable rental and other related deposits	**7,980**	7,475
Other receivables	**10,715**	13,388
Amount due from an associate	**1,078**	–
Consideration receivable from disposal of subsidiaries	**–**	13,710
Acquired receivables	**102,883**	120,038
Loan receivables	**14,900**	–
Less: Loss allowances	**(21,948)**	(5,421)
	166,193	178,927
Less: non-current portion of – Acquired receivables	**(21,763)**	(47,464)
	144,430	131,463
	212,648	137,149

(a) Trade receivables

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:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 30 days	**62,102**	3,408
31 to 60 days	**941**	195
61 to 90 days	**806**	1,367
91 to 120 days	**513**	716
121 to 360 days	**1,624**	–
Over 361 days	**2,232**	–
	68,218	5,686

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

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Not yet due	**62,102**	3,408
Past due:		
Within 30 days	**941**	195
31 to 60 days	**806**	1,367
61 to 90 days	**513**	716
91 to 120 days	**1,624**	–
121 to 360 days	**2,232**	–
	6,116	2,278
	68,218	5,686

The Group normally grants credit term to third parties ranges from 30 to 60 days (31 December 2022: ranges from 30 to 60 days) from the date of delivery of goods.

13. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Trade payables to third parties	**17,986**	18,089
Other payables		
Contract liabilities	**4,856**	4,574
Salaries and allowances payable	**7,066**	9,793
Accrued charges and other payables	**44,748**	28,670
Amounts due to minority interests of subsidiaries	**3,685**	3,823
	60,355	46,860
	78,341	64,949

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

(a) Trade payables

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 30 days	**15,869**	16,647
31 to 60 days	**1,721**	1,259
61 to 90 days	**180**	69
91 to 120 days	**59**	114
Over 121 days	**157**	–
	17,986	18,089

(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the year ended 31 December 2023 and nine months ended 31 December 2022 are as follows:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
At the beginning of the reporting period	**4,574**	3,409
Receipt of advanced payments	**4,897**	6,706
Recognised as revenue	**(4,371)**	(3,206)
Disposal of subsidiaries	**–**	(2,053)
Advanced payments forfeited	**(146)**	(497)
Exchange realignment	**(98)**	215
At the end of the reporting period	**4,856**	4,574

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(c) Amounts due to minority interests of subsidiaries

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

	Number of shares	HK$	Equivalent to RMB'000
Ordinary share of HK$0.01 each			
At 1 April 2022, 31 December 2022, 1 January 2023 and 31 December 2023	2,000,000,000	20,000,000	18,232
Issued and fully paid:			
At 1 April 2022	500,000,000	5,000,000	4,474
Shares issued for acquisition of subsidiaries *(note a)*	98,992,805	989,928	877
At 31 December 2022	598,992,805	5,989,928	5,351
Shares issued under exercising of share options *(note b)*	47,840,000	478,400	420
At 31 December 2023	646,832,805	6,468,328	5,771

Notes:

(a) On 6 September 2022, 98,992,805 new ordinary shares of HK$2.94 each of the Company issued as the consideration shares for the acquisition of Positive Oasis Limited. Share capital and share premium of approximately HK$990,000 (equipment to approximately RMB877,000) and HK$290,049,000 (equivalent to approximately RMB256,981,000) respectively were recorded based on the quoted price of the shares as the date of acquisition.

(b) 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 HK$48,976,000 (equivalent to RMB41,897,000) has been transferred from share option reserve to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the resumption of orders and productions that were initially impacted by the outbreak of COVID-19, as well as the contribution from new businesses related to digital renminbi (RMB), the Group recorded a significant increase in revenue for the year ended 31 December 2023 (the "**Reporting Period**"). During the Reporting Period, the Group recorded a revenue and gross profit of approximately RMB1,419.8 million and RMB205.7 million respectively, representing a significant increase of approximately 158.1% and 33.9% respectively, as compared to the same for the nine months ended 31 December 2022 (the "**Corresponding Period**").

Nevertheless, the Directors noted that business credit demand was weak in the second half of 2023 due to the PRC's slow economic growth. Many businesses have lowered their expectations for economic growth as operating conditions become more uncertain. The economic downturn has made businesses more hesitant to borrow and invest, and the crackdown on payment platform companies has further reduced private sector confidence. Additionally, the Group has become more cautious in response to rising credit risks in several business classes, particularly in lending to the wholesale and retail trading sector. Due to these rising credit risks, the Group is now more reluctant to lend in the same volumes as in the first half of 2023. This downturn resulted in Positive Oasis Limited and its subsidiaries (the "**Positive Oasis Group**") failing to achieve its revenue and operating profit targets, which the Group expected at the time of acquisition completion. As a result, there was an impairment loss on goodwill of approximately RMB57 million.

In addition to the Positive Oasis Group, Create Tune Development Limited and its subsidiaries (the "**Create Tune Group**"), which primarily sells digital gift cards with stored value to corporate customers in the PRC, also suffered an impairment loss on goodwill of approximately RMB31.3 million. The Create Tune Group generates revenue from discounted or partially used gift cards that are never fully redeemed. However, the cost of its operations increased significantly during the year, leading the management of the Create Tune Group to downsize its operations, which resulted in them failing to achieve their revenue and operating profit targets.

Taking away the non-cash item of impairment loss on goodwill of approximately RMB88.3 million, the Group recorded a significant turnaround profit before tax of approximately RMB18.7 million (Corresponding Period: loss before tax of approximately RMB14.0 million), as compared to the same for the Corresponding Period.

The Group has continued to diversify and expand its mining of digital Renminbi (RMB) application scenarios, providing digital payment platforms and support services. With a focus on the vast markets of insurance technology, consumer technology, and digital supply chain scenarios, the Group anticipates continued growth in its financial performance through its subsidiaries.

Apart from the above, the Group is one of the largest retailers of optical products in Malaysia. The Group provides a wide range of optical product retail and franchise businesses, and the Board has been paying attention to the business opportunities in the overall market during the Reporting Period.

FINANCIAL REVIEW

Revenue and gross profit

During the Reporting Period, the Group recorded a revenue of approximately RMB1,419.8 million (Corresponding Period: approximately RMB555.0 million). The revenue of each business segment is shown in Note 4 to the consolidated financial statements. The Group also recorded a gross profit of approximately RMB205.7 million (Corresponding Period: approximately RMB153.6 million) and a gross profit margin of approximately 14.5% (Corresponding Period: approximately 27.9%), representing a decrease of approximately 13.4% as compared to that of the Corresponding Period. The decrease of the gross profit margin was mainly due to the lower gross profit margin attributed from the digital payment solutions related business in the PRC compared with the Malaysia optical business and consequently averaged down the overall gross profit margin of the Group.

Other income

The Group recorded an other income of approximately RMB11.3 million during the Reporting Period (Corresponding Period: approximately RMB5.3 million). The increase was mainly contributed by the interest income of approximately RMB3.7 million and the service income of approximately RMB2.1 million.

Other gains

The Group's other gains was approximately RMB0.1 million during the Reporting Period (Corresponding Period: approximately RMB4.3 million). The decrease was mainly due to there was a disposal of subsidiaries in Malaysia during the Corresponding Period.

Selling and distribution costs

The Group's selling and distribution costs was approximately RMB133.4 million during the Reporting Period (Corresponding Period: approximately RMB89.3 million). As compared to the Corresponding Period, the Group's selling and distribution costs was increased by approximately RMB44.1 million, primarily due to the increase in selling and distribution expenses of the digital payment solutions related business in the PRC.

Administrative expenses

The Group's administrative expenses was approximately RMB51.0 million during the Reporting Period (Corresponding Period: approximately RMB81.6 million). As compared to the Corresponding Period, the Group's administrative expenses was decreased by approximately RMB30.6 million, primarily due to there was a non-cash equity settled share-based payments of approximately RMB41.9 million during the Corresponding Period.

Impairment on goodwill

During the Reporting Period, the Group experienced an impairment loss on goodwill of approximately RMB88.3 million (Corresponding Period: Nil). The impairment loss on goodwill was mainly due to the Positive Oasis Group and the Create Tune Group. The Positive Oasis Group's cash-generating unit suffered an impairment loss of approximately RMB57.0 million. This was a result of the economic downturn and rising credit risks in the PRC during the second half of 2023, which led to the Positive Oasis Group lending less than it did in the first half. Consequently, the Positive Oasis Group failed to meet its revenue and operating profit targets for the Reporting Period. On the other hand, the Create Tune Group's cash-generating unit had an impairment loss of approximately RMB31.3 million. The Group had to reduce its operations due to the significant increase in operating costs, which also resulted in the Create Tune Group failing to meet its revenue and operating profit targets for the Reporting Period.

Finance costs

The Group's finance costs was approximately RMB4.4 million during the Reporting Period (Corresponding Period: approximately RMB0.8 million). The Group's finance costs was increased by approximately RMB3.6 million, primarily due to the increase in interest on interest-bearing borrowings.

Income tax expense

The Group recorded an income tax expense of approximately RMB4.8 million for the Reporting Period (Corresponding Period: approximately RMB9.4 million). The Group's income tax expense was decreased despite the loss was increased for the Reporting Period mainly due to the taxable profit derived from Malaysia optical business.

Loss for the year/period

The Group's loss for the year was approximately RMB74.4 million during the Reporting Period (Corresponding Period: approximately RMB23.5 million). The Group's loss for the year was increased by approximately RMB50.9 million primarily due to the non-cash impairment loss on goodwill of the cash-generating unit of the Positive Oasis Group and Create Tune Group as mentioned in the impairment on goodwill above.

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 31 December 2023, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RMB79.0 million (31 December 2022: approximately RMB68.0 million). As at 31 December 2023, approximately 52.6% (31 December 2022: approximately 61.0%) was denominated in RM, approximately 0.5% (31 December 2022: approximately 33.0%) was denominated in Hong Kong dollar ("**HKD**"), approximately 4.5% (31 December 2022: approximately 5.6%) was denominated in United States dollar ("**USD**") and approximately 42.4% (31 December 2022: approximately 0.4%) was denominated in RMB.

Banking facilities and lease facilities

As at 31 December 2023, the Group had interest-bearing borrowing of approximately RMB54.2 million (31 December 2022: approximately RMB0.7 million). The Group's interest-bearing borrowing carried weighted average effective interest rates of approximately 6.75% (31 December 2022: approximately 4.35%) per annum. The carrying amounts of the interest-bearing borrowing were denominated in RMB and HKD (31 December 2022: 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 31 December 2023 was approximately RMB26.8 million (31 December 2022: approximately RMB26.5 million), all denominated in RM (31 December 2022: denominated in RMB and RM). The weighted average effective interest rate for the lease liabilities of the Group was approximately 3.56% (31 December 2022: approximately 3.44%) per annum as at 31 December 2023.

Capital structure

As at 31 December 2023, the Group's total equity and liabilities amounted to approximately RMB556.4 million and approximately RMB134.2 million respectively (31 December 2022: approximately RMB485.7 million and approximately RMB111.0 million respectively).

Gearing ratio

The Group's gearing ratio was approximately 0.05 times (31 December 2022: approximately 0.04 times) and remains low.

Current ratio

The Group's current ratio was approximately 3.41 times and has no significant change from approximately 3.32 times as at 31 December 2022.

Pledge of assets

As at 31 December 2023, fixed deposits with licensed banks of approximately RMB2.2 million (31 December 2022: 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 31 December 2023.

Capital commitments

The Group did not have any material commitments as at 31 December 2023 (31 December 2022: Nil).

Contingent liabilities

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

Employees and remuneration policies

The Group's business is highly service-oriented; therefore, 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 RMB70.8 million (Corresponding Period: approximately RMB94.2 million), representing a decrease of approximately 24.8% from the Corresponding Period. The decrease was mainly due to no share-based payment expenses in the Reporting Period (approximately RMB41.9 million in the Corresponding Period). As at 31 December 2023, the Group had a total of 464 employees (31 December 2022: 457 employees) among whom 73 (31 December 2022: 75) were based in PRC and 391 (31 December 2022: 382) were based in Malaysia.

Foreign currency exposure

Save for certain bank balances were denominated in RMB, HKD, Singapore dollar and USD, the Group has minimal exposure to foreign currency risk. During the Reporting Period, the Group operated with most of their 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 31 December 2023, the Group did not hold any significant investments (31 December 2022: Nil).

Material acquisitions or disposals

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

DIVIDENDS

The Board does not recommend to declare any final dividend for the Reporting Period (31 December 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 24 January 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 129,366,561 placing shares (the "**Placing Share(s)**") at a placing price of HK$1.14 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 23 May 2023. For details, please refer to the Company's announcement dated 24 January 2024.

On 14 February 2024, all the conditions precedent have been fulfilled and that a total of 129,366,561 Placing Shares have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$1.14 per Placing Share pursuant to the terms and conditions of the placing agreement. For details, please refer to the Company's announcement dated 14 February 2024.

On 20 February 2024, Metro Eyewear Holdings Sdn Bhd (the "**Vendor**"), a wholly owned subsidiary of the Company and Retailtech Capital Sdn. Bhd (the "**Purchaser**") entered into a sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell and assign to the Purchaser, and the Purchaser conditionally agreed to purchase from the Vendor the entire issued share capital of Mido Eyewear Sdn Bhd (the "**Target Company**"), and to accept the assignment of the entire amount of an unsecured interest-free loan provided by the Vendor to the Target Company and remains outstanding at the date on which the completion of the sale and purchase agreement from the Vendor (the "**Disposal**").

On 29 February 2024, all the conditions precedent have been fulfilled and that the Disposal was completed. Since all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal contemplated under the sale and purchase agreement are less than 5%, the Disposal contemplated under the sale and purchase agreement does not constituted a discloseable transaction of the Company and were therefore does not subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Due to the significant amount that might involve in the digital payment solutions related business, the Group might be subject to a material credit risk. If there is any delay or default in payment in the account receivable from the customer, the Group's profitability, financial condition and results of operations may be materially and adversely affected. However, the Group has implemented measure to mitigate the credit and default risk in relation to the digital payment solutions related business, including but not limited to background check of the prospective customer and shorten credit period to customer.

The Group do not enter into long-term supply agreements with its suppliers, therefore the Group cannot assure the suppliers will continue to supply products on terms acceptable to the Group or that the Group will be able to establish new or extend current supplier relationships to ensure a steady supply in a timely and cost-efficient manner. If the relationships with its major suppliers are terminated, interrupted, or modified in any way adverse to the Group, the Group's business, financial condition and results of operations could be adversely affected.

Further, the Group also do not enter into long term written contract with its customers. The Group sell products to its customers on an order-by-order basis according to the purchase orders placed by the customers from time to time. The customers are not subject to any regular purchase commitment. Without a regular purchase commitment, it is difficult for the Group to make realistic forecast of future order quantities and revenue so as to plan for efficient and optimal resource allocation. There is no guarantee that the Group's customers will continue to place orders with us on a consistent basis in terms of quantities, pricing and time intervals. The Group's profitability, results of operations and financial condition may therefore be affected.

OUTLOOK AND FUTURE PROSPECTS

The management will continue to monitor and implement its business strategies. The following are the Group's business strategies for upcoming 2024:

– Continue to offer customers with a diversified variety of products and series of ancillary services that are conductive to the Group's digital payment solutions related business in the PRC;

– Identify suitable acquisition and/or investment targets, particular to those related to the digital payment solutions related business, for potential business expansion and development that are complementary to the Group's growth strategies;

– Continue to promote recognition of the Group's 11 retail brands and to further develop and market the Group's own brands optical products;

– Enhance the Group's production capabilities with regards to customized lenses; and

– Enhance the Group's information technology systems and enhance its operational efficiency.

USE OF PROCEEDS

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 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 31 December 2023, the net proceeds had been utilised as follows:

	Net proceeds *RM million*	**Amount unutilised as at 31 December 2022** *RM million*	**Amount utilised during the year ended 31 December 2023** *RM million*	**Amount unutilised as at 31 December 2023** *RM million*	**Expected time frame for utilisation** *(Note 2)*
Set up 36 self-owned retail stores *(Note 1)*	28.1	23.8	1.7	22.1	31 March 2025
Upgrade and renovate 25 self-owned retail stores	5.1	5.0	2.4	2.6	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	3.1	1.9	1.2	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	2.4	0.2	2.2	31 March 2025
General working capital	2.6	–	–	–	Fully utilised
Total	50.3	39.8	6.2	33.6	

Notes:

1. In view of the uncertainty heightened by the COVID-19 pandemic in previous years, 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 set up 2 self-owned retail stores.

2. In view of the uncertainty heightened by the COVID-19 pandemic and prolonged Movement Control Order and National Recover Plan imposed by the Malaysian government in previous years, 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 RM33.6 million in accordance with the section headed "Future Plan and Use of Proceeds" in the Prospectus.

As disclosed above, the actual application of the net proceeds was slower than expected and such delay was mainly due to the impact of the COVID-19 pandemic in previous years, 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 our shareholders and the Group.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and the shareholders of the Company (the "**Shareholders**"). The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules which is released by the Stock Exchange.

In the opinion of the Directors, the Company has complied, to the extent applicable and permissible, with all applicable code provisions as set out in the CG Code during the Reporting Period and up to the date of this announcement.

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ON THE RESULTS ANNOUNCEMENT

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2023. The work performed by the Company's auditor in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to offer my gratitude to our business partners and Shareholders for their continuous support. The Management and all staff members should also be lauded for their tireless efforts and dedication to the Group.

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

Hong Kong, 27 March 2024

As at the date of this announcement, the Company has three executive Directors, namely Mr. Deng Zhihua (Chairman), Ms. Tang Tsz Yuet and Mr. Zhou Yue, and three independent non-executive Directors, namely Mr. Yau Tung Shing, Ms. Jiao Jie and Mr. Gao Hongxiang.