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MOG DIGITECH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2024 ANNUAL REPORT;

AND

(II) DISCLOSEABLE TRANSACTION REGARDING THE DEPOSITS MADE TO AN INDEPENDENT THIRD PARTY

Reference is made to the annual report of MOG Digitech Holdings Limited (the “**Company**”) for the year ended 31 December 2024 (the “**2024 Annual Report**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the 2024 Annual Report.

THE SUPPLEMENTAL INFORMATION REGARDING THE 2024 ANNUAL REPORT

The Board would like to provide the following additional information regarding the 2024 Annual Report:

- (i) as of the date of the 2024 Annual Report (i.e., 31 March 2025), there were 2,160,000 options available for grant under the Share Option Scheme, representing approximately 0.19% of the Company’s issued share capital as of that date;
- (ii) detailed information regarding impairment losses related to intangible assets, goodwill, and investments in an associate; and
- (iii) detailed information regarding the deposits made to Wealth Guardian Investment Limited as of 31 December 2024.

THE DISCLOSEABLE TRANSACTION

On 16 September 2024, MOG (Hong Kong) Limited, a wholly owned subsidiary of the Company, entered into an offer letter with Wealth Guardian Investment Limited regarding fund deposits. In accordance with the offer letter, MOG (Hong Kong) Limited deposited a total of HK\$80 million, i.e., the Deposits, with Wealth Guardian Investment Limited between 31 October 2024 and 6 November 2024.

Implications under the Listing Rules

The Deposits were classified as an advance to an entity. The Deposits were made within 12 months and must be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Deposits exceeded 5% but all of them were less than 25% (in particular the assets ratio in respect of the Deposits exceeds 8%), the Deposits constituted an advance to an entity under Chapter 13 of the Listing Rules and a discloseable transaction under Chapter 14 of the Listing Rules. As a result, the Deposits were subject to the notification and announcement requirements under Chapter 13 and Chapter 14 of the Listing Rules.

The Company wishes to announce that there has been a delay in meeting the notification and announcement requirements related to the Deposits caused by an inadvertent and unintentional misinterpretation of the Listing Rules. At the material time, the Board genuinely believed that the Deposits did not qualify as advances to an entity under Chapter 13 of the Listing Rules or constituted a notifiable transaction under Chapter 14 of the Listing Rules. As a result, the Company failed to comply with the disclosure requirements under Chapter 13 and Chapter 14 of the Listing Rules.

THE SUPPLEMENTAL INFORMATION

The Board would like to provide the following additional information regarding the 2024 Annual Report.

(i) The total number of shares available for issue under the Share Option Scheme

The Board would like to provide the following supplemental information to shareholders and potential investors of the Company regarding the Share Option Scheme in the “Report of the Directors” section of the 2024 Annual Report.

As of the date of the 2024 Annual Report (i.e., 31 March 2025), there were 2,160,000 options available for grant under the Share Option Scheme, representing approximately 0.19% of the issued share capital of the Company as of that date.

(ii) Detailed information regarding impairment losses on intangible assets, goodwill, and investment in an associate

According to the 2024 Annual Report, the Company has reported impairment losses on intangible assets, goodwill, and an investment in an associate, amounting to approximately RMB55,238,000, RMB37,556,000, and RMB41,833,000, respectively. Below is a summary detailing the amounts associated with each intangible asset, goodwill, and investment in an associate.

(a) ***Intangible assets and goodwill arising from the acquisition of Positive Oasis Limited***

Movement of the carrying amount of the Group’s intangible assets in 2024

| | IT software platform RMB’000 | Credit facility contract RMB’000 | Total RMB’000 |
|--|---|---|--------------------------|
| As at 1 January 2024 | 1,161 | 62,442 | 63,603 |
| Amortization recognized during the year | (310) | (7,204) | (7,514) |
| Impairment recognized during the year | – | (55,238) | (55,238) |
| As at 31 December 2024 | 851 | – | 851 |

As presented above, the impairment recognized for intangible assets was solely attributable to a credit facility contract (the “**Credit Facility Contract**”) established by Mr. Tang Jun (“**Mr. Tang**”), the vendor of Positive Oasis Limited (together with its subsidiaries, collectively the “**Positive Oasis Group**”), before the acquisition of the Positive Oasis Group was completed on 6 September 2022.

Principal terms of the Credit Facility Contract

The principal terms of the Credit Facility Contract are summarised below:

- Parties:**
- (i) Mr. Tang; and
 - (ii) Shenzhen Baa Industrial Co., Ltd.* (深圳柏傲實業有限公司) (“**Shenzhen PO**”)

Subject matter: Shenzhen PO is authorized to access a maximum credit limit of RMB400,000,000 from Mr. Tang for the duration of the Credit Facility Contract. This limit constitutes a conditional and non-committed revolving credit.

If the total outstanding principal balance of the loans under the Credit Facility Contract does not exceed the specified maximum credit limit, Shenzhen PO may request loans continuously, with no restrictions on the number of individual trade financing loans.

Credit term: The maximum credit limit under the Credit Facility Contract is effective from 6 September 2022 to 31 December 2024. After this period, Shenzhen PO may initiate discussions with Mr. Tang regarding a potential extension under the same terms. This extension may last up to 10 years from the date of the Credit Facility Contract.

Interest rate: The interest rate applicable to individual loans under the Credit Facility Contract is set at 2% per annum.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, there has been no relationship between Mr. Tang and the Company and/or its connected persons, either before or after the acquisition, except for his role as the financier under the Credit Facility Contract.

Reasons for entering into the Credit Facility Contract

The Company would like to clarify the financial details regarding the acquisition. The consideration for the acquisition (the “**Consideration**”) was financed through the issuance of 98,992,805 ordinary shares of the Company (the “**Shares**”) at an issue price of HK\$1.39 per Share. Notably, the closing Share price as quoted on the Stock Exchange increased from HK\$1.69 when the acquisition agreement was signed on 21 July 2022 to HK\$2.94 upon completion of the acquisition on 6 September 2022. This increase in Share price resulted in the recognition of significant goodwill.

To evaluate the value of goodwill, the Company's management conducted a comprehensive assessment of Shenzhen PO's sustainability and profitability, which was acquired to provide ongoing trade financing services (the “**Financing Services**”). To secure the necessary funding for this initiative, the Company's management team successfully negotiated financial support from Mr. Tang before completion of the acquisition. This partnership enabled Shenzhen PO to continue offering Financing Services, supported by secure, favourable funding for a specified period. As a result, this collaboration effectively addressed the fair value difference that arose from the increase in the Share price. Consequently, Mr. Tang entered into the Credit Facility Contract, acting as the financier and providing Shenzhen PO with terms that were more favourable than those typically offered by financial institutions.

Business plan of Positive Oasis Group that was formulated by the Board at the time of the acquisition

At the time of the acquisition, the Group planned to offer Financing Services through Shenzhen PO. These Financing Services have been specifically tailored for corporate clients seeking funding to address accounts receivable arising from the acquisition of hardware from the Group.

To effectively manage credit risk, the Group utilised the credit facilities provided by Mr. Tang under the Credit Facility Contract. This arrangement allowed Shenzhen PO to retain the right to assign receivables to Mr. Tang, who had conditionally agreed to accept these accounts receivable in the event of a default on the financing loan. This structure enabled Mr. Tang to take ownership of the accounts receivable, along with the associated rights and benefits, thus enhancing the Group's ability to mitigate and manage credit risk exposure.

Determination of the intangible assets and goodwill upon completion of the acquisition

To determine the goodwill associated with the acquisition, the Company engaged an independent professional valuer to conduct a purchase price allocation (PPA). This evaluation aimed to identify all assets, liabilities, and contingent liabilities present as of the acquisition date, in compliance with paragraph 10 of International Financial Reporting Standard 3.

The PPA report indicated that, in addition to the assets and liabilities outlined in Shenzhen PO's latest management accounts as of 6 September 2022, the valuer identified an intangible asset related to the Credit Facility Contract. The fair value of this intangible asset was calculated based on the present value of the expected economic benefits arising from the Credit Facility Contract over its ten-year term (the "**Forecast**"). According to the PPA report, this value was approximately RMB72,048,000.

Below are the Forecast details, including key inputs and assumptions used:

| | |
|-------------------|---|
| Projected revenue | The projected revenue for the forecast period is expected to derive from two primary sources: (i) interest income generated from the Other Receivables, which are recorded in the financial statements of Shenzhen PO and were acquired during the acquisition process; and (ii) interest income generated from the Accounts Receivables, representing financing loans extended to customers who purchased hardware from the Group. |
|-------------------|---|

The projected interest income for Shenzhen PO from 2023 to 2027 is presented below:

| Interest income attributable to | Accounts Receivables | Other Receivables | Total |
|--|---------------------------------|------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 2023 | 30,000 | 20,618 | 50,618 |
| 2024 | 33,821 | 20,618 | 54,439 |
| 2025 | 37,964 | 20,618 | 58,583 |
| 2026 | 42,457 | 20,618 | 63,076 |
| 2027 | 47,329 | 20,618 | 67,948 |

As presented above, the projected annual interest income from the Other Receivables for 2023 was approximately RMB30,000,000. This estimate assumes that 50% of the total credit limit of RMB400,000,000 (i.e., RMB200,000,000) provided by Mr. Tang under the Credit Facility Contract would be used to extend loans to customers at an annual interest rate of 15%. This projection accounts for the annual turnover of the Group's hardware trading business and the expected financing demand during that period. Additionally, it is anticipated that cash inflows from these financing contracts would be accumulated as working capital and reinvested in new financing opportunities, thereby generating additional interest revenue.

In addition, the estimation of the projected annual interest income from the Accounts Receivables was derived from the effective interest of these accounts. This estimation considered the repayment schedule specified in the applicable contracts.

Terminal growth rate The terminal growth rate of 2.5% was adopted, which aligned with the long-term growth rate designated in the PRC at that material time.

Operating expenses Operating expenses include estimates of various costs related to the business's operations. To forecast operating expenses, the Forecast utilised historical financial data from Shenzhen PO as a baseline. It was projected that operating expenses would represent 25% of total revenue.

| | |
|---------------|--|
| Finance costs | The interest rate of 2% was applied in accordance with the terms outlined in the Credit Facility Contract. |
| Discount rate | The discount rate of 11% was used to calculate the present value of future cash flows. |

Apart from the assets and liabilities detailed in the management accounts of Shenzhen PO dated 6 September 2022, and the intangible asset related to the Credit Facility Contract, no other identifiable assets or liabilities were recognized in the acquisition. According to the PPA assessment, the goodwill associated with the acquisition was calculated as follows:

| | |
|--|----------------------|
| | <i>RMB'000</i> |
| Consideration (Settled by issuing 98,992,805 Shares at HK\$2.94 (equivalent to approximately RMB2.6048) per Share) | 257,858 |
| Less: | |
| Intangible asset related to the Credit Facility Contract | (72,048) |
| Assets and liabilities identified in Shenzhen PO's latest management accounts as of 6 September 2022 | <u>(100,857)</u> |
| Goodwill | <u>84,953</u> |

Assessment of the recognition of intangible assets and goodwill associated with the acquisition

The Company wishes to clarify that, at the relevant time, the Board conducted the following due diligence on the Forecast and on the assessment of the recognition of goodwill and intangible assets related to the acquisition:

- (i) in estimating the projected interest income from Financing Services, the Directors acknowledged that the primary demand for these services stems from customers purchasing hardware from the Group. In this context, the Directors conducted a detailed assessment of operational data on hardware trading business. Based on customer quotations, the Directors estimated that the projected revenue from the hardware trading business would be approximately RMB1 billion. Furthermore, given their customers' financing needs, the Directors determined that using the RMB200 million financing limit was likely achievable;

- (ii) the Board acknowledged that the financing support provided by Mr. Tang under the Credit Facility Contract was mainly intended to offset the increase in consideration costs incurred by the Company due to the rise in Share price from the date of the acquisition to the date of completion and was thus on commercial terms more favourable than those typically offered by financial institutions. In particular, the 2% financing cost charged by Mr. Tang under the Credit Facility Contract was significantly lower than the typical lending rates offered by financial institutions. Moreover, Mr. Tang agreed to assume all credit risks associated with customers introduced to Financing Services. At that time, the Directors viewed these financing sources as a beneficial opportunity to launch the trade financing business due to their favourable terms and accordingly considered them reasonable and in the interest of the Company. Although the Credit Financing Contract spanned around two years, it also included an option to renew at the mutual agreement between the parties, and the Directors, took into account the positive relationship with Mr. Tang, at the material time believed that Mr. Tang would be open to renewing the contract, provided the interest and principal payments were made on time;
- (iii) should Mr. Tang choose not to renew the Credit Facility Agreement, Shenzhen PO intended to sustain its operations through internally generated cash flow and/or by pursuing further capital through debt or equity financing from the Company;
- (iv) to mitigate the credit risk associated with the unsecured and short-term nature of the trade financing loan, the management of Shenzhen PO (the “**PO Management**”) decided to implement an annual interest rate of no less than 15%. The determination of this interest rate reflects careful consideration of the credit assessments of the Group’s clients, as well as the associated default risks involved. Since the initial financing was sourced by Mr. Tang, the Directors viewed this approach as both prudent and flexible, allowing for adjustments based on market demand and the risks faced by Shenzhen PO;
- (v) the Board conducted a comprehensive review of the financing statements of Shenzhen PO, along with the details concerning the other receivables recorded in the books of Shenzhen PO (the “**Other Receivables**”), which were acquired through the acquisition. The forecast of interest income from these Other Receivables was meticulously developed using parameters established during the initial valuation conducted upon finalising the acquisition agreement; and
- (vi) the Board engaged in an extensive discussion with Win Bailey Valuation and Advisory Limited (the “**Valuer**”), an independent professional valuer, regarding the underlying assumptions made during the assessment of Shenzhen PO. The valuation parameters suggested by the Valuer, including the discount rate and risk parameters, were thoroughly reviewed. After careful consideration, the Board agreed with the Valuer’s assessment that the valuation was conducted in accordance with standard market practices and deemed fair and reasonable.

In light of the above, the Directors at that material time considered that the Forecast was conducted on a fair and reasonable basis, and that recognition of related goodwill and intangible assets was fair and reasonable.

Business and financial performance of the Positive Oasis Group after the acquisition

Following the completion of the acquisition, Shenzhen PO has committed to providing Financing Services while continuing to collect outstanding debt repayments from the Debtors (as defined below). The Company emphasises that under this arrangement, the Group has recorded significant financial results in this business segment. Specifically, for the financial year ended 31 December 2023, the Group generated segment revenues of approximately RMB36.5 million and segment profits of approximately RMB32.3 million. For the financial year ended 31 December 2024, segment revenues were approximately RMB11.5 million, with segment profits of approximately RMB4.7 million.

Apart from the above, the Company would like to provide the following additional information about the receivables of Shenzhen PO:

- (i) the receivables of Shenzhen PO consist of (1) the Other Receivables, and (2) the accounts receivable derived from the provision of Financing Services (the “**Accounts Receivables**”); and
- (ii) the Other Receivables consist of three debtors, all of which are government bureaus in the PRC (the “**Debtors**”). As of 30 June 2022, which is the latest available financial information prior to entering into the acquisition agreement, the total book value of the Other Receivables was approximately RMB137.5 million.

To the best of the Directors’ knowledge, information, and belief, and after conducting all reasonable enquiries, it is confirmed that the Debtors, who are the customers of the Accounts Receivables, and their respective ultimate beneficial owners, are third parties who are independent of, and not connected with, the Company and its connected persons.

Status and management of the Other Receivables as of 31 December 2024

According to the management accounts of Shenzhen PO as of 31 December 2024, the carrying amounts of Other Receivables were approximately RMB40.2 million.

At the end of 2024, the Board conducted a thorough financial review and assessed the default risk of the Debtors. As a result of this evaluation, the Board decided to discuss the situation with Mr. Tang, who subsequently agreed to accept the assignment of the outstanding Other Receivables on a dollar-for-dollar basis. The Company would like to clarify that, before involving Mr. Tang in this assignment, the Board carefully considered the following factors when determining the appropriate actions to recover the outstanding balance of the Other Receivables:

- (i) the PO Management had been closely monitoring the repayment progress of Other Receivables since the completion of the acquisition. The PO Management observed that, while the Debtors had been making consistent repayments, the amounts and timing of these repayments did not align with the original repayment schedule. As of the end of December 2024, the PO Management assessed the situation and identified a potential risk of default on the Other Receivables, and therefore took immediate steps to consider different options to mitigate the default risk;
- (ii) the PO Management acknowledged that the Debtors are governmental bureaus in the PRC. Mr. Tang, who served as both the vendor and the original management of Shenzhen PO, has developed strong communication channels with representatives from the Debtors. As a result, the Directors determined that Mr. Tang is the most qualified individual to oversee the recovery of the outstanding debts. Additionally, this approach served as a form of post-acquisition indemnity, as assigning the outstanding balance of the Other Receivables could effectively secure these obligations and help fulfill the associated liabilities; and
- (iii) the Board conducted a thorough assessment of the terms proposed by Mr. Tang regarding the potential assignment of the outstanding Other Receivables under a loan assignment contract. It was determined that transferring the loan to Mr. Tang would enable him to independently manage the debt recovery process at his own expense, while also ensuring interest compensation to Shenzhen PO. After careful consideration of these factors and other relevant terms, the Board concluded that entering into a loan assignment contract was both fair and reasonable and aligned with the best interests of the Company.

In addition to the aforementioned considerations, the Board acknowledged several other factors: (i) Mr. Tang has built a positive relationship with both the Company and the Debtors; (ii) Mr. Tang agreed to take on the assignment in light of the vendor obligations related to the acquisition; and (iii) Mr. Tang’s main goal was to facilitate the collection of receivables that he believes can be recovered, rather than initiating legal proceedings through the Shenzhen PO. As a result, the Company and Mr. Tang reached an agreement to formalise the loan assignment, which was officially executed on 31 December 2024 (the “**Loan Assignment Contract**”). Below are the summarised terms of the Loan Assignment Contract:

- Parties:**
- (i) Mr. Tang; and
 - (ii) Shenzhen PO.
- Subject matter:** Shenzhen PO has agreed to transfer the outstanding Other Receivable as of 31 December 2024 to Mr. Tang on a dollar-for-dollar basis, with the total transfer price being RMB40,207,927 (the “**Transfer Price**”).
- Payment schedule:** Mr. Tang shall pay the full Transfer Price and all accrued interest to Shenzhen PO by 31 December 2026 (the “**Final Repayment Date**”).
- Interest rate:** Mr. Tang will pay interest on the Transfer Price at an annual interest rate of 2% from 30 December 2024 until the Final Repayment Date. The interest will be calculated daily and repaid in a single lump sum for the total accrued interest.
- Security:** Mr. Tang has agreed to mortgage all rights, benefits, interests, and claims for compensation associated with the accounts receivable transferred to Shenzhen PO under the Loan Assignment Contract.

Since all the applicable percentage ratio, as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), was below 5%, the transaction contemplated under the Loan Assignment Contract did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

When evaluating the terms of the Loan Assignment Contract, the Board at that time considered several important factors:

- (i) the Company evaluated the debt recovery process in the PRC and determined that the collection of debts, particularly those owed by government bureaus, may extend beyond one year. Accordingly, the established payment terms under the Loan Assignment Contract provide Mr. Tang with a suitable timeframe to effectively collect the Company's outstanding debts and subsequently settle the Transfer Price;
- (ii) Mr. Tang demonstrated his commitment by agreeing to pay a 2% interest fee to compensate Shenzhen PO, as well as accepting responsibility for the recovery and return of the Outstanding Receivables to Shenzhen PO;
- (iii) the security provided by Mr. Tang effectively guarantees the proper and timely repayment of the Transfer Price. If Mr. Tang is unable to fulfill this payment obligation, the Group will still retain security over the Other Receivable, thereby ensuring that the Group can be restored to its original position prior to the Loan Assignment Contract; and
- (iv) Mr. Tang has committed to providing regular updates to the Board regarding the progress of debt recovery, ensuring that the settlement of the Transfer Price remains manageable and transparent.

Following a thorough review, the Board concluded that the terms of the Loan Assignment Contract are both fair and reasonable and align with the best interests of the Company and its shareholders. The Company wishes to highlight that, after the execution of the Loan Assignment Contract, Mr. Tang successfully secured RMB10 million from the Debtors. This funding was allocated directly to the Group, thereby reducing the Transfer Price.

The Board would like to clarify the remaining balance of Other Receivables, totaling approximately RMB40.2 million, which has been assigned to Mr. Tang in accordance with the Loan Assignment Contract. This amount is recorded under "trade and other receivables" and classified as a sub-item of "other receivables" in the Company's financial statements for the financial year ended 31 December 2024, as detailed in the 2024 Annual Report.

Factors leading to the impairment of intangible assets and goodwill associated with the acquisition

The Company would like to clarify that Mr. Tang formally communicated his inability to extend the Credit Facility Contract beyond its maturity date of 31 December 2024. This decision was primarily due to financial constraints and unexpected delays in borrower repayments. As a result, the Directors determined that the economic benefits associated with the Credit Facility Contract had significantly diminished following its termination. Therefore, after discussions with the Company's auditor, the Board decided to fully impair the value of the Credit Facility Contract to accurately reflect the current situation.

The Company would like to highlight that these delays were unexpected at the time of the acquisition. The uncertainty in the post-pandemic landscape has significantly influenced business expectations, reducing companies' willingness to expand production capacity. Consequently, this has led to tighter corporate cash flows and a noticeable decline in the demand for credit and other financial services, primarily due to elevated interest rates.

As a result of these heightened borrowing costs, Shenzhen PO adopted a more cautious stance amid rising credit risks. This approach prompted a more conservative strategy regarding lending volumes for 2024. Ultimately, this downturn has contributed to Shenzhen PO's underperformance relative to its revenue and operating profit targets.

Assessment of the impairment amount related to goodwill associated with the acquisition

The Company would like to provide additional information that it engaged the Valuer to conduct a value-in-use (VIU) assessment of the cash-generating unit (CGU) associated with Shenzhen PO. This valuation was performed in accordance with applicable accounting standards to ascertain the recoverable amount of Shenzhen PO. The assessment involved a comprehensive analysis to determine the higher value by comparing (a) the equity value of Shenzhen PO, calculated using the discounted cash flow method, and (b) the VIU established through the in-depth valuation conducted by the Valuer. Subsequently, the Company compared the carrying amount of Shenzhen PO's CGU with the assessed recoverable amount to derive the results.

Following the assessment, it has been determined that the recoverable amount is less than the CGU's carrying amount. As a result, the goodwill associated with the acquisition, amounting to approximately RMB27,690,000 as of 31 December 2024, has been fully impaired.

Movement of goodwill related to the acquisition from its completion date until 31 December 2024

| | |
|--|-----------------|
| Cost | |
| At 1 April 2022 | – |
| Addition | 84,953 |
| | <hr/> |
| At 31 December 2022, 31 December 2023, and 31 December 2024 | 84,953 |
| | <hr/> <hr/> |
| Accumulated impairment | |
| At 1 April 2022 and 31 December 2022 | – |
| Charge for the year | (56,993) |
| | <hr/> |
| At 31 December 2023 | (56,993) |
| Charge for the year | (27,960) |
| | <hr/> |
| At 31 December 2024 | (84,953) |
| | <hr/> <hr/> |
| Carrying values | |
| At 31 December 2022 | 84,953 |
| | <hr/> <hr/> |
| At 31 December 2023 | 27,960 |
| | <hr/> <hr/> |
| At 31 December 2024 | – |
| | <hr/> <hr/> |

(b) Goodwill arising from the acquisition of Create Tune Development Limited

According to the 2024 Annual Report, the total impairment loss on goodwill recognized for the year 2024 was approximately RMB37,556,000. This amount includes (i) approximately RMB27,960,000 related to the goodwill from the acquisition of Positive Oasis Limited, as previously mentioned, and approximately RMB9,596,000 associated with the acquisition of Create Tune Development Limited (together with its subsidiaries, the “**Create Tune Group**”).

The Directors undertook a thorough evaluation to assess the potential impairment of the Create Tune Group. This review focused on the actual financial performance of the Create Tune Group for the financial year ended 31 December 2024, as well as the financial projections developed by the Company’s management for the period from 2025 to 2029. During this review, it was observed that the revenue generated by the Create Tune Group in 2024 aligned with the revenue forecast established in 2023. However, the gross profit margin did not meet expectations due to a higher-than-anticipated rate of gift card utilization, which increased the cost of sales for the year.

In addition, given the slowdown in economic growth of the PRC, the Company's management anticipated a decrease in demand for prepaid gift cards, particularly those associated with theme park admissions. Consequently, the revenue projections for 2025 had been revised downward. This adjustment had also necessitated a reassessment of the projected revenues for the Create Tune Group beginning in 2025 and has directly impacted the value in use of the business operations as of 31 December 2024.

To ensure an accurate assessment, the Directors engaged the Valuer to determine the VIU of the Create Tune Group's operations as of 31 December 2024, utilizing the revised financial projections provided by the Company's management.

Below are the key inputs and assumptions used to assess the VIU of the Create Tune Group:

| | |
|-------------------------------|--|
| Projected revenue | The projected revenue for the forecast period from 2025 to 2028 are estimated based on an annual growth rate of 16%. This estimate accounts for the positive revenue trends observed from 2022 to 2024. |
| Projected gross profit margin | Throughout the forecast period, a gross margin of 26.43% is applied, based on the average gross margin from 2022 to 2024. |
| Projected operating expenses | Operating expenses for the Create Tune Group primarily consist of selling and distribution expenses and administrative expenses. Since selling and distribution expenses are variable, they are expected to increase by 16% over the forecast period, aligning with the anticipated revenue growth rate. In contrast, administrative expenses are fixed and projected to rise by approximately 2% per year, reflecting updated inflation rate in the PRC. |
| Terminal growth rate | The adopted terminal growth rate was 3%, reflecting long-term growth rate in the PRC. |
| Discount rate | The 13% discount rate was established based on the Weighted Average Cost of Capital (WACC) of similar companies in the industry in which Create Tune Group operated. |

After careful consideration of various valuation assumptions and adjustments, the Valuer assessed the VIU to be approximately RMB58,000,000, which exceeds the carrying value of approximately RMB55,887,000. This amount serves as the recoverable amount for subsequent impairment testing.

As indicated in the financial statements of the Create Tune Group as of 31 December 2024, the total operating assets were assessed at approximately RMB67,596,000. In relation to the determined VIU of RMB58,000,000, an impairment of approximately RMB9,596,000 has been recognized (calculated as RMB67,596,000 minus RMB58,000,000).

(c) ***Investment in an associate***

Movement of the carrying amount of the Group's investment in an associate in 2024

| | IT software platform <i>RMB'000</i> | Credit facility contract <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---|---|--------------------------------|
| As at 1 January 2024 | 113,486 | 44 | 113,530 |
| Share of profit during the year | 1,347 | – | 1,347 |
| Disposal of investment during the year | – | (44) | (44) |
| Impairment recognized during the year | (41,833) | – | (41,833) |
| As at 31 December 2024 | <u>73,000</u> | <u>–</u> | <u>73,000</u> |

As presented above, the impairment recognized for investment in an associate was entirely attributable to the investment in Beijing Yuntu Digital Technology Company Limited* (“**Beijing Yuntu**”).

The Directors conducted a thorough evaluation to assess the potential impairment of Beijing Yuntu. This review focused on the actual financial performance of Beijing Yuntu for the financial year ended 31 December 2024, as well as the financial projections prepared by the Company's management for the period from 2025 to 2029.

During this review, it was observed that the revenue generated by Beijing Yuntu in 2024 fell significantly short of expectations. This shortfall is primarily attributable to delays in completing IT development projects, which were affected by customers' liquidity challenges. The Company would like to highlight that, despite these challenges, there have been no substantial changes in Beijing Yuntu's business operations. Overall, the financial performance remains stable, and the company continues to be profitable. Furthermore, Beijing Yuntu's management is proactively seeking new opportunities to strengthen the project pipeline, which is vital to ensuring consistent revenue growth in the years ahead.

While actual 2024 revenue fell short of expectations, projections based on the contract terms for pipeline projects indicate that revenue for 2025 and subsequent years is expected to remain positive. Management at Beijing Yuntu estimates that around 80% of the revenue projections outlined in the 2023 financial forecast can be achieved.

To ensure an accurate evaluation, the Directors engaged the Valuer to assess the fair value of the investment in Beijing Yuntu as of 31 December 2024, using the Company's management's latest financial projections.

Below are the key inputs and assumptions used to assess the VIU of Beijing Yuntu:

Projected revenue The projected revenue for the forecast period is based on an annual growth rate of 8% and is estimated from the actual contract value established in 2024, assuming the same level of contracts can be signed during the forecast period.

Projected gross profit margin Throughout the forecast period, a gross margin of 60% is assumed, based on the 2024 gross margin.

Projected operating expenses Operating expenses for Beijing Yuntu primarily consist of selling and distribution expenses, research and development expenses and administrative expenses.

The management team expects operating expenses to increase in line with revenue recognized during the forecast period, reflecting each project's progress. As a result, selling and distribution expenses are expected to account for 0.8% of anticipated revenue. Research and development expenses are projected to be 3% of projected revenue, while administrative expenses are estimated at 5% of projected revenue over the forecast period. These projections are based on historical financial performance.

Terminal growth rate The adopted terminal growth rate was 3%, reflecting long-term growth rate in the PRC.

Discount rate The 13% discount rate was established based on the Weighted Average Cost of Capital (WACC) of similar companies in the industry in which Beijing Yuntu operated.

After carefully considering various valuation assumptions and making necessary adjustments, the Valuer concluded that the fair value of the investment was approximately RMB73,000,000. When comparing this value to the total carrying amount of the investment, which is approximately RMB113,486,000, along with the share of profits from Beijing Yuntu, estimated at approximately RMB1,347,000, an impairment of approximately RMB41,833,000 has been recognized (i.e., $\text{RMB113,486,000} + \text{RMB1,347,000} - \text{RMB73,000,000}$).

(iii) Detailed information regarding the Deposits paid to Wealth Guardian Investment Limited as of 31 December 2024

According to the 2024 Annual Report, the Company recorded a total deposit of approximately RMB174,388,000. This amount is classified under “trade and other receivables” as a sub-item of “other receivables” in the financial statements for the year ended 31 December 2024. Notably, approximately RMB75.2 million of this total deposit (the “**Deposits**”) was paid to Wealth Guardian Investment Limited (“**Wealth Guardian**”). Further details regarding the date and amount related to the Deposits are provided below:

| Date | Amount <i>HK\$'000</i> |
|-----------------|--|
| 31 October 2024 | 2,000 |
| 1 November 2024 | 20,000 |
| 4 November 2024 | 20,000 |
| 5 November 2024 | 20,000 |
| 6 November 2024 | 18,000 |
| Total | <u>80,000</u> (equivalent to approximately RMB75.2 million) |

For further details regarding the Deposits and the terms thereof, please refer to the section headed “THE DISCLOSEABLE TRANSACTION” in this announcement below.

THE DISCLOSEABLE TRANSACTION

On 16 September 2024, MOG (Hong Kong) Limited (“**MOG (HK)**”), a wholly owned subsidiary of the Company, entered into an offer letter with Wealth Guardian (the “**Offer Letter**”) regarding fund deposits. The detailed terms and conditions of the Offer Letter are summarised below:

The Offer Letter

Parties: (i) MOG (HK); and

(ii) Wealth Guardian.

Subject matter: Wealth Guardian agreed to offer MOG (HK) special interest rates on fund deposits, subject to the terms and conditions set out in the Offer Letter.

Offer period: The offer under the Offer Letter is applicable only to funds deposited by MOG (HK) into the designated account (the “**Designated Account**”) during the offer period from 1 October 2024 to 30 September 2025.

Interest rates: MOG (HK) shall enjoy and earn interest at the following special interest rates on the total amount of deposit in the Designated Account from time to time:

| Total deposit amount | Special rates |
|-----------------------------|----------------------|
| HK\$40 million or above | 3.5% per annum |
| HK\$60 million or above | 3.75% per annum |
| HK\$80 million or above | 4% per annum |

Use or withdrawal of funds: MOG (HK) shall be entitled to at any time give not less than ten (10) business days' written notice to Wealth Guardian to withdraw funds from the Designated Account.

In accordance with the Offer Letter, MOG (HK) deposited a total of HK\$80 million, i.e., the Deposits, with Wealth Guardian between 31 October 2024 and 6 November 2024. According to the 2024 Annual Report, the Company recorded the Deposits as "other receivables" in the Company's financial statements for the year ended 31 December 2024.

Information about the Group and MOG (HK)

The Group is principally engaged in digital payment solutions related business, e-commerce and, financing services and money lending business in the PRC, optical product retail, and franchise and license management in Malaysia.

MOG (HK) is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of the Company as of the date of this announcement.

Information about Wealth Guardian

Based on the information available to the Board, Wealth Guardian is a limited liability company registered in New Zealand authorized to provide financial services, including holding, investing, administering, and managing funds or investment portfolios on behalf of its clients, and to provide custodial service to hold funds and property for its clients.

To the best of the Directors' knowledge, information, and belief, and after having made all reasonable enquiries, the ultimate beneficial owner of Wealth Guardian is Mr. Xu Zhong, who is independent of, and not connected with, the Company and its connected persons.

Reasons and benefits for making the Deposits and subsequent development

The Company would like to clarify that, at that time, the Directors planned to manage the proceeds from the new share placement, which was completed on 3 October 2024. To better utilize idle funds, the Directors planned to temporarily deposit the idle cash to earn interest until the funds could be used as intended, and for this purpose, also required the flexibility to access them rather than committing them to a fixed deposit. Having considered that (i) the special rates provided by Wealth Guardian under the Offer Letter were higher than the savings deposit interest rates then generally offered by financial institutions, and that (ii) the Deposits could be withdrawn at the option of MOG (HK) at any time, the Directors were of the view that the terms of the Deposits are fair and reasonable and could achieve the aforementioned purpose of better utilizing idle funds. In addition, the Company recognized that Wealth Guardian could provide investment services to source and originate investment opportunities for the Company, and that the Deposits would help establish a business relationship with Wealth Guardian and demonstrate the Company's commitment in this regard.

Based on the above, the Directors are of the view that the terms of the Deposits are fair and reasonable and are in the interest of the shareholders as a whole.

The Company would like to provide additional information that, on 14 March 2025 and 17 March 2025, it completed the withdrawal of all the Deposits and received a total of HK\$80,533,333 from Wealth Guardian, comprising HK\$80 million in principal and HK\$533,333 in accrued deposit interest.

Implications under the Listing Rules

The Deposits were classified as an advance to an entity. The Deposits were made within 12 months and must be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Deposits exceeded 5% but all of them were less than 25% (in particular the assets ratio in respect of the Deposits exceeds 8%), the Deposits constituted an advance to an entity under Chapter 13 of the Listing Rules and a discloseable transaction under Chapter 14 of the Listing Rules. As a result, the Deposits were subject to the notification and announcement requirements under Chapter 13 and Chapter 14 of the Listing Rules.

The Company wishes to announce that there has been a delay in meeting the notification and announcement requirements related to the Deposits caused by an inadvertent and unintentional misinterpretation of the Listing Rules as the Company considered the Deposits to be refundable deposits. At the material time, the Board genuinely believed that the Deposits did not qualify as advances to an entity under Chapter 13 of the Listing Rules or constituted a notifiable transaction under Chapter 14 of the Listing Rules. As a result, the Company failed to comply with the disclosure requirements under Chapter 13 and Chapter 14 of the Listing Rules.

Remedial measures for addressing the non-compliance with the Listing Rules

In response to the non-compliance with the Listing Rules, the Company has been taking remedial action to tighten its internal control procedures to ensure timely compliance with the Listing Rules and to prevent recurrence of similar incidents. The Company will implement the following remedial measures:

- (i) the Board will conduct a comprehensive review of the Company's financial reporting procedures and internal control policies, which it plans to complete by the end of the second quarter of 2026. This review aims to identify any deficiencies, particularly those concerning advances to entities and the provision of financial assistance under Chapter 13 and Chapter 14 of the Listing Rules. The findings will include recommendations to address these deficiencies. Additionally, the Board will evaluate the Company's remedial measures and engage in discussions among its members after the review's completion;
- (ii) the Company plans to organize an internal training session in the second quarter of 2026 for all Directors, senior management, and relevant personnel across the Company and its subsidiaries. This training will cover the requirements outlined in Chapter 13, Chapter 14, and Chapter 14A of the Listing Rules.
- (iii) the Board will strengthen the existing reporting framework for the Company and its subsidiaries to ensure effective oversight of transactions that exceed a defined threshold. This enhancement will involve maintaining all necessary documentation for each transaction, thereby reducing the risk of oversight and ensuring compliance with the Listing Rules; and
- (iv) the Company remains dedicated to fostering a strong culture of compliance and will continue to work closely with its financial and legal advisers on related matters. Whenever necessary, guidance will be sought to ensure that actions taken do not trigger disclosure or compliance requirements under the Listing Rules. This process will occur prior to any significant funding releases to other entities or engagement in potential notifiable transactions.

The information contained in this announcement does not affect other information contained in the 2024 Annual Report, and save as disclosed above, all other information in the 2024 Annual Report remains unchanged.

By order of the Board
MOG Digitech Holdings Limited
Chen Yongzhong
Executive Director

Hong Kong, 20 May 2026

As at the date of this announcement, the Board has three executive Directors, namely Mr. Chen Yongzhong (Chief executive officer), Mr. Deng Zhihua and Mr. Zhou Yue, and three independent non-executive Directors, namely Mr. Yau Tung Shing, Ms. Chen Wen and Mr. Gao Hongxiang.

** For identification purpose only*