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MOG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF POSITIVE OASIS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that, on 21 July 2022 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and assign, and the Company has conditionally agreed to purchase the Sale Shares and to accept the assignment of the Sale Loan from the Vendor, at an aggregate consideration of HK\$137,600,000.

The Sale Shares represents the entire issued share capital of the Target Company as at the date of this announcement and the Sale Loan represents all outstanding loans due by the Target Group to the Vendor as at the date of this announcement.

The Consideration of HK\$137,600,000 shall be satisfied by the issue and allotment of 98,992,805 Consideration Shares at the Issue Price by the Company to the Vendor or its nominee(s) within seven (7) Business Days after Completion Date.

Upon Completion, the Target Company will become a subsidiary of the Company and the financial information of the Target Group will be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but all applicable percentage ratios are less than 25% under the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion is subject to the fulfillment (or waiver) of the Conditions Precedent and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that, 21 July 2022 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase the Sale Shares and to accept the assignment of the Sale Loan from the Vendor.

THE AGREEMENT

Principal terms of the Agreement are set out below.

Date : 21 July 2022

Parties : (i) the Company; and
(ii) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons.

Assets to be acquired

Subject to the fulfilment of the Conditions Precedent, the Vendor shall as legal and beneficial owner sell and assign to the Company, and the Company shall purchase from the Vendor, the Sale Shares, free and clear from all encumbrances and together with all rights, benefits and entitlements now or thereafter attaching or accruing to the Sale Shares and to accept the assignment of the Sale Loan from the Vendor.

The Sale Shares represents the entire issued share capital of the Target Company as at the date of this announcement and the Sale Loan represents all outstanding loans due by the Target Group to the Vendor as at the date of this announcement.

Consideration

The Consideration payable by the Company to the Vendor shall be approximately HK\$137,600,000) which shall be satisfied by the issue and allotment of 98,992,805 Consideration Shares at the Issue Price by the Company to the Vendor or its nominee(s) within seven (7) Business Days after the Completion Date.

Basic for determination of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms after taking into account, without limitation, (i) the preliminary valuation of the fair value of the Accounts Receivable of approximately RMB121,919,000 (equivalent to approximately HK\$143,000,000) as at 30 June 2022, which was assessed by the Independent Valuer and prepared based on the income approach; (ii) the outstanding amount of the Accounts receivables of approximately RMB137,465,000 (equivalent to approximately HK\$161,724,000) as at 30 June 2022; and (iii) the outstanding amount of the Sale Loan of approximately RMB137,465,000 (equivalent to approximately HK\$161,724,000). The aforesaid valuation has taken into consideration the credit status of the Supplier, contract terms, goods and services underlying the contracts and other factors.

Taking into account the above, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Consideration Shares

Assuming that there will be no other change in the total issued share capital of the Company between the date of this announcement and the Completion Date, the Consideration Shares representing (i) approximately 19.80% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.53% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion.

Issue Price

The Issue Price of HK\$1.39 per Consideration Share represents:

- (i) a discount of approximately 17.75% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange as at the last trading day for the Shares on the Stock Exchange on the date of the Agreement; and
- (ii) a discount of approximately 19.75% to the average closing price of approximately HK\$1.732 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement; and

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among others, the prevailing market prices of the Shares and the recent trading volume of the Shares. The Directors consider that the Issue Price is fair and reasonable.

Conditions Precedent

The Completion shall be conditional upon fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) the Stock Exchange not raising any objection against any of the transactions contemplated under the Agreement;
- (b) the Board having passed resolutions for approving, *inter alia*, (i) the Acquisition, (ii) the execution of the Agreement and any other agreements in connection herewith, (iii) the allotment and issue of the Consideration Shares at the Issue Price, and (iv) the transactions contemplated hereunder and all matters incidental hereto;
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares and such listing and permission not subsequently revoked or withdrawn prior to Completion;
- (d) the Vendor having obtained all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver(s)), and completed all necessary applications, notifications, registrations and filings (if applicable) in connection with the entering into and performance of the terms of the Agreement and the transactions contemplated hereunder;
- (e) the Company having completed, and to its satisfaction with the results of, the Due Diligence Review conducted on the Target Group;
- (f) the Company having obtained a valuation report as assessed by the Independent Valuer, in form and substance satisfactory to the Company at its absolute discretion on the Target Group and the fair value of the entire issued share capital of the Target Group is not less than RMB116,960,000 (equivalent to approximately HK\$137,600,000);
- (g) the deed of assignment in relation to the assignment of the Sale Loan from the Vendor to the Company to having been executed and come into effect;
- (h) the representations, warranties, undertakings and guarantees from the Vendor on all information in whatever medium provided to the Company and its authorised representatives as set out in the Agreement are true, accurate and complete in all respects, and not misleading in any respect;

- (i) the Vendor having entered into all relevant legal documents (including but not limited to the Accounts Receivable Transfer Agreement having been executed and come into effect) to effect the Acquisition and matters incidental thereto in accordance with the relevant legal advice and the results of Due Diligence Review conducted by the Company; and
- (j) there having been no material breach by the Vendor of its obligations under the Agreement and/or any documents incidental to the Acquisition, to which it is a party.

The Company may waive the above Conditions Precedent (e) and (h) by notice in writing to the Vendor.

The Vendor and the Company shall use (to the extent they are able) their respective best endeavours to procure the fulfilment of the above Conditions Precedent as soon as possible but in any event not later than the Long Stop Date. If any of above Conditions Precedent shall not have been fulfilled (or waived, where applicable) in all respects prior to the Long Stop Date, the Agreement shall be terminated automatically and of no further effect and all liabilities and obligations of the parties to the Agreement shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties thereto which shall have accrued prior to such termination.

Completion

The Completion shall take place within 10 Business Days after all the Conditions Precedent have been fulfilled (or waived, where applicable) at the office of the Company (or at such other time or place as the parties to the Agreement may agree).

Upon Completion, the Target Company will become a subsidiary of the Company and the financial information of the Target Group will be consolidated into the financial statements of the Group.

GENERAL MANDATE

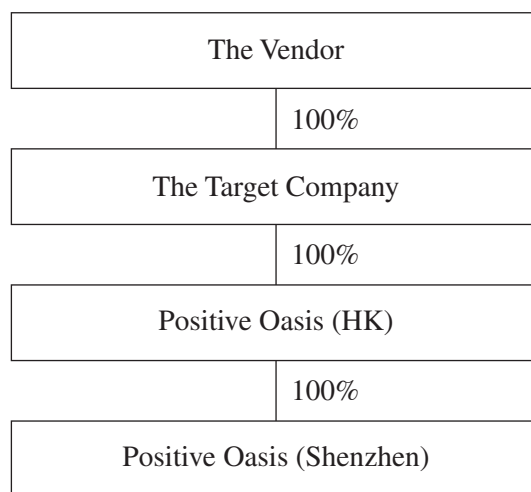
The Consideration Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with each other and with other Shares then in issue at the time of issue of the Consideration Shares.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company which, and its subsidiaries, are principally engaged in business-to-business hardware trading in the PRC, sales of optical products and franchise and license management in Malaysia.

INFORMATION ON THE TARGET GROUP

The following diagram illustrates the shareholding structures of the Target Group as at the date of this announcement:



The Target Company

The Target Company is a company incorporated under the laws of the British Virgin Islands with limited liability on 20 August 2021 and the principal business of which is investment holding. As at the date of this announcement, the Target Company is wholly owned by the Vendor.

Positive Oasis (HK)

Positive Oasis (HK) is a company incorporated under the laws of the Hong Kong with limited liability on 14 September 2021 and the principal business of which is investment holding. As at the date of this announcement, Positive Oasis (HK) is wholly owned by the Target Company.

Positive Oasis (Shenzhen)

Positive Oasis (Shenzhen) is a company incorporated in the PRC with limited liability on 5 May 2022 and the principal business of provision of supply of business-to-business hardware trading and provision of accounts receivable financing services in the PRC.

Financial information of the Target Group

Each of the Target Company and Positive Oasis (HK) is principally engaged in investment holding, therefore no business was conducted by each of them since its incorporation. As at the date of this announcement, each of the Target Company and Positive Oasis (HK) does not have any major assets.

As disclosed above, Positive Oasis (Shenzhen) is a newly incorporated company with short operating history. Since its incorporation, Positive Oasis (Shenzhen) executed three Accounts Receivable Transfer Agreements with the Supplier, pursuant to which the Supplier agreed to assign to Positive Oasis (Shenzhen) and Positive Oasis (Shenzhen) agreed to accept from the Supplier all benefits of the Accounts Receivable with recourse, any monies received from the debtors by the Supplier in respect of the repayment of the Accounts Receivable shall transfer to Positive Oasis (Shenzhen) within 5 business days upon receipt of such monies.

The Accounts Receivables involve 3 debtors, which are PRC government bureaus, and were selected based on the creditworthiness of the Accounts Receivable and the negotiation between Positive Oasis (Shenzhen) and the Supplier. The aggregate book value of the Accounts Receivables acquired as at 30 June 2022 is approximately RMB137,465,000 (equivalent to approximately HK\$161,724,000) and is determined based on the value of the goods and services provided to such PRC government bureaus with the amount shown in the respective service contract, the relevant repayment records and confirmation from the Supplier. All the aforesaid Accounts Receivable Transfer Agreements were completed before 30 June 2022.

Save as disclosed above, no revenue and profit has been generated by Positive Oasis (Shenzhen) since its incorporation.

As at 30 June 2022, the unaudited total assets value and the net assets value of the Target Group were approximately HK\$137,610,000 and HK\$9,000 respectively.

EFFECT ON THE SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 500,000,000 Shares in issue. The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and the Completion Date):

	(i) As at the date of this announcement		(ii) Immediately after the Completion (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and the Completion Date)	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>
Shareholders				
Alliance Vision Limited (<i>Note 1</i>)	168,750,000	33.75	168,750,000	28.17
Delightful Fortune Limited (<i>Note 2</i>)	37,500,000	7.50	37,500,000	6.26
The Vendor	—	—	98,992,805	16.53
Other public Shareholders	<u>293,750,000</u>	<u>58.75</u>	<u>293,750,000</u>	<u>49.04</u>
Total	<u>500,000,000</u>	<u>100.00%</u>	<u>598,992,805</u>	<u>100%</u>

Notes

- Alliance Vision Limited is a company incorporated in the British Virgin Islands on 8 May 2019 and is wholly owned by Dato' Ng Kwang Hua, who is the executive Director. Dato' Ng Kwang Hua is the spouse of Datin Low Lay Choo and thus he is deemed to be interested in the shares in which Datin Low Lay Choo is interested for the purpose of the Securities and Futures Ordinance.
- Delightful Fortune Limited is a company incorporated in the British Virgin Islands on 8 May 2019 and is wholly owned by Datin Low Lay Choo. Datin Low Lay Choo is the spouse of Dato' Ng Kwang Hua and thus she is deemed to be interested in the shares in which Dato' Ng Kwang Hua is interested for the purpose of the Securities and Futures Ordinance.

REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENT

As the Target Group is primarily engaged in the provision of business-to-business trading of hardware and provision of accounts receivable financing services to its customers, whereby the Target Group have successfully established collaboration with Supplier and education bureaus, the Directors believe that the proposed acquisition of Target Group will complement the Group's new business strategy which involves a business-to-business hardware trading and would facilitate better implementation of the strategies of the Company into the Target Company, which is to expand its development in the business-to-business retail solutions related services in the PRC market. The Directors also expect that the Acquisition allows the Group to generate revenue, profit and cash flow stream from repayment of the Accounts Receivables.

Taking into consideration the reasons for and benefit of the Acquisition to the Group, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors are also of the view that the terms of the Agreement, including the Consideration which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but all applicable percentage ratios are less than 25% under the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion is subject to the fulfillment (or waiver) of the Conditions Precedent and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Accounts Receivable”	the accounts receivable of the Supplier acquired by Positive Oasis (Shenzhen) under the Accounts Receivable Transfer Agreements
“Accounts Receivable Transfer Agreement(s)”	the agreement(s) entered into between Positive Oasis (Shenzhen) and the Supplier for acquiring the Accounts Receivable
“Acquisition”	the sale and purchase of the Sale Shares and assignment of the Sale Loan by the Vendor to the Company in accordance with the terms of the Agreement

“Agreement”	the conditional sale and purchase agreement dated 21 July 2022 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	MOG Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on main board of the Stock Exchange (Stock code: 1942)
“Completion”	Completion of the Acquisition in accordance with the Agreement
“Completion Date”	the date on which the Completion occurs in accordance with the Agreement
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Agreement
“Consideration”	the aggregate consideration for the Acquisition
“Consideration Shares”	the aggregate of 98,992,805 Shares of HK\$137,600,000 payable by the Company to the Vendor for the Acquisition
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Due Diligence Review”	the due diligence review and investigation being conducted by the Company or its representatives
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 28 September 2021 to issue and allot up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	CHFT Advisory and Appraisal Limited

“Issue Price”	HK\$1.39 per Consideration Share
“Listing Committee”	Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Long Stop Date”	20 October 2022, being three (3) months immediately after the date of the Agreement or such later date as agreed by the parties thereto
“Positive Oasis (HK)”	Positive Oasis (Hong Kong) Limited, is a company incorporated under the laws of Hong Kong with limited liability
“Positive Oasis (Shenzhen)”	Positive Oasis (Shenzhen) Shiye Company Limited* (深圳柏傲實業有限公司), is a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Share(s)”	10,000 Shares representing 100% of the entire issued share capital of the Target Company on Completion
“Sale Loan”	the entire amount of an unsecured interest-free loan provided by the Vendor to the Target Group and remains outstanding at Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	the supplier for the goods and services provided to certain PRC government bureaus
“Target Company”	Positive Oasis Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Target Group”	collectively the Target Company, Positive Oasis (HK) and Positive Oasis (Shenzhen)
“Vendor”	Tang Jun

“%”

per cent

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

Hong Kong, 21 July 2022

As at the date of this announcement, the Company has three executive Directors, namely Dato' Ng Kwang Hua (Chairman), Ms. Tang Tsz Yuet and Mr. Zhou Yue, and four independent non-executive Directors, namely Mr. Ng Chee Hoong, Mr. Ng Kuan Hua, Ms. Jiao Jie and Puan Sri Datuk Seri Rohani Parkash Binti Abdullah.

* *For identification purpose only*