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MOG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE DISCLOSEABLE TRANSACTION

Reference is made to the announcement of (the “**Announcement**”) of MOG Holdings Limited (the “**Company**”) dated 21 July 2022 in relation to, amongst others, the acquisition of the entire issued share capital of Positive Oasis Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Directors would like to provide the following supplemental information in relation to the Acquisition.

BASIS FOR DETERMINATION OF THE CONSIDERATION

As disclosed in the Announcement, 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 (the “**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).

Since the Independent Valuer has adopted the income approach using the discounted cash flow method on the Valuation, such Valuation constitutes a “profit forecast” under Rule 14.61 of the Listing Rules. This announcement is made in compliance with Rule 14.62 of the Listing Rules.

Assumptions of valuation

Pursuant to Rule 14.62(1) of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation has been based are as follows:

- (i) the Supplier will continue to maintain business relationship with the debtors to facilitate the collection of Accounts Receivable;
- (ii) the Target Group is expected to collect the Accounts Receivables as the schedule as advised by the management of the Supplier; and
- (iii) credit spread implied in the comparable bonds represents the general required return of receivables with similar credit rating by the market participants.

The Board has reviewed the above principal assumptions upon which the profit forecast has been based and is of the view that the profit forecast has been made after due and careful enquiry.

Confucius International CPA Limited (“**Confucius**”) has been engaged by the Company to review on the arithmetical calculation and compilation of the discounted future estimated cash flows, which does not involve the adoption of accounting policies, upon which the Valuation was based.

On the basis of the foregoing, Upbest Securities Company Limited (“**Upbest Securities**”), being the financial adviser of the Company, is satisfied the profit forecast has been made by the Company after due and careful enquiry.

A letter from Confucius and a letter from Upbest Securities are included in the appendices to this announcement for the purposes of Rule 14.62 of the Listing Rules.

Expert and consent

The following are the qualifications of the experts who have given their opinion and advice in this announcement:

Name	Qualification
CHFT Advisory and Appraisal Limited	Independent Valuer
Upbest Securities	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance
Confucius	Certified Public Accountants

Each of the Independent Valuer, Upbest Securities and Confucius has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualification) in the form and context in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Independent Valuer, Upbest Securities and Confucius is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, each of the Independent Valuer, Upbest Securities and Confucius does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, each of the Independent Valuer, Upbest Securities and Confucius does not have any direct or indirect interests in any assets which have been, since 31 March 2022 (the date to which the latest published annual results of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

BASIS OF DETERMINATION OF THE ISSUE PRICE

When determining the Issue Price, the Directors have considered, among other things, the closing prices of the Shares traded on the Stock Exchange and the trading volume of the Shares in the past six months prior to and including the date of the Agreement (the “**Review Period**”) as a benchmark to reflect the prevailing market conditions and recent market sentiment.

During the Review Period, the Shares were traded on the Stock Exchange with closing prices ranging from HK\$1.1 per Share to HK\$1.76 per Share, with an average closing price of the Shares during the Review Period of approximately HK\$1.42 per Share. The Directors considered that the Issue Price of HK\$1.39 per Share represents a discount of approximately 2.11% to the average closing price of the Shares during the Review Period.

Furthermore, the Directors have also reviewed the trading volume of the Shares during the Review Period when determining the Placing Price. The following table sets out, *inter alia*, (a) the average daily trading volume of the Shares during the Review Period; and (b) the percentage of the average daily trading volume of the Shares in proportion to the total number of Shares in issue as at the end of the month/period:

Month/Period	Total trading volume <i>(Number of Shares)</i>	Number of trading days	Average daily trading volume of the Shares <i>(Approximately)</i> <i>(Number of Shares)</i>	Average daily trading volume as a percentage of the total number of Shares in issue as at the end of the month/period <i>(Approximately)</i>
From 20 January 2022 to 31 January 2022	988,000	8	123,500	0.025%
February 2022	654,000	17	38,471	0.008%
March 2022	22,866,000	23	994,174	0.199%
April 2022	46,417,700	18	2,578,761	0.516%
May 2022	1,664,000	20	83,200	0.017%
June 2022	2,662,000	21	126,762	0.025%
From 1 July 2022 to 21 July 2022	2,750,000	14	196,429	0.039%

Source: the website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the above table, the trading volume of the Shares was relatively thin during the Review Period, with an average daily trading volume of the Shares for the respective month/period ranging from 38,471 Shares to 2,578,761 Shares, representing approximately 0.008% and approximately 0.516% of the Company's total number of Shares in issue as at the end of the relevant month/period, respectively.

Having considered the prevailing market price and the recent trading volume of the Shares as illustrated above as well as the impact from the outbreak of the COVID-19 (and other related and mutated form) pandemic to the business operation and financial position of the Group, the Directors were of the view that it is commercially reasonable to offer a discount on the Issue Price to the prevailing market price of the Shares as an incentive to attract the Vendor to invest in the Shares. Therefore, the Directors considered that the Issue Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

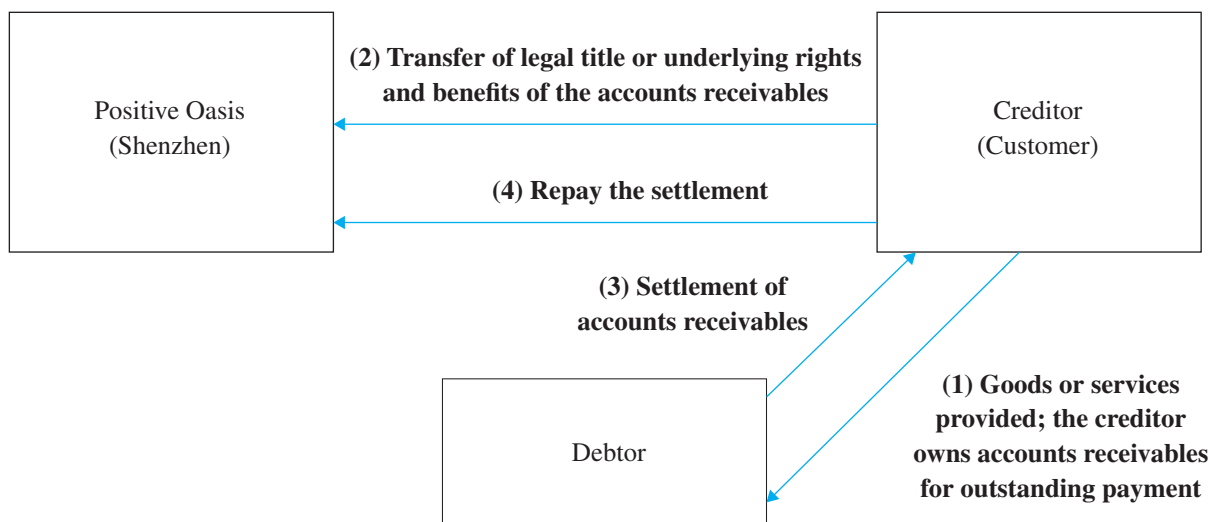
REASONS FOR THE ACQUISITION

The principal business of the Target Group and its business model

As disclosed in the Announcement, the principal business of Positive Oasis (Shenzhen) is the supply and trading of Information Technology (“IT”) hardware for business-to-business and the Target Group has subsequently identified the provision of accounts receivable financing services or factoring services to the customers as part of the market entry strategy and expansion plan, in another words, to provide the accounts receivable financing services or factoring services to prospective customers whose business activities are within the IT segment which will provide a cross-selling opportunity to the Target Group.

The factoring services is primarily used by customers who need working capital and funding to fund their business operations and/or capital expenditure. Generally, Positive Oasis (Shenzhen) enters into accounts receivable financing or factoring agreements with its customers. Under typical accounts receivable financing or factoring agreements, the customers assign their accounts receivable to Positive Oasis (Shenzhen) and Positive Oasis (Shenzhen) provides account management and accounts receivable collection services to such customers. After the assignment, the ownership or the underlying rights and benefits of the accounts receivable is transferred to Positive Oasis (Shenzhen). In other words, the Accounts Receivable is expected to be repaid to the Company from the Supplier after receiving the monies from the debtors (which are PRC government bureaus).

The following diagram illustrates the relationship between the three parties in accounts receivables financing agreement:



Positive Oasis (Shenzhen) enters into accounts receivable financing or factoring transactions with customers with recourse, which allows it to demand the customers to unconditionally settle the accounts receivable on demand under certain circumstances, including but not limited to a default by the debtor to pay the accounts receivable.

Since its incorporation, Positive Oasis (Shenzhen) has entered into 3 Accounts Receivables financing or factoring agreements and all of the accounts receivables were transferred and assigned by the Supplier to Positive Oasis (Shenzhen).

Background of the Supplier

Based on the information provided by the Vendor, the Supplier is a vendor of K-12 educational platform services in the PRC and abroad. The Supplier is a member of Chinese National Engineering Laboratory of Educational Big Data Technology. By now, the Supplier has implemented provincial, municipal and country-level educational platforms across the PRC.

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the Supplier and the Supplier are independent third parties of and not connected with the Vendor and its connected persons.

The collaboration of the Target Group with the Supplier

As disclosed in the Company's announcement dated 23 June 2022, the Group had commenced a new business segment during the financial year ended 31 March 2022 which involves a business-to-business hardware trading in the PRC. As part of the business strategy and business expansion plan, the Group is of the opinion that expanding and growing the said business in the PRC via organic growth will allow the Group to establish a stronger and sound footprint via experienced and solid partners.

The Target Group has been maintaining a close and cooperative business relationship with the Supplier. The Directors believe that the collaboration of the Target Group with the Supplier could support the Group's business development, whereby the Supplier is an established player in educational platform and had successfully rolled out and completed numerous platforms, which demonstrates a strong IT capability of the Supplier. This represents a complementary opportunity whereby the Group could supply and provide the IT hardware via the Supplier's channel. Furthermore, the Group could leverage on the account receivable financing or factoring services to make further inroad to another ancillary service providers (e.g. computers, point-of-sale systems, etc), which in turn will benefit the Group's retail solution related business by providing established customer base and allow the Group to further develop a comprehensive service platform to its customers.

The collaboration will therefore allow the Group to pursue the business expansion, as well as the opportunity to tap on the increasing overall demand from the trade financing in the PRC.

This announcement is supplemental to and should be read in conjunction with the Announcement. Save as disclosed above, the Board confirms that the above supplemental information does not affect other information contained in the Announcement and the content of the Announcement remains correct and unchanged.

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

Hong Kong, 9 August 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.

APPENDIX 1 — LETTER FROM CONFUCIUS

9 August 2022

The Board of Directors
MOG Holdings Limited

Unit B, 13th Floor
Winsan Tower
98 Thomson Road
Wan Chai, Hong Kong

Dear Sirs,

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 5 August 2022 prepared by CHFT Advisory and Appraisal Limited in respect of Accounts Receivable assessment as at 30 June 2022 is based. The valuation is set out in the announcement of MOG Holdings Limited (the “**Company**”) dated 21 July 2022 (the “**Announcement**”). The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

APPENDIX II — LETTER FROM UPBEST SECURITIES

9 August 2022

MOG Holdings Limited

Unit B, 13th Floor
Winsan Tower
98 Thomson Road
Wanchai, Hong Kong

Attention: The Board of Directors

Dear Sirs

We refer to the valuation prepared by CHFT Advisory and Appraisal Limited set out in the valuation report dated 5 August 2022 as referred to in the announcement of the Company dated 21 July 2022 (the “**Announcement**”) in relation to the valuation of the Accounts Receivable (as defined in the Announcement) as at 30 June 2022. Terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Valuation, which has been arrived at using the discounted cash flow method, is based on the cash flow forecasts (the “**Forecasts**”) provided by the management of the Company. The Forecasts are regarded as a profit forecast under Rule 14.61 of the Listing Rules. Rule 14.62 of the Listing Rules is hence applicable and we have been engaged for the purpose of reporting to you.

The assessment, review and discussion carried out by us as described in this letter are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Independent Valuer and the Group and opinions expressed by, and representations of, the employees and/or management of the Independent Valuer and the Group. We have assumed that all information, materials, opinions and/or representations so supplied, including all information, materials, opinions and/or representations referred to or contained in the Announcement, for which the Directors are solely responsible, were true, accurate, complete and not misleading at the time they were supplied or made and continued to be so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review. In addition, the qualifications, bases and assumptions adopted by the Independent Valuer are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Independent Valuer and the Group.

We have reviewed the Forecasts, for which you as the Directors are solely responsible for, and have discussed with you and the Independent Valuer the basis and assumptions adopted for the Forecasts as well as the information and materials provided by the Independent Valuer and the Group.

While we are not reporting on the arithmetical calculations of the Forecasts or the Valuation, nor the adoption of accounting policies thereof (if applicable), we have also considered the letter issued by Confucius International CPA Limited, dated 5 August 2022 as set out in Appendix I to the Announcement regarding the calculations upon which the Forecasts have been made.

On the basis of foregoing, we are satisfied that the Forecasts including the bases and assumptions of the Forecasts adopted by the Independent Valuer, for which you as the Directors are solely responsible for, have been made after due and careful enquiry. However, we express no opinions on the reasonableness of the valuation methods or whether the actual cash flows would eventually be achieved in correspondence with the Forecasts. We accept no responsibilities to any other person in respect of, arising out of or in connection with our work. Our work in connection with the Forecasts has been undertaken solely in connection with Rules 14.61 and 14.62 of the Listing Rules and for no other purposes.

Yours faithfully
For and on behalf of
Upbest Securities Company Limited
Cheng Wai Ling, Annie
Director