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## MOG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

### FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of MOG Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 31 March 2022 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>RM'000</i>	2021 <i>RM'000</i>
<b>Revenue</b>	5	<b>231,273</b>	99,223
Cost of sales		<u>(160,870)</u>	<u>(30,391)</u>
<b>Gross profit</b>		<b>70,403</b>	68,832
Other income	6	<b>8,890</b>	8,766
Selling and distribution costs		<b>(48,497)</b>	(47,223)
Administrative expenses		<b>(12,686)</b>	(10,986)
(Provision for) Reversal of impairment loss on trade receivables		<b>(14)</b>	244
Finance costs	7	<b>(620)</b>	(743)
Listing expenses		<u>—</u>	<u>(1,409)</u>
<b>Profit before tax</b>	7	<b>17,476</b>	17,481
Income tax expense	8	<u>(4,980)</u>	<u>(5,227)</u>
<b>Profit for the year</b>		<u><b>12,496</b></u>	<u>12,254</u>

	<i>Notes</i>	<b>2022</b> <b>RM'000</b>	2021 <i>RM'000</i>
<b>Other comprehensive income (loss)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<b>352</b>	(1,647)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<u>(1,160)</u>	<u>1,074</u>
<b>Other comprehensive loss for the year</b>		<u>(808)</u>	<u>(573)</u>
<b>Total comprehensive income for the year</b>		<u><b>11,688</b></u>	<u>11,681</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>10,112</b>	9,922
Non-controlling interests		<u>2,384</u>	<u>2,332</u>
		<u><b>12,496</b></u>	<u>12,254</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>9,304</b>	9,349
Non-controlling interests		<u>2,384</u>	<u>2,332</u>
		<u><b>11,688</b></u>	<u>11,681</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted	9	<u><b>2.02 sen</b></u>	<u>2.00 sen</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>RM'000</i>	2021 <i>RM'000</i>
<b>Non-current assets</b>			
Investment properties		<b>1,241</b>	1,283
Right-of-use assets		<b>17,232</b>	15,904
Plant and equipment		<b>8,659</b>	7,471
Intangible assets		<b>166</b>	—
Other receivables	<i>11</i>	<b>1,067</b>	—
Deferred tax assets		<b>1,227</b>	1,252
		<b>29,592</b>	25,910
<b>Current assets</b>			
Inventories		<b>24,440</b>	20,536
Trade and other receivables	<i>11</i>	<b>156,168</b>	7,812
Tax recoverable		<b>1,957</b>	—
Fixed deposits with licensed banks		<b>54,031</b>	42,553
Bank balances and cash		<b>51,140</b>	68,343
		<b>287,736</b>	139,244
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>168,252</b>	16,321
Interest-bearing borrowing		—	105
Lease liabilities		<b>9,589</b>	12,594
Tax payable		—	914
		<b>177,841</b>	29,934
<b>Net current assets</b>		<b>109,895</b>	109,310
<b>Total assets less current liabilities</b>		<b>139,487</b>	135,220

	<i>Notes</i>	<b>2022</b> <i>RM'000</i>	2021 <i>RM'000</i>
<b>Non-current liabilities</b>			
Interest-bearing borrowing		—	1,183
Lease liabilities		<b>7,702</b>	6,575
Provisions		<u><b>1,085</b></u>	<u>998</u>
		<u><b>8,787</b></u>	<u>8,756</u>
<b>NET ASSETS</b>		<u><b>130,700</b></u>	<u>126,464</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>2,747</b>	2,747
Reserves		<u><b>121,831</b></u>	<u>117,415</u>
Equity attributable to owners of the Company		<b>124,578</b>	120,162
Non-controlling interests		<u><b>6,122</b></u>	<u>6,302</u>
<b>TOTAL EQUITY</b>		<u><b>130,700</b></u>	<u>126,464</u>

## NOTES

### 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

MOG Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing**”). The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong and the Group’s headquarters is situated at No. 1–2, 2nd Floor, Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang, Selangor, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in business-to-business hardware trading in the People’s Republic of China (the “**PRC**”), sales of optical products and franchise and license management in Malaysia.

### 2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Malaysian Ringgit (“**RM**”) and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised IFRSs.

### 3. FUTURE CHANGES IN IFRSS

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current financial year, which the Group has not early adopted:

Amendments to IAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Annual Improvements to IFRSs	2018–2020 Cycle <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
IFRS 17	Insurance Contracts <sup>2</sup>
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- (1) Business-to-business hardware trading.
- (2) Sales of optical products.
- (3) Franchise and license management.

#### Segment revenue and results

The accounting policies of the operating segments.

Segment revenue represents revenue derived from business-to-business hardware trading, sales of optical products and franchise and license management.

Segment results represent the profit before tax reported by each segment without allocation of other income and administrative expenses reported by corporate office, finance costs, listing expenses and income tax expense. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable segments for the years ended 31 March 2022 and 2021 are as follows:

**Year ended 31 March 2022**

	<b>Business-to- business hardware trading RM'000</b>	<b>Sales of optical products RM'000</b>	<b>Franchise and license management RM'000</b>	<b>Total RM'000</b>
<b>Segment revenue</b>	<b><u>126,892</u></b>	<b><u>104,039</u></b>	<b><u>342</u></b>	<b><u>231,273</u></b>
<b>Segment results</b>	<b><u>551</u></b>	<b><u>22,301</u></b>	<b><u>33</u></b>	<b>22,885</b>
Unallocated other income				237
Unallocated administrative expenses				(5,026)
Finance costs				<u>(620)</u>
Profit before tax				17,476
Income tax expense				<u>(4,980)</u>
Profit for the year				<b><u>12,496</u></b>

Year ended 31 March 2021

	Business-to- business hardware trading <i>RM'000</i>	Sales of optical products <i>RM'000</i>	Franchise and license management <i>RM'000</i>	Total <i>RM'000</i>
<b>Segment revenue</b>	<u>—</u>	<u>98,909</u>	<u>314</u>	<u>99,223</u>
<b>Segment results</b>	<u>—</u>	<u>21,189</u>	<u>277</u>	21,466
Unallocated other income				1,721
Unallocated administrative expenses				(3,554)
Finance costs				(743)
Listing expenses				<u>(1,409)</u>
Profit before tax				17,481
Income tax expense				<u>(5,227)</u>
Profit for the year				<u>12,254</u>



## Segment assets and liabilities

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

### At 31 March 2022

	<b>Business-to- business hardware trading RM'000</b>	<b>Sales of optical products RM'000</b>	<b>Franchise and license management RM'000</b>	<b>Unallocated RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>					
Reportable segment assets	<u>144,188</u>	<u>162,218</u>	<u>6,497</u>	<u>4,425</u>	<u>317,328</u>
<b>Liabilities</b>					
Reportable segment liabilities	<u>(143,623)</u>	<u>(42,287)</u>	<u>(718)</u>	<u>—</u>	<u>(186,628)</u>
<b>Other segment information:</b>					
Amortisation of intangible assets	—	—	22	—	22
Depreciation of plant and equipment	—	2,519	10	—	2,529
Depreciation of right-of-use assets	—	11,487	—	—	11,487
Depreciation of investment properties	—	—	—	42	42
Gain on disposal of plant and equipment, net	—	(181)	—	—	(181)
Provision for impairment loss on trade receivables	12	2	—	—	14
Write down of inventories	—	1,023	—	—	1,023
Write-off of plant and equipment	—	27	—	—	27
Additions to right-of-use assets	497	12,276	298	—	13,071
Additions to plant and equipment	2	4,013	—	—	4,015
Additions to intangible assets	<u>—</u>	<u>—</u>	<u>188</u>	<u>—</u>	<u>188</u>

At 31 March 2021

	Business-to- business hardware trading <i>RM'000</i>	Sales of optical products <i>RM'000</i>	Franchise and license management <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
<b>Assets</b>					
Reportable segment assets	—	161,090	1,529	2,535	165,154
<b>Liabilities</b>					
Reportable segment liabilities	—	(35,933)	(555)	(2,202)	(38,690)
<b>Other segment information:</b>					
Depreciation of plant and equipment	—	2,991	1	—	2,992
Depreciation of right-of-use assets	—	12,499	—	—	12,499
Depreciation of investment properties	—	—	—	42	42
Loss on disposal of plant and equipment, net	—	198	—	—	198
Gain on disposal of assets classified as held for sale	—	—	—	(1,406)	(1,406)
Reversal of impairment loss on trade receivables	—	(244)	—	—	(244)
Write down of inventories	—	3,005	—	—	3,005
Write-off of plant and equipment	—	125	—	—	125
Additions to right-of-use assets	—	10,795	—	—	10,795
Additions to plant and equipment	—	2,169	—	—	2,169

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include right-of-use assets, plant and equipment, intangible assets, inventories, trade and other receivables, fixed deposits with licensed banks, and bank balances and cash. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade and other payables, lease liabilities and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

## Geographical information

The Group's revenue is derived from its operations in the PRC and Malaysia. Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on physical location of the assets, in the case of plant and equipment, right-of-use assets and investment properties, and the location of the operation to which they are allocated, in the case of intangible assets and excluded other receivables and deferred tax assets.

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

During the year ended 31 March 2022, out of the Group's total revenue of approximately RM231,273,000 (2021: approximately RM99,223,000), the revenue generated from the PRC and Malaysia contributed approximately RM126,892,000 (2021: Nil) and RM104,381,000 (2021: RM99,223,000), representing approximately 55% (2021: Nil) and 45% (2021: 100%) of the Group's total revenue, respectively.

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

At 31 March 2022, out of the Group's total non-current assets of approximately RM27,298,000 (2021: approximately RM24,658,000), the non-current assets located in the PRC and Malaysia contributed approximately RM499,000 (2021: Nil) and RM26,799,000 (2021: RM24,658,000), representing approximately 2% (2021: Nil) and 98% (2021: 100%) of the Group's total non-current assets, respectively.

## Information about major customers

Details of the customers individually accounting for 10% or more of total revenue of the Group during the years ended 31 March 2022 and 2021 are as follows:

	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Customer A (Note a)	<b><u>126,833</u></b>	<u>(Note b)</u>

Notes:

- (a) Revenue from business-to-business hardware trading.
- (b) The customer did not contribute any revenue to the Group for relevant year.

## 5. REVENUE

	2022 RM'000	2021 RM'000
<u>Revenue from contracts with customers within IFRS 15</u>		
Business-to-business hardware trading	126,892	—
Sales of optical products		
— to retail customers	103,181	98,186
— to franchisees	858	723
Franchise and royalty fees income	342	314
	<u>231,273</u>	<u>99,223</u>
<i>Timing of revenue recognition:</i>		
At a point in time	231,242	99,181
Over time	31	42
	<u>231,273</u>	<u>99,223</u>
<i>Type of transaction price:</i>		
Fixed price	231,049	98,951
Variable price	224	272
	<u>231,273</u>	<u>99,223</u>

The amount of revenue recognised for the year ended 31 March 2022 that was included in the contract liabilities at the beginning of the reporting period was approximately RM748,000 (2021: approximately RM721,000).

## 6. OTHER INCOME

	2022 RM'000	2021 RM'000
Bank interest income	1,672	242
Book-keeping fee income	—	16
Exchange gain, net	883	213
Gain on disposal of plant and equipment, net	181	—
Gain on disposal of assets classified as held for sale	—	1,406
Gain on termination of leases	5	—
Government subsidies ( <i>Note</i> )	1,895	2,645
Income on COVID-19-related rent concessions	2,841	2,909
Rental income from investment properties	149	241
Sponsorship income	451	327
Sundry income	813	767
	<u>8,890</u>	<u>8,766</u>

*Note:* During the year ended 31 March 2022, the Group recognised government subsidies of approximately RM1,895,000 (2021: RM2,645,000) in respect of COVID-19-related subsidies provided by Malaysia's government authorities. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these subsidies.

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2022 RM'000	2021 RM'000
<i>Finance costs</i>		
Interest on interest-bearing borrowings	12	44
Interest on bank overdrafts	7	7
Interest on lease liabilities	<u>601</u>	<u>692</u>
	<u><b>620</b></u>	<u><b>743</b></u>
<i>Staff costs (including directors' remuneration)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	30,091	27,920
Contributions to defined contribution plans	<u>2,624</u>	<u>2,523</u>
	<u><b>32,715</b></u>	<u><b>30,443</b></u>
<i>Other items</i>		
Auditors' remuneration		
— Audit services	1,095	1,004
— Non-audit services	81	102
Cost of inventories	160,870	30,391
Amortisation of intangible assets (included in "Selling and distribution costs")	22	—
Depreciation of investment properties	42	42
Depreciation of plant and equipment	2,529	2,992
Depreciation of right-of-use assets	11,487	12,499
Direct operating expenses arising from investment properties that generated rental income	2	12
Exchange gain, net	(883)	(213)
(Gain) Loss on disposal of plant and equipment, net	(181)	198
Other rental and related expenses	4,656	3,625
Provision for (Reversal of) impairment loss on trade receivables	14	(244)
Write down of inventories (included in "Cost of sales")	1,023	3,005
Write-off of plant and equipment	<u>27</u>	<u>125</u>

## 8. INCOME TAX EXPENSE

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Current tax</b>		
PRC Enterprise Income Tax	141	—
Malaysia corporate income tax	<u>4,814</u>	<u>6,004</u>
	4,955	6,004
<b>Deferred tax</b>		
Changes in temporary differences	<u>25</u>	<u>(777)</u>
Total income tax expense for the year	<u><u>4,980</u></u>	<u><u>5,227</u></u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 March 2022 and 2021.

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

The group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25%.

Saved as disclosed below, Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the years ended 31 March 2022 and 2021.

For the years ended 31 March 2022 and 2021, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

## 9. EARNINGS PER SHARE

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

	<b>2022</b>	2021
	<b><i>RM'000</i></b>	<i>RM'000</i>
Profit for the year attributable to owners of the Company, used in basic and diluted earnings per share calculation	<b><u>10,112</u></b>	<u>9,922</u>
	<b>Number of shares</b>	
	<b>2022</b>	2021
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<b><u>500,000,000</u></b>	<u>495,205,479</u>

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the year ended 31 March 2021 has been determined based on the assumption that the issue of shares at incorporation of the Company, from the reorganisation of the Group and from the Capitalisation Issue (as defined in Note 13(a) below) to the shareholders had occurred on 1 April 2020.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 March 2022 and 2021.

## 10. DIVIDENDS

	<b>2022</b>	2021
	<b><i>RM'000</i></b>	<i>RM'000</i>
Dividends declared and paid to owners of the Company	<b><u>5,380</u></b>	<u>6,715</u>

On 5 October 2021, the board of directors resolved the declaration and payment of special dividend of HK\$0.02 (2021: HK\$0.025) per ordinary share of the Company, amounting to HK\$10,000,000 (equivalent to approximately RM5,380,000) (2021: HK\$12,500,000 equivalent to approximately RM6,715,000) in total. The dividend was paid in November 2021.

The board of directors does not recommend the payment of a final dividend (2021: Nil).

## 11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Trade receivables</b>			
From third parties		144,396	130
Less: Loss allowances		<u>(14)</u>	<u>—</u>
	<i>11(a)</i>	<u>144,382</u>	<u>130</u>
<b>Other receivables</b>			
Deposits paid		630	—
Prepayments		1,556	524
Refundable rental and other related deposits		7,858	6,485
Other receivables	<i>11(b)</i>	<u>2,809</u>	<u>673</u>
		12,853	7,682
Less: non-current portion of other receivables		<u>(1,067)</u>	<u>—</u>
		<u>11,786</u>	<u>7,682</u>
		<u>156,168</u>	<u>7,812</u>

### (a) Trade receivables

The ageing of trade receivables, net of loss allowances, based on the date of delivery of goods at the end of each reporting period is as follows:

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Within 30 days	144,209	98
31 to 60 days	10	32
61 to 90 days	94	—
Over 90 days	<u>69</u>	<u>—</u>
	<u>144,382</u>	<u>130</u>



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

	2022 RM'000	2021 RM'000
Not yet due	<u>144,209</u>	<u>98</u>
Past due:		
Within 30 days	10	32
31 to 60 days	94	—
61 to 90 days	<u>69</u>	<u>—</u>
	<u>173</u>	<u>32</u>
	<u><u>144,382</u></u>	<u><u>130</u></u>

The Group normally grants credit term to third parties up to 60 days (2021: up to 30 days) from the date of delivery of goods.

**(b) Other receivables**

At 31 March 2022, included in other receivables was an advance made to an independent third party with a carrying amount of RM2,332,000 (2021: Nil), over which the Group does not hold any collateral. The amount due was non-trade in nature, unsecured, interest-free and to be settled by monthly installment over 3 years.

**12. TRADE AND OTHER PAYABLES**

	<i>Notes</i>	2022 RM'000	2021 RM'000
<b>Trade payables to third parties</b>	<i>12(a)</i>	<u>154,177</u>	<u>4,395</u>
<b>Other payables</b>			
Contract liabilities	<i>12(b)</i>	2,257	748
Salaries and allowances payable		3,425	3,314
Accrued charges and other payables		5,339	5,493
Amounts due to minority interests of subsidiaries	<i>12(c)</i>	<u>3,054</u>	<u>2,371</u>
		<u>14,075</u>	<u>11,926</u>
		<u><u>168,252</u></u>	<u><u>16,321</u></u>

The trade payables are interest-free and with normal credit terms up to 120 days.

**(a) Trade payables**

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

	<b>2022</b>	2021
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	<b>148,637</b>	3,088
31 to 60 days	<b>2,751</b>	629
61 to 90 days	<b>1,770</b>	360
Over 90 days	<b>1,019</b>	318
	<u><b>154,177</b></u>	<u>4,395</u>

**(b) Contract liabilities**

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the years ended 31 March 2022 and 2021 are as follows:

	<b>2022</b>	2021
	<i>RM'000</i>	<i>RM'000</i>
At the beginning of the reporting period	<b>748</b>	721
Receipt of advanced payments	<b>2,257</b>	748
Recognised as revenue	<b>(748)</b>	(721)
	<u><b>2,257</b></u>	<u>748</u>

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

**(c) Amounts due to minority interests of subsidiaries**

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

### 13. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>HK\$</b>	<b>Equivalent to RM'000</b>
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 April 2020, 31 March 2021 and <b>31 March 2022</b>		<u><b>2,000,000,000</b></u>	<u><b>20,000,000</b></u>	<u><b>11,194</b></u>
Issued and fully paid:				
At 1 April 2020		100	1	—*
Capitalisation issue	<i>13(a)</i>	374,999,900	3,749,999	2,060
Issuance of shares pursuant to the global offering	<i>13(b)</i>	<u>125,000,000</u>	<u>1,250,000</u>	<u>687</u>
At 31 March 2021 and <b>31 March 2022</b>		<u><b>500,000,000</b></u>	<u><b>5,000,000</b></u>	<u><b>2,747</b></u>

\* *Represents amount less than RM1,000.*

- (a) Pursuant to the resolutions in writing of the Company's shareholders passed on 23 March 2020, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the directors of the Company were authorised to allot and issue a total of 374,999,900 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$3,749,999 standing to the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 15 April 2020.
- (b) On 15 April 2020, the shares of the Company were listed on the Main Board of the Stock Exchange and 125,000,000 shares of HK\$0.01 each were issued at HK\$1 each by way of global offering. The gross proceeds from the global offering amounted to HK\$125,000,000 (equivalent to approximately RM68,681,000). The expenses attributable to issue of shares pursuant to the global offering of approximately RM7,851,000 were recognised in the share premium account of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses from International Brands (being the brands of optical products generally from or which generally carry the trademarks of (i) international luxury fashion and optical brands; and (ii) international high-street fashion and optical brands), the Group's Own Brands (being the brands of optical products which carry the Group's trademarks and are manufactured by third party manufacturers) and Manufacturers' Brands (being the brands of optical products which are designed and manufactured by third party manufacturers). Apart from its retailing business, the Group also kept running its licensing business and franchising business respectively with a view to deepening its penetration in the Malaysian eyewear retail market.

As at 31 March 2022, the Group's retail network comprised 84 self-owned and 6 franchised retail stores, located across Central, Southern, Northern and Eastern of Peninsula Malaysia. During the reporting period, one self-owned ceased its operation and one franchised retail store was acquired by the Group due to underperformance. With the Group's expansion plan, five new self-owned retail stores have commenced their business during the Reporting period.

Apart from the Group's original retail and franchise business, the Directors kept monitoring the overall market for business opportunities during the year ended 31 March 2022 (the "**Reporting Period**"). Having believed that there are strong signs that consumer sentiments are recovering and that COVID-19 is subsiding, the management of the Group (the "**Management**") believes that this is currently an opportune moment to expand the Group's business and operations and reduce its reliance on the sales of optical products in Malaysia. In view of such situations, during the Reporting Period, the Company commenced a new business which involves a business-to-business ("**B2B**") hardware trading in the People's Republic of China ("**PRC**"). Such hardware products offerings include but are not limited to video surveillance system, access control system and other computer network system.

During the Reporting Period, the new business has generated approximately RM126.9 million revenue with gross profit margin of approximately 0.4%. Despite the low profit margin on initial entry to the market, such new business unblocked the Group from business to customer retail channel to the B2B distribution channel for certain retail solutions related services offerings in the PRC. The Group is able to fully settle, the trade payables arising from the B2B hardware trading business with the funds collected from the corresponding trade receivables without significant capital contribution and/or commitment made by the Group.

The Directors believe that the Group's success is attributable to its well established brand positioning and business network, and together with the commencement of the abovementioned new business, which is considered as an extension to its existing business in terms of both products offerings and geographical locations, it is anticipated that the Group would be able to secure a sustainable income and further enhance the profit with increased revenue in the long run.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately RM132.1 million or 133.2% from approximately RM99.2 million for the year ended 31 March 2021 (the "**Preceding Year**") to approximately RM231.3 million for the Reporting Period. The significantly increased in revenue was mainly driven by the new business of the B2B hardware trading. Out of the Group's total revenue of approximately RM231.3 million (2021: RM 99.2 million), each of the revenue generated from the PRC and Malaysia contributed approximately RM126.9 million (2021: Nil) and RM104.4 million (2021: RM99.2million), representing approximately 55% (2021: nil) and 45% (2021: 100%) of the Group's total revenue, respectively.

### **Other income**

The Group's other income increased by approximately RM0.1 million or 1.1% from approximately RM8.8 million in the Preceding Year to approximately RM8.9 million for the Reporting Period. The increase was mainly contributed by the combined effects of (i) the increase in bank interest income of approximately RM1.4 million; (ii) the reduction in wage subsidy received from the Malaysian Ministry of Human Resources of approximately RM0.8 million; (iii) no gain on disposal of assets classified as held for sale as compared to approximately RM1.4 million of such gain being recorded in the Preceding Year; (iv) the increase in gain on disposal of plant and equipment of approximately RM0.2 million; and (v) the increase in other miscellaneous income of approximately of RM0.2 million.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately RM1.6 million or 2.3% from approximately RM68.8 million in the Preceding Year to approximately RM 70.4 million for the Reporting Period. Such increase was mainly contributed by the increase of the Group's revenue. The Group's gross profit margin decreased from approximately 69.4% in the Preceding Year to approximately 30.4% for the Reporting Period, primarily due to lower gross profit margin attributed from the B2B hardware trading business in the PRC and consequently averaged down the overall gross profit margin of the Group. As for the gross profit margin for optical retail business in Malaysia, it has maintained its high level of margin although it had slightly been dropped from 69.4% in Preceding Year to 66.8% in the Reporting Period.

### **Selling and distribution costs**

The Group's selling and distribution costs increased by approximately RM1.3 million or 2.8% from approximately RM47.2 million in the Preceding Year to approximately RM48.5 million for the Reporting Period, primarily attributable to the increase in (i) staff costs resulting from the new set-up of few self-owned retail stores; and (ii) other rental and related expenses for retail stores as a result of increase in turnover rent.

### **Administrative expenses**

The Group's administrative expenses increased by approximately RM1.7 million or 15.5% from approximately RM11.0 million in the Preceding Year to approximately RM12.7 million for the Reporting Period, primarily due to the increase in staff cost, and legal and professional fee for compliance advisory services.

### **Finance costs**

The Group's finance costs decreased by approximately RM0.1 million or 14.3% from approximately RM0.7 million in the Preceding Year to approximately RM0.6 million for the Reporting Period, primarily due to decrease in finance charges on lease liabilities as a result of the combined effect of lower interest rate for the lease liabilities and derecognition of lease liability due to shorter renewal term for certain outlets.

### **Listing expenses**

There were no listing expenses incurred for the Reporting Period as compared to approximately RM1.4 million in the Preceding Year.

### **Income tax expense**

The Group's income tax expense decreased by approximately RM0.2 million or 3.8% from approximately RM5.2 million for in the Preceding Year to approximately RM5.0 million for the Reporting Period. The effective tax rate for the Reporting Period was approximately 28.5% which was slightly lower than the effective tax rate of approximately 29.9% in the Preceding Year mainly due to the higher of tax exempt revenue, which were not taxable in the Reporting Period.

### **Net profit and net profit margin**

As a result of the foregoing, the Group's net profit increased by approximately RM0.2 million or 1.6% from approximately RM12.3 million from the Preceding Year to approximately RM12.5 million for the Reporting Period. The Group's net profit margin decreased from approximately 12.4% in the Preceding Year to approximately 5.4% for the Reporting Period. Such decrease was mainly attributable to the lower profit margin generated from the B2B hardware trading business in the PRC.

## **Total assets and total liabilities**

As at 31 March 2022, the total assets of the Group were approximately RM317.3 million (*31 March 2021: approximately RM165.2 million*), increased by RM152.1 million while the total liabilities of the Group were approximately RM186.7 million (*31 March 2021: approximately RM38.7 million*), increased by approximately RM148.0 million. The increase in total assets and total liabilities were mainly due to the increase in account receivables and account payables of the new B2B hardware trading business in the PRC. As at the date of this announcement, the account receivables of approximately RM143.6 million and account payables of approximately RM143.0 million relating the B2B hardware trading business had subsequently been settled.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Financial resources**

The Group generally finances its operations with internally generated funds and banking facilities. As at 31 March 2022, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RM51.1 million (*31 March 2021: approximately RM68.3 million*). As at 31 March 2022, approximately 89.9% (*31 March 2021: approximately 80.8%*) was denominated in RM, approximately 4.8% (*31 March 2021: approximately 3.5%*) was denominated in United States dollar ("USD") and approximately 5.3% (*31 March 2021: approximately 15.7%*) was denominated in Hong Kong dollar ("HKD").

For the Reporting Period, the Group generated net cash inflow from operating activities of approximately RM18.4 million (*31 March 2021: approximately RM28.1 million*). The Group was able to fulfill its repayment obligations when they became due.

### **Banking facilities and lease facilities**

As at 31 March 2022, the Group had no interest-bearing borrowing (*31 March 2021: approximately RM1.3 million*). The Group's interest-bearing borrowing had been fully settled during the Reporting Period. The weighted average effective interest rates of approximately 3.40% as at 31 March 2021.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 31 March 2022 was approximately RM17.3 million (*31 March 2021: approximately RM19.2 million*), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 3.84 % (*31 March 2021: 4.73%*) per annum as at 31 March 2022.

## **Capital structure**

As at 31 March 2022, the Group's total equity and liabilities amounted to approximately RM130.7 million and approximately RM186.6 million respectively (*31 March 2021: approximately RM126.5 million and approximately RM38.7 million respectively*).

## **Gearing ratio**

The Group's gearing ratio decreased from approximately 0.16 times as at 31 March 2021 to approximately 0.13 times as at 31 March 2022 as a result of reduction in bank borrowing and accumulation of profit during the Reporting Period.

## **Current ratio**

The Group's current ratio reduced from approximately 4.65 times as at 31 March 2021 to approximately 1.62 times as at 31 March 2022, mainly due to the disproportion increase in the current liabilities as compared to the current assets.

## **Pledge of assets**

As at 31 March 2022, fixed deposits with licensed banks of approximately RM1.4 million (*31 March 2021: approximately RM1.4 million*) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 31 March 2022.

## **Capital commitments**

The Group did not have any material commitments as at 31 March 2022 (*31 March 2021: Nil*).

## **Contingent liabilities**

As at 31 March 2022, the Group did not have any significant contingent liabilities (*31 March 2021: Nil*).

## **Employees and remuneration policies**

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the year ended 31 March 2022, the Group incurred staff costs of approximately RM32.7 million (*31 March 2021: approximately RM30.4 million*), an increase of RM2.3 million or 7.6%. As at 31 March 2022, the Group's total number of staff was 515 (*31 March 2021: 500*).



## **Foreign currency exposure**

Save for certain bank balances were denominated in Renminbi (“**RMB**”), HKD, Singapore dollar and USD, the Group has minimal exposure to foreign currency risk because most of the business transactions, assets and liabilities are principally denominated in the functional currency of the Group, RM. In addition, the offset each other for assets and liabilities that were denominated in RMB in respect of business operation in the PRC. The Group currently does not have a hedging policy in respect of foreign currency transactions, assets and liabilities. The Management monitors the foreign currency exposure from time to time and will consider hedging significant foreign currency exposure should the need arise.

## **Significant investment held**

As at 31 March 2022, the Group did not hold any significant investments (*31 March 2021: Nil*).

## **Material acquisitions or disposals**

The Group did not have any material acquisition or disposals of subsidiaries or associated companies for the Reporting Period.

## **DIVIDENDS**

On 5 October 2021, the Board announced that it had resolved the declaration and payment of a special dividend of HK\$0.02 per ordinary share of the Company, amounting to HK\$10,000,000 in total (the “**Special Dividend**”). The Special Dividend was entitled to the Shareholders whose names appear on the Company’s register of members at the close of business on Monday, 25 October 2021 and was paid on 5 November 2021.

The Board does not recommend to declare any final dividend for the Reporting Period.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed above, there were no significant events after the Reporting Period and up to the date of this announcement.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The occurrence of a contagious disease or any other serious public health concerns in the PRC and Malaysia could affect the Group’s supply chain, business, financial condition, results of operations, performance and prospects.

Further, the outbreak of any contagious diseases, in particular COVID-19, in countries where the Group's products are manufactured may also affect the Group's supply chain. There may be material disruptions or delay in the production of the Group's optical products due to quarantine of employees of the Group's suppliers and suspension of operations of the manufacturing plants. It will also affect the sourcing and transportation of electronic products of B2B hardware trading business in Mainland China as well. If the Group cannot secure products of similar quality and volume at prices and terms acceptable to the Group from other suppliers, the Group may experience shortage or delay in the supply of products and this in turn may materially and adversely affect the Group's business, financial condition and results of operations.

As the Group did not generally enter into long-term supply agreements with its suppliers and as purchases were made on an order-by-order basis with the prices of the Group's optical products being determined by the relevant suppliers from time-to-time, the prices of the optical products supplied to the Group are subject to increases as determined by its suppliers. Where the Group's purchase costs increase and the Group is unable to pass its increased costs on to its customers, the Group's profitability, financial condition and results of operations may be materially and adversely affected.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Due to the significant amount that might involve in the new B2B hardware trading business, the Group might be subject to a material credit risk. If there is any delay or default in payment in the account receivable from the customer, the Group's profitability, financial condition and results of operations may be materially and adversely affected. However, the Group has implemented measure to mitigate the credit and default risk in relation to the new B2B hardware trading business, including but not limited to background check of the prospective customer and shorten credit period to customer.

## **OUTLOOK AND FUTURE PROSPECTS**

Going forward, the Management aims to create further strategic relationship with suppliers and customers and through the new business segment, the Group plans to further diversify its geographical network to the China market and develop a differentiated offering that provides significant value to its customers. Benefiting from the Group's industry experience, the Management believes that there is a market opportunity for the Company to develop and provide retail solutions and/or system support services, including but not limited to enterprise resource planning, point of sale terminals and other retail solutions, for the upstream market.

The Management will keep monitoring the market and intends to focus the expansion of the Group's existing retail business through seizing appropriate investment opportunities in the retail solutions services industry. By pursuing these expansion efforts, the Group expects to timely adjust its business strategy and re-position itself from originally an optical retail operator to a diversified retail solutions service provider, which provide services include but not limited to (i) retail management consultation, (ii) software and hardware products sourcing; and (iii) certain after sales retail support services.

With the successful commencement of the B2B hardware trading business during the Reporting Period, the Management believes this new business is a viable long-term business which can contribute significant revenue to the Group.

While looking for the diversification into new business, the Management will continue to monitor and implement its business strategies as disclosed in the section headed "Business — Business Strategies" on pages 104 to 111 of the Prospectus:

- Continue to expand the Group's retail network;
- Upgrade and renovate the self-owned retail stores;
- Continue to promote recognition of the Group's 11 retail brands and to further develop and market the Group's own brands optical products;
- Enhance the Group's production capabilities with regards to customized lenses; and
- Upgrade the Group's information technology systems and enhance its operational efficiency.

In addition, please refer to the "Use of Proceeds" section of this announcement for progress of the utilisation of the proceeds.

## USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 April 2020 with a total of 500,000,000 offer shares issued based on the final offer price of HKD1.00 per offer share, the aggregate net proceeds, after deducting the related underwriting fee, incentive and estimated expenses paid and payable by the Company in relation to the Listing, received by the Company were approximately HKD91.1 million or RM50.3 million (based on exchange rate of RM0.5517:HKD1). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at the date of this announcement, the net proceeds had been utilised as follows:

	Net proceeds	Amount Utilised (up to 31 March 2022)	Amount Unutilised (up to 31 March 2022)	Expected time frame for utilisation (Note 2)
	<i>RM million</i>	<i>RM million</i>	<i>RM million</i>	
Set up 36 self-owned retail stores (Note 1)	28.1	(2.3)	25.8	31 March 2024
Upgrade and renovate 25 self-owned retail stores	5.1	(0.1)	5.0	31 March 2024
Promote recognition of the Group's 11 retail brands and to further market the Group's Own Brands optical products	4.7	(0.7)	4.0	31 March 2024
Develop optical lab for the production of lenses (Note 2)	5.5	—	5.5	31 March 2024
Upgrade the Group's information technology systems and acquire an RMS and upgrade its POS systems	4.3	(1.5)	2.8	31 March 2023
General working capital	<u>2.6</u>	<u>(2.6)</u>	<u>—</u>	Fully utilised
<b>Total</b>	<b><u>50.3</u></b>	<b><u>(7.2)</u></b>	<b><u>43.1</u></b>	

### Notes:

1. In view of the uncertainty heightened by the COVID-19 pandemic, there is a delay in this regard, time frame for the opening of these retail stores at this point in time. For the Reporting Period, the Group has set up five new self-owned retail stores and acquired one retail store from the franchisee.
2. In view of the uncertainty heightened by the COVID-19 pandemic and prolonged Movement Control Order and National Recover Plan imposed by Malaysian Government, there has been a delay in the utilisation of the net proceeds than in the planned schedule of utilisation disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM43.1 million in accordance with the section headed "Future Plan and Use of Proceeds" in the Prospectus.

As disclosed above, the actual application of the net proceeds was slower than expected and such delay was mainly due to the impact of the COVID-19 pandemic, which has caused obstacles, closures and movement restrictions to the retail industry to a very large extent. The Group strives to minimise the impact on its operation caused thereby and will adopt a prudent approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group.

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

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the shareholders’s eligibility to attend and vote at the annual general meeting of the Company to be held on 23 September 2022 (Friday) (the “**2022 AGM**”), the register of members of our Company will be closed from 20 September 2022 (Tuesday) to 23 September 2022 (Friday), both days inclusive, during which period no transfer of shares of our Company will be registered. In order to qualify for attending the 2022 AGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 19 September 2022 (Monday).

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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

In the opinion of the Directors, the Company has complied, to the extent applicable and permissible, with all applicable code provisions as set out in the CG Code during the year ended 31 March 2022 and up to the date of this announcement.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the year ended 31 March 2022.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

During the year ended 31 March 2022 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 March 2022.

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

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Company's auditor, Mazars CPA Limited, Certified Public Accountants, Hong Kong to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 March 2022. The work performed by the Company's auditor in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

## **ACKNOWLEDGEMENT**

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

By order of the Board  
**MOG Holdings Limited**  
**Dato' Ng Kwang Hua**  
*Chairman*

Hong Kong, 30 June 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.*