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## MOG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

### FINAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 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 nine months ended 31 December 2022 as follows:

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

Nine months ended 31 December 2022

	<i>Notes</i>	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
<b>Revenue</b>	5	<b>550,032</b>	349,803
Cost of sales		<u>(396,420)</u>	<u>(243,318)</u>
<b>Gross profit</b>		<b>153,612</b>	106,485
Other income	6	<b>5,260</b>	13,164
Other gains	7	<b>4,323</b>	282
Selling and distribution costs		<b>(89,308)</b>	(73,352)
Administrative expenses		<b>(81,639)</b>	(19,187)
Provision for impairment loss on trade and other receivables		<b>(5,465)</b>	(21)
Finance costs	8	<b>(756)</b>	(938)
Share result of an associate		<b>(62)</b>	–
<b>(Loss)/profit before tax</b>	8	<b>(14,035)</b>	26,433
Income tax expense	9	<b>(9,444)</b>	(7,533)
<b>(Loss)/profit for the period/year</b>		<u><b>(23,479)</b></u>	<u>18,900</u>

	<b>Nine months ended 31 December 2022</b>	Year ended 31 March 2022
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b> (restated)
<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>11,450</b>	(3,165)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	<u>5,727</u>	<u>(7,059)</u>
<b>Other comprehensive income/(loss) for the period/year</b>	<u>17,177</u>	<u>(10,224)</u>
<b>Total comprehensive (loss)/income for the period/year</b>	<u><b>(6,302)</b></u>	<u>8,676</u>
<b>(Loss)/profit for the period/year attributable to:</b>		
Owners of the Company	(27,856)	15,294
Non-controlling interests	<u>4,377</u>	<u>3,606</u>
	<u><b>(23,479)</b></u>	<u>18,900</u>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the Company	(13,188)	5,517
Non-controlling interests	<u>6,886</u>	<u>3,159</u>
	<u><b>(6,302)</b></u>	<u>8,676</u>
<b>(Loss)/earnings per share attributable to owners of the Company</b>		
Basic and diluted	<i>10</i> <u><b>RMB(0.05)</b></u>	<u>RMB0.03</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		<b>31 December</b>	31 March	1 April
		<b>2022</b>	2022	2021
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>	<i>RMB'000</i>
			(restated)	(restated)
<b>Non-current assets</b>				
Investment properties		<b>1,904</b>	1,874	2,029
Right-of-use assets		<b>26,515</b>	26,017	25,143
Plant and equipment		<b>13,018</b>	13,073	11,810
Intangible assets		<b>71,117</b>	251	–
Investment in associate		<b>93</b>	–	–
Goodwill		<b>172,117</b>	–	–
Other receivables	<i>12</i>	<b>47,464</b>	1,611	–
Deferred tax assets		<b>1,247</b>	1,852	1,979
		<u><b>333,475</b></u>	<u>44,678</u>	<u>40,961</u>
<b>Current assets</b>				
Inventories		<b>38,426</b>	36,900	32,465
Trade and other receivables	<i>12</i>	<b>137,149</b>	235,780	12,349
Fixed deposits with licensed banks		<b>19,366</b>	81,576	67,273
Bank balances and cash		<b>68,021</b>	77,211	108,043
Tax recoverable		<b>282</b>	2,955	–
		<u><b>263,244</b></u>	<u>434,422</u>	<u>220,130</u>
<b>Current liabilities</b>				
Trade and other payables	<i>13</i>	<b>64,949</b>	254,026	30,667
Interest-bearing borrowings		<b>721</b>	–	167
Lease liabilities		<b>13,518</b>	14,478	15,042
Tax payable		<b>–</b>	–	1,446
		<u><b>79,188</b></u>	<u>268,504</u>	<u>47,322</u>
<b>Net current assets</b>		<u><b>184,056</b></u>	<u>165,918</u>	<u>172,808</u>
<b>Total assets less current liabilities</b>		<u><b>517,531</b></u>	<u>210,596</u>	<u>213,769</u>

	<b>31 December</b>	31 March	1 April
	<b>2022</b>	2022	2021
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)	(restated)
<b>Non-current liabilities</b>			
Interest-bearing borrowing	–	–	1,870
Lease liabilities	<b>12,949</b>	11,628	10,394
Provisions	<b>1,070</b>	1,638	1,577
Deferred tax liabilities	<b>17,779</b>	–	–
	<u><b>31,798</b></u>	<u>13,266</u>	<u>13,841</u>
<b>NET ASSETS</b>	<u><b>485,733</b></u>	<u>197,330</u>	<u>199,928</u>
<b>Capital and reserves</b>			
Share capital	<i>14</i> <b>5,351</b>	4,474	4,474
Reserves	<b>469,301</b>	183,611	185,488
Equity attributable to owners of the Company	<b>474,652</b>	188,085	189,962
Non-controlling interests	<b>11,081</b>	9,245	9,966
<b>TOTAL EQUITY</b>	<u><b>485,733</b></u>	<u>197,330</u>	<u>199,928</u>

## NOTES

### 1. GENERAL INFORMATION

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 Group’s headquarter is situated at No. 8655, 84 Western Style Villa, 9 Shihua East Road, 519015 Zhuhai, Guangdong, China. The Company’s principal place of business in Hong Kong has changed from Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wan Chai, Hong Kong to Room 1910, 19th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong with effect from 21 March 2023.

The Company is an investment holding company and its subsidiaries are principally engaged in digital retail payment solutions hardware trading business, e-commerce and financing services 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 Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRSs.

#### Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018–2020 Cycle

The adoption of the amendments and improvements does not have any significant impact on the consolidated financial statements.

### Change of financial year end date

Pursuant to a resolution of the Board dated 4 November 2022, the Company's financial year end date has been changed from 31 March to 31 December commencing from the financial year of 2022 in order to in line with the financial year end date of its PRC subsidiaries. Accordingly, the accompanying consolidated financial statements for the current financial period cover a period of nine months from 1 April 2022 to 31 December 2022. The comparative figures presented for the audited consolidated statement of profit or loss and other comprehensive income, audited consolidated statement of change in equity, audited consolidated statement of cash flows and related notes cover the audited figures of the financial year from 1 April 2021 to 31 March 2022 which may not be comparable with the amounts shown for the current period.

### Change of presentation currency

The Company's presentation currency for its consolidated financial statements has been changed from Malaysian Ringgit to RMB from 1 April 2022. As most of the Group's transactions are denominated and settled in RMB, the Board considers that RMB is more appropriate as the presentation currency for the Group's consolidated financial statements. Further, the Board considers that the change of presentation currency will enable the shareholders and potential investors of the Company to have a clearer picture of the Group's actual financial performance. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if RMB had always been the presentation currency of the consolidated financial statements. The Group has also presented the consolidated statement of financial position as at 1 April 2021 without related notes.

## 3. FUTURE CHANGES IN IFRSs

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

Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>

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

<sup>2</sup> The effective date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

The directors of the Company do not anticipate that the adoption of the new and amendments to 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) Digital retail payment solutions hardware trading business.
- (2) Sales of optical products.
- (3) Franchise and license management.
- (4) E-commerce.
- (5) Financing services.

##### **Segment revenue and results**

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

Segment revenue represents revenue derived from digital retail payment solutions hardware trading business, sales of optical products, franchise and license management, e-commerce and financing services.

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

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

**Nine months ended 31 December 2022**

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

**Year ended 31 March 2022**

	Digital retail payment solutions hardware trading business <i>RMB'000</i> (restated)	Sales of optical products <i>RMB'000</i> (restated)	Franchise and license management <i>RMB'000</i> (restated)	Total <i>RMB'000</i> (restated)
Segment revenue	<u>191,926</u>	<u>157,360</u>	<u>517</u>	<u>349,803</u>
Segment results	<u>833</u>	<u>33,730</u>	<u>49</u>	<u>34,612</u>
Unallocated other income				359
Unallocated administrative expenses				(7,600)
Finance costs				(938)
Profit before tax				26,433
Income tax expense				(7,533)
Profit for the year				<u>18,900</u>



## Segment assets and liabilities

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

### At 31 December 2022

	Digital retail payment solutions hardware trading business <i>RMB'000</i>	Sales of optical products <i>RMB'000</i>	Franchise and license management <i>RMB'000</i>	E-commerce <i>RMB'000</i>	Financing services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets</b>							
Reportable segment assets	<u>49,970</u>	<u>159,423</u>	<u>2,221</u>	<u>97,699</u>	<u>271,127</u>	<u>16,279</u>	<u>596,719</u>
<b>Liabilities</b>							
Reportable segment liabilities	<u>6,100</u>	<u>62,433</u>	<u>1,053</u>	<u>13,235</u>	<u>1,263</u>	<u>26,902</u>	<u>110,986</u>
<b>Other segment information:</b>							
Amortisation of intangible assets	-	-	59	77	2,402	-	2,538
Depreciation of plant and equipment	1	3,379	-	15	-	-	3,395
Depreciation of right-of-use assets	187	13,771	68	-	-	-	14,026
Depreciation of investment properties	-	-	-	-	-	47	47
Gain on disposal of plant and equipment, net	-	(402)	-	-	-	-	(402)
Provision for impairment loss on trade and other receivables	-	-	-	44	5,421	-	5,465
Write down of inventories	-	821	-	-	-	-	821
Write-off of plant and equipment	-	70	-	-	-	-	70
Additions to right-of-use assets	-	21,061	-	-	-	-	21,061
Additions to plant and equipment	-	7,360	5	1,123	-	-	8,488
Additions to intangible assets	-	-	-	1,548	72,048	-	73,596

At 31 March 2022

	Digital retail payment solutions	hardware trading business	Sales of optical products	Franchise and license management	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
<b>Assets</b>						
Reportable segment assets	217,694	244,915	9,809	6,682	479,100	
<b>Liabilities</b>						
Reportable segment liabilities	216,841	63,845	1,084	–	281,770	
<b>Other segment information:</b>						
Amortisation of intangible assets	–	–	33	–	33	
Depreciation of plant and equipment	–	3,810	15	–	3,825	
Depreciation of right-of-use assets	–	17,375	–	–	17,375	
Depreciation of investment properties	–	–	–	64	64	
Gain on disposal of plant and equipment, net	–	(274)	–	–	(274)	
Provision for impairment loss on trade receivables	18	3	–	–	21	
Write down of inventories	–	1,547	–	–	1,547	
Write-off of plant and equipment	–	41	–	–	41	
Additions to right-of-use assets	752	18,567	451	–	19,770	
Additions to plant and equipment	3	6,070	–	–	6,073	
Additions to intangible assets	–	–	284	–	284	

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

- segment assets include right-of-use assets, plant and equipment, goodwill, investment in an associate, 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, interest-bearing borrowing, lease liabilities and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

## Geographical information

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

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

During the nine months ended 31 December 2022, out of the Group's total revenue of approximately RMB550,032,000 (year ended 31 March 2022: approximately RMB349,803,000 (restated)), the revenue generated from the PRC and Malaysia contributed approximately RMB363,456,000 (year ended 31 March 2022: approximately RMB191,926,000 (restated)) and approximately RMB186,576,000 (year ended 31 March 2022: approximately RMB157,877,000 (restated)), representing approximately 66% (year ended 31 March 2022: approximately 55%) and approximately 34% (year ended 31 March 2022: approximately 45%) of the Group's total revenue, respectively.

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

At 31 December 2022, out of the Group's total non-current assets of approximately RMB333,475,000 (31 March 2022: approximately RMB44,678,000 (restated)), the non-current assets located in the PRC and Malaysia contributed approximately RMB292,368,000 (31 March 2022: approximately RMB817,000 (restated)) and approximately RMB41,107,000 (31 March 2022: approximately RMB43,861,000 (restated)), representing approximately approximately 88% (31 March 2022: approximately 2%) and approximately 12% (31 March 2022: approximately 98%) 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 nine months ended 31 December 2022 and year ended 31 March 2022 are as follows:

	<b>Nine months ended 31 December 2022 RMB'000</b>	<b>Year ended 31 March 2022 RMB'000 (restated)</b>
Customer A ( <i>Note (a)</i> )	<b>144,759</b>	191,837

*Note:*

- (a) Revenue from digital retail payment solutions hardware trading business.

## 5. REVENUE

	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
<b>Revenue from contracts with customers within IFRS 15</b>		
Digital retail payment solutions hardware trading business	<b>344,494</b>	191,926
Sales of optical products		
– To retail customers	<b>182,700</b>	156,062
– To franchisees	<b>34</b>	1,298
Franchise and royalty fees income	<b>3,842</b>	517
E-commerce	<b>5,244</b>	–
Financing services	<b>13,718</b>	–
	<hr/> <b>550,032</b> <hr/>	<hr/> 349,803 <hr/>
Timing of revenue recognition:		
A point in time	<b>546,924</b>	349,756
Over time	<b>3,108</b>	47
	<hr/> <b>550,032</b> <hr/>	<hr/> 349,803 <hr/>
Type of transaction price:		
Fixed price	<b>547,189</b>	349,464
Variable price	<b>2,843</b>	339
	<hr/> <b>550,032</b> <hr/>	<hr/> 349,803 <hr/>

The amount of revenue recognised for the nine months ended 31 December 2022 that was included in the contract liabilities at the beginning of the reporting period was approximately RMB3,206,000 (year ended 31 March 2022: approximately RMB1,131,000 (restated)).

## 6. OTHER INCOME

	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
Bank interest income	1,897	2,529
Exchange gain, net	–	1,335
Government subsidies ( <i>Note</i> )	14	2,886
Income on COVID-19-related rent concessions	508	4,297
Rental income from investment properties	186	225
Sponsorship income	1,117	682
Sundry income	1,538	1,210
	<u>5,260</u>	<u>13,164</u>

*Note:* During the nine months ended 31 December 2022, the Group recognised government subsidies of approximately RMB14,000 (year ended 31 March 2022: approximately RMB2,866,000 (restated)) 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. OTHER GAINS

	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
Gain on disposal of plant and equipment, net	402	274
Gain on disposal of subsidiaries	3,847	–
Gain on termination of leases	52	8
Reversal of provision for restoration cost	22	–
	<u>4,323</u>	<u>282</u>

## 8. (LOSS)/PROFIT BEFORE TAX

	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
<b>Finance costs</b>		
Interest on interest-bearing borrowings	7	18
Interest on bank overdrafts	–	11
Interest on lease liabilities	749	909
	<u>756</u>	<u>938</u>
<b>Staff costs (including directors' remuneration)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	48,421	45,513
Contributions to defined contribution plans	3,901	3,969
Share-based payment expense	41,897	–
	<u>94,219</u>	<u>49,482</u>
<b>Other items</b>		
Auditors' remuneration		
– Audit services	1,878	1,656
– Non-audit services	–	122
Cost of inventories	400,045	243,318
Amortisation of intangible assets (including in "Selling and distribution costs")	2,538	33
Depreciation of investment properties	47	64
Depreciation of plant and equipment	3,395	3,825
Depreciation of right-of-use assets	14,026	17,375
Direct operating expenses arising from investment properties that generated rental income	7	3
Exchange loss/(gain), net	9,827	(1,335)
Gain on disposal of plant and equipment, net	(402)	(274)
Other rental and related expenses	8,313	7,042
Provision for impairment loss on trade and other receivables	5,465	21
Write down of inventories (included in "Cost of sales")	821	1,547
Write-off of plant and equipment	70	41
Legal claim for non-delivery of products under hardware trading operation	4,000	–

## 9. INCOME TAX EXPENSE

	Nine months ended 31 December 2022 <i>RMB'000</i>	Year ended 31 March 2022 <i>RMB'000</i> (restated)
<b>Current tax</b>		
PRC enterprise income tax	–	213
Malaysia corporate income tax	<u>10,064</u>	<u>7,282</u>
	<b>10,064</b>	7,495
<b>Deferred tax</b>		
Changes in temporary differences	<u>(620)</u>	<u>38</u>
Total income tax expense for the period/year	<u><b>9,444</b></u>	<u><b>7,533</b></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 nine months ended 31 December 2022 and year ended 31 March 2022.

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

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

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

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

## 10. (LOSS)/EARNINGS PER SHARE

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

	<b>Nine months ended 31 December 2022 RMB'000</b>	Year ended 31 March 2022 RMB'000 (restated)
(Loss)/profit for the period/year attributable to owners of the Company, used in basic and diluted earnings per share calculation	<u>(27,856)</u>	<u>15,294</u>
	<b>Number of shares</b>	
	<b>Nine months ended 31 December 2022</b>	Year ended 31 March 2022
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>542,116,939</u>	<u>500,000,000</u>

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

For the year ended 31 March 2022, diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence.

## 11. DIVIDENDS

	<b>Nine months ended 31 December 2022 RMB'000</b>	Year ended 31 March 2022 RMB'000 (restated)
Dividends declared and paid to owners of the Company	<u>–</u>	<u>8,137</u>

On 5 October 2021, the Board of Directors resolved the declaration and payment of special dividend of HK\$0.02 per ordinary share of the Company, amounting to HK\$10,000,000 (equivalent to approximately RMB8,137,000) in total. The dividends were paid in November 2021.

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



## 12. TRADE AND OTHER RECEIVABLES

	<b>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
<b>Trade receivables</b>		
From third parties	5,730	218,007
Less: Loss allowances	(44)	(21)
	<u>5,686</u>	<u>217,986</u>
<b>Other receivables</b>		
Deposits paid	28,151	951
Prepayments	1,586	2,349
Refundable rental and other related deposits	7,475	11,864
Other receivables	13,388	4,241
Consideration receivable from disposal of subsidiary	13,710	–
Acquired receivables	120,038	–
Less: allowances	(5,421)	–
	<u>178,927</u>	<u>19,405</u>
Less: non-current portion of		
– Other receivables	–	(1,611)
– Acquired receivables	(47,464)	–
	<u>131,463</u>	<u>17,794</u>
	<u><u>137,149</u></u>	<u><u>235,780</u></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:

	<b>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
Within 30 days	3,408	217,725
31 to 60 days	195	15
61 to 90 days	1,367	142
Over 90 days	716	104
	<u>5,686</u>	<u>217,986</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:

	<b>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
Not yet due	<u>3,408</u>	<u>217,725</u>
Past due:		
Within 30 days	195	15
31 to 60 days	1,367	142
61 to 90 days	<u>716</u>	<u>104</u>
	<u>2,278</u>	<u>261</u>
	<u><b>5,686</b></u>	<u><b>217,986</b></u>

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

### 13. TRADE AND OTHER PAYABLES

	<b>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
<b>Trade payables to third parties</b>	<u><b>18,089</b></u>	<u>232,776</u>
<b>Other payables</b>		
Contract liabilities	4,574	3,409
Salaries and allowances payable	9,793	5,171
Accrued charges and other payables	28,670	8,059
Amounts due to minority interests of subsidiaries	<u>3,823</u>	<u>4,611</u>
	<u>46,860</u>	<u>21,250</u>
	<u><b>64,949</b></u>	<u><b>254,026</b></u>

The trade payables are interest-free and 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>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
Within 30 days	<b>16,647</b>	224,413
31 to 60 days	<b>1,259</b>	4,153
61 to 90 days	<b>69</b>	2,672
Over 90 days	<b>114</b>	1,538
	<hr/> <b>18,089</b> <hr/>	<hr/> 232,776 <hr/>

(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 nine months ended 31 December 2022 and year ended 31 March 2022 are as follows:

	<b>31 December 2022 RMB'000</b>	31 March 2022 RMB'000 (restated)
At the beginning of the reporting period	<b>3,409</b>	473
Receipt of advanced payments	<b>6,706</b>	3,414
Recognised as revenue	<b>(3,206)</b>	(1,131)
Disposal of subsidiaries	<b>(2,132)</b>	–
Advanced payments forfeited	<b>(497)</b>	–
Exchange realignment	<b>294</b>	653
	<hr/> <b>4,574</b> <hr/>	<hr/> 3,409 <hr/>
At the end of the reporting period		

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

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

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

## 14. SHARE CAPITAL

	Number of shares	HK\$	Equivalent to RMB'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 1 April 2021 (restated), 31 March 2022 (restated) and 31 December 2022	2,000,000,000	20,000,000	18,232
Issued and fully paid:			
At 1 April 2021 (restated) and 31 March 2022 (restated)	500,000,000	5,000,000	4,474
Shares issued for acquisition of subsidiaries	98,992,805	989,928	877
At 31 December 2022	598,992,805	5,989,928	5,351

On 6 September 2022, 98,992,805 new ordinary shares of HK\$2.98 each of the Company issued as the consideration shares for the acquisition of Positive Oasis Limited. Share capital and share premium of approximately HK\$990,000 (equivalent to approximately RMB877,000) and approximately HK\$294,999,000 (equivalent to approximately RMB256,981,000) respectively were recorded based on the quoted price of the shares as the date of acquisition.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Due to the gradual relaxation of China's epidemic prevention and control measures, China's consumer goods and retail industries are accelerating their pace of rebound during the nine months ended 31 December 2022 (the "**Reporting Period**"). With an aim to increase the value of its shareholders, the Group plans to leverage on its business network and retail experience to provide enterprises with overall digital retail solutions in the People's Republic of China (the "**PRC**") by way of offering a wide variety of hardware products and a series of supporting software services. These include the Group's digital retail payment solutions hardware trading and software supply, which showed an increasing trend in terms of revenue during the Reporting Period (Reporting Period: approximately RMB344.5 million, for the year ended 31 December 2022 (the "**Previous Financial Year**"): approximately RMB191.9 million). The hardware products supplied by the Group include but are not limited to video surveillance systems, access control systems, other computer network systems, and other hardware infrastructure required for digital retail and payment services.

Currently, currency digitalisation constitutes a new frontier in monetary policy, cross-border investments and in trade. It also contributes value to the digital retail solutions industry. As China is pushing for broader use of digital renminbi, pilot cities continue to roll out, and digital renminbi is gradually popularized for retail payments.

Since the end of 2019, China's digital renminbi has undergone 3 pilot promotions, and with the latest announcement, residents in 23 cities can access the digital renminbi. Further, as of 31 August 2022, the spending involved a total 360 million transaction in pilot areas in 15 provinces and municipalities, while the People's Bank of China said, adding that more than 5.6 million merchants could now accept payments with the digital currency.

In view of the above, while offering a variety of hardware infrastructure required for digital retail and payment services to its customers, the Group intends to further diversify its service offerings to the provision of digital retail payment and supporting services, and target to provide services to the retail industry with an objective to open the gate and access digital renminbi payment in the future. In order to achieve this, the Group has completed an acquisition of Jiangxi Mali Intelligent Technology Co., Ltd. (江西馬力智能科技有限公司) ("**Jiangxi Mali**"), which is an internet information technology platform provider, in the fourth quarter of 2022 and the relevant digital trading business has shown an upward trend by end of 2022 after the recovery of COVID-19 pandemic.

Particularly, Jiangxi Mali is an internet information technology platform provider dedicated to the research in the field of scene ecological digitalization. Jiangxi Mali has been working in the field of digital rights and interests for more than six years with a number of technological development achievements lead the country. It has successively carried out in-depth cooperation with more than 30 banks and financial institutions such as China Mobile Jiangxi Branch, Sinopec Jiangxi Branch, China UnionPay, Bank of China, and Postal Savings Bank.

Apart from the above, the Group is one of the largest retailers of optical products in Malaysia in terms of revenue. 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). In addition to the retail business, during the Reporting Period, the Group also transferred some of its self-operated brands into franchised business, so as to deepen its penetration rate in the Malaysian eyewear retail market.

In addition to the Group's original retail and franchising businesses, the Board has also been paying attention to business opportunities in the overall market for the Reporting Period. There are clear signs that consumer sentiment is now recovering. The management of the Group believes that now is a good time to expand the Group's business and operations and reduce its reliance on sales of optical products in Malaysia.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

During the Reporting Period, the Group recorded a revenue of approximately RMB550.0 million (Previous Financial Year: approximately RMB349.8 million). The revenue of each business segment is shown in Note 4 to the consolidated financial statements. The Group also recorded a gross profit of approximately RMB153.6 million (Previous Financial Year: approximately RMB106.5 million) and a gross profit margin of approximately 27.9% (Previous Financial Year: approximately 30.4%), representing a decrease of approximately 2.5% as compared to that of the Previous Financial Year. The decrease of the gross profit margin was mainly due to the lower gross profit margin attributed from the digital retail payment solutions hardware trading business in the PRC compared with the Malaysia optical business and consequently averaged down the overall gross profit margin of the Group.

### **Other income**

The Group recorded an other income of approximately RMB5.3 million during the Reporting Period (Previous Financial Year: approximately RMB13.4 million). The decrease was mainly contributed by the reduction of lower wage subsidy received from the Malaysian Ministry of Human Resources and the lesser rent concessions granted by landlords following the relaxation of containment measure and reopening of more economic activities and international boarder during the Reporting Period in Malaysia.

## **Other gains**

The Group's other gains was approximately RMB4.3 million during the Reporting Period (Previous Financial Year: approximately RMB0.3 million). The increase was mainly contributed by the disposal of subsidiaries in Malaysia during the Reporting Period.

## **Selling and distribution costs**

The Group's selling and distribution costs was approximately RMB89.3 million during the Reporting Period (Previous Financial Year: approximately RMB73.4 million). As compared to the Previous Financial Year, the Group's selling and distribution costs was increased by approximately RMB15.9 million, primarily due to (i) the increase in selling and distribution expenses of the digital retail payment solutions hardware trading business in the PRC; (ii) the increase in amortisation of intangible assets; and (iii) the increase in sales commission and allowances.

## **Administrative expenses**

The Group's administrative expenses was approximately RMB81.6 million during the Reporting Period (Previous Financial Year: approximately RMB19.2 million). As compared to the Previous Financial Year, the Group's administrative expenses was increased by approximately RMB62.4 million, primarily due to (i) the increase in staff cost, included the non-cash equity settled share-based payments of approximately RMB41.9 million; and (ii) the recognition of a foreign exchange loss of approximately RMB9.8 million.

## **Finance costs**

The Group's finance costs was approximately RMB0.8 million during the Reporting Period (Previous Financial Year: approximately RMB0.9 million). There is no material fluctuation between the Reporting Period and the Previous Financial Year.

## **Income tax expense**

The Group recorded an income tax expense of approximately RMB9.4 million for the Reporting Period (Previous Financial Year: approximately RMB7.5 million). The Group's income tax expense was increased despite the loss incurred for the Reporting Period mainly due to the higher taxable profit derived from Malaysia optical business.

## **Net loss after taxation for the Reporting Period**

The Group's net profit after taxation from approximately RMB18.9 million for the Previous Financial Year turned to net loss after taxation of approximately RMB23.5 million for the Reporting Period primarily due to (i) the increase in administrative expenses of approximately RMB62.4 million mainly arising from the non-cash equity settled share-based payments of approximately RMB41.9 million and the recognition of a foreign exchange loss of approximately RMB9.8 million; and (ii) the provision for impairment loss on trade and other receivable of approximately RMB 5.5 million.

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

### **Financial resources**

The Group generally finances its operations with internally generated funds and banking facilities. As at 31 December 2022, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RMB68.0 million (31 March 2022: approximately RMB77.2 million). As at 31 December 2022, approximately 61.0% (31 March 2022: approximately 89.9%) was denominated in RM, approximately 33.0% (31 March 2022: approximately 5.3%) was denominated in Hong Kong dollar (“**HKD**”), approximately 5.6% (31 March 2022: approximately 4.8%) was denominated in United States dollar (“**USD**”) and approximately 0.4% (31 March 2022: Nil) was denominated in RMB.

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

As at 31 December 2022, the Group had interest bearing borrowing of approximately RMB0.7 million (31 March 2022: Nil). The Group's interest bearing borrowing carried weighted average effective interest rates of approximately 4.35% (31 March 2022: N/A) per annum. The carrying amount of the interest-bearing borrowing was denominated in RMB.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 31 December 2022 was approximately RMB26.5 million (31 March 2022: approximately RMB26.1 million), all denominated in RMB and RM. The weighted average effective interest rate for the lease liabilities of the Group was approximately 3.44% (31 March 2022: approximately 3.84%) per annum as at 31 December 2022.

### **Capital structure**

As at 31 December 2022, the Group's total equity and liabilities amounted to approximately RMB485.7 million and approximately RMB111.0 million respectively (31 March 2022: approximately RMB197.3 million and approximately RMB281.8 million respectively).

### **Gearing ratio**

The Group's gearing ratio decreased from approximately 0.13 times as at 31 March 2022 to approximately 0.05 times as at 31 December 2022, primarily due to the increase in share capital and share premium pursuant to the issuance of share and the increase in share option reserve upon the grant of share options to eligible participants during the Reporting Period.



## **Current ratio**

The Group's current ratio increased from approximately 1.62 times as at 31 March 2022 to approximately 3.32 times as at 31 December 2022, mainly due to the disproportion decrease in current liabilities compared to current assets.

## **Pledge of assets**

As at 31 December 2022, fixed deposits with licensed banks of approximately RMB2.2 million (31 March 2022: approximately RMB2.1 million) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 31 December 2022.

## **Capital commitments**

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

## **Contingent liabilities**

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

## **Employees and remuneration policies**

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the Reporting Period, the Group incurred staff costs of approximately RMB94.2 million (Previous Financial Year: approximately RMB49.5 million), representing an increase of approximately RMB44.7 million as compared to the Previous Financial Year. The increase basically due to (i) the non-cash equity settled share-based payments; (ii) the commencement of business in the PRC, and (iii) the higher sales related commission and allowances paid to the staffs in Malaysia. As at 31 December 2022, the Group had a total of 457 employees (31 March 2022: 515 employees) among whom 75 (31 March 2022: Nil) were based in PRC and 382 (31 March 2022: 515) were based in Malaysia.

## **Foreign currency exposure**

Save for certain bank balances were denominated in RMB, HKD, Singapore dollar and USD, the Group has minimal exposure to foreign currency risk. During the Reporting Period, the Group operated with most of their transaction denominated in RMB, RM and HKD, there is no significant currency mismatch in its operational cashflow and the Group is not exposed to any significant foreign currency exchange risk in operations. The Group currently does not have a hedging policy in respect of foreign currency transactions, assets and liabilities. The Management monitors the foreign currency exposure from time to time and will consider hedging significant foreign currency exposure should the need arise.

## Significant investment held

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

## Material acquisitions or disposals

On 6 September 2022, the Group completed an acquisition of the entire issued share capital of Positive Oasis Limited, which together with its subsidiaries, are principally engaging in the provision of trade financing services in the PRC. The consideration for such acquisition was approximately HK\$137.6 million, which had been satisfied by the issuance and allotment of 98,992,805 consideration shares of the Company at an issue price of HK1.39 per consideration Share. Particulars of the acquisition are set out in the announcements issued by the Company dated 21 July 2022, 9 August 2022 and 6 September 2022.

On 12 October 2022, the Group completed an acquisition of the entire issued share capital of Create Tune Development Limited (“**Create Tune**”). Create Tune, together with its principal subsidiary, Jiangxi Mali, is an internet information technology platform provider dedicated to the research in the field of scene ecological digitalization. The consideration for such acquisition was HK\$88 million, which has been satisfied by way of cash. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Create Tune and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons. As all applicable percentage ratios (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) in respect of the acquisition is less than 5%, therefore no relevant announcement has been published on the date of signing the agreement.

On 30 December 2022, the Group completed another transaction relating to a disposal of the entire equity interest in Able Hero Developments Limited (“**Able Hero**”). Able Hero, together with its eighteen (18) subsidiaries (which include (i) Exon Optical Sdn. Bhd.; (ii) Exon Eyewear (R&F) Sdn. Bhd.; (iii) Evershine Optical House Sdn. Bhd.; (iv) Exotika Icon Sdn. Bhd.; (v) Eyes Founder Sdn. Bhd.; (vi) Harvest Eyewear Sdn. Bhd.; (vii) Harvest Gallery Sdn. Bhd.; (viii) Intelligent Spec Saver Sdn. Bhd.; (ix) Luxshine Eyewear Sdn. Bhd.; (x) M Optical Sdn. Bhd.; (xi) MOG Optometry Sdn. Bhd.; (xii) Real Eyes Sdn. Bhd.; (xiii) Right View Optic Sdn. Bhd.; (xiv) Smart Vision House Sdn. Bhd.; (xv) Spec Trend Sdn. Bhd.; (xvi) Specs Gallery Sdm. Bhd.; (xvii) Specs Saver Sdn. Bhd.; and (xviii) Victory Eyewear Sdn. Bhd.) are principally engaging in the provision of the wholesale and retail of optical products and related accessories in Malaysia. The consideration of such disposal was approximately RM9 million, comprising of (a) RM779,000 payable for the entire issued shares of Able Hero and (b) RM8,221,000 for the total outstanding entire amount of an unsecured interest-free loan provided by MOG (BVI) Limited to Able Hero. Particulars of the acquisition are set out in the announcements of issued by the Company dated 29 December 2022 and 30 December 2022.

## DIVIDENDS

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

## EVENTS AFTER THE REPORTING PERIOD

On 10 March 2023, Huayu Shu Rong Technology (Shanghai) Company Limited (華喻數融科技(上海)有限公司) (“**Huayu Shanghai**”), being a non-wholly owned subsidiary of the Company, entered into a subscription agreement with Zhongbao Technology Creation (Zhuhai) Company Limited (中保科技創新(珠海)有限公司) (“**Zhongbao Technology**”) and four original shareholders of Zhongbao Technology (the “**Original Shareholders**”) which are independent third parties of the Company, pursuant to which Zhongbao Technology agreed to allot and issue new shares to Huayu Shanghai and the Original Shareholders by increasing its registered capital from US\$800,000 to RMB50,000,000, and Huayu Shanghai agreed to subscribe for the new shares by contributing RMB24,500,000, representing 49% of the enlarged total issued share capital of Zhongbao Technology upon the share capital of Zhongbao Technology are fully paid up by Huayu Shanghai and the Original Shareholders.

Reference is made to the announcement issued by the Company dated 12 August 2022 in relation to an inside information in connection with a recognition of a provision of compensation of RMB20 million arising from a breach of sales contract. On 22 March 2023, Guangdong Kunpeng Digital Supply Chain Management Co., Ltd (廣東鯤鵬數科供應鏈管理有限公司) (“**Guangdong Kunpeng**”), being an indirect wholly owned subsidiary of the Company, entered into a settlement agreement with the relevant customer, pursuant to which, among other things, the following:

- i) the relevant customer agreed to withdraw the lawsuits relating to the disputes over the breach of contract by Guangdong Kunpeng;
- ii) each of Guangdong Kunpeng and the relevant customer agreed to review the compensation amount to RMB4 million; and
- iii) upon payment of the aforesaid settlement sum, the parties agree that all debts between Guangdong Kunpeng and the relevant customer shall be deemed to have been discharged.

Reference is made to the announcement issued by the Company dated 7 September 2022 in relation to an inside information in connection with a recognition of a provision of compensation of RMB15 million arising from a breach of purchase contract. On 20 March 2023, Guangdong Kunpeng entered into a settlement agreement with the relevant supplier, pursuant to which the relevant supplier agreed to resolve the disputes with no compensation due to no cost incurred by the supplier after cancellation of the relevant transaction. After signing the settlement deed, the parties agree that all debts between Guangdong Kunpeng and the relevant supplier shall be deemed to have been discharged.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The success of the Group highly depends on its ability to maintain a good and continued business relationship with its suppliers and its ability to procure products from such suppliers on favourable terms.

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

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

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 digital retail payment solutions hardware trading and the financing services 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 digital retail payment solutions hardware trading and the financing services business, including but not limited to background check of the prospective customer and shorten credit period to customer.

## OUTLOOK AND FUTURE PROSPECTS

In 2022, Malaysia's growth trajectory has been improved given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. In light of this, the Group's optical products related business in Malaysia has been recovered steadily.

Going forward to 2023, it is anticipated that the Group's business in the PRC may stage a meaningful development when the COVID-19 pandemic is brought under control so that the labour market conditions will likely be improved, and also with support of the government policies and growing consumption demand. The progress and effectiveness of vaccination, adherence to standard operating procedures, and the ability to effectively control any new COVID-19 variants will be key to the expected recovery.

The Management is unable to reliably estimate the financial impact of COVID-19 as the pandemic has yet to run its full course, as seen in the discovery and outbreak of new variants of COVID-19. Overall, the Board remains positive given the Group's sufficient working capital, extensive retail network, established reputation and diversified portfolio of optical products.

The Management will continue to monitor and implement its business strategies when the economic situation improves. The following are the Group's business strategies for upcoming 2023:

- Continue to offer customers with a diversified variety of products and series of ancillary services that are conducive to Group's retail solution business in the PRC;
- Identify suitable acquisition and/or investment targets, particular to those related to the digital retail solutions related business, for potential business expansion and development that are complementary to the Group's growth strategies;
- Continue to promote recognition of the Group's 11 retail brands and to further develop and market the Group's own brands optical products;
- Enhance the Group's production capabilities with regards to customized lenses; and
- Upgrade the Group's information technology systems and enhance its operational efficiency.

## USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 April 2020 with a total of 500,000,000 offer shares issued based on the final offer price of HKD1.00 per offer share, the aggregate net proceeds, after deducting the related underwriting fee, incentive and estimated expenses paid and payable by the Company in relation to the Listing, received by the Company were approximately HKD91.1 million or RM50.3 million (based on exchange rate of RM0.5517:HKD1). There was no change in the intended use of net proceeds as previously disclosed in the prospectus of the Company dated 28 March 2020 (the “**Prospectus**”). As at the date of this announcement, the net proceeds had been utilised as follows:

	Net proceeds <i>RM million</i>	Amount unutilised as at 31 March 2022 <i>RM million</i>	Amount utilised during the nine months ended 31 December 2022 <i>RM million</i>	Amount unutilised as at 31 December 2022 <i>RM million</i>	Expected time frame for utilisation <i>(Note 2)</i>
Set up 36 self-owned retail stores <i>(Note 1)</i>	28.1	25.8	(2.0)	23.8	31 March 2024
Upgrade and renovate 25 self-owned retail stores	5.1	5.0	–	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	4.0	(0.9)	3.1	31 March 2024
Develop optical lab for the production of lenses <i>(Note 2)</i>	5.5	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	2.8	(0.4)	2.4	31 March 2024
General working capital	2.6	–	–	–	Fully utilised
<b>Total</b>	<b>50.3</b>	<b>43.1</b>	<b>(3.3)</b>	<b>39.8</b>	

### Notes:

- In view of the uncertainty heightened by the COVID-19 pandemic in previous years, there was a delay in the time frame for the opening of the retail stores at this point in time. For the Reporting Period, the Group has set up six self-owned retail stores.
- In view of the uncertainty heightened by the COVID-19 pandemic and prolonged Movement Control Order and National Recover Plan imposed by the Malaysian government in previous years, there has been a delay in the utilisation of the net proceeds than the planned schedule of utilisation as disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM39.8 million in accordance with the section headed “Future Plan and Use of Proceeds” in the Prospectus.

As disclosed above, the actual application of the net proceeds was slower than expected and such delay was mainly due to the impact of the COVID-19 pandemic in previous years, which has caused obstacles, closures and movement restrictions to the retail industry to a very large extent. The Group strives to minimise the impact on its operation caused thereby and 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.

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

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

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

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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

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

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

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee of the Company has reviewed the annual results of the Group for the nine months ended 31 December 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 nine months ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong to the amounts set out in the draft consolidated financial statements of the Group for the nine months ended 31 December 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**  
**Zhou Yue**  
*Executive Director*

Hong Kong, 30 March 2023

*As at the date of this announcement, the Company has four executive Directors, namely Dato' Ng Kwang Hua (Chairman), Ms. Tang Tsz Yuet, Mr. Zhou Yue and Mr. Deng Zhihua, and four independent non-executive Directors, namely Mr. Yau Tung Shing, Mr. Chu Hoi Kan, Ms. Jiao Jie and Puan Sri Datuk Seri Rohani Parkash Binti Abdullah.*