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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 2020

The board (the “**Board**”) of directors (the “**Directors**”) of MOG Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Note</i>	2020 <i>RM’000</i>	2019 <i>RM’000</i>
Revenue	5	147,126	133,615
Cost of sales		<u>(49,817)</u>	<u>(49,655)</u>
Gross profit		97,309	83,960
Other income	6	1,920	1,872
Selling and distribution costs		(56,943)	(46,800)
Administrative expenses		(10,509)	(8,474)
(Provision for) Reversal of impairment loss of trade receivables, net		(244)	38
Finance costs		(986)	(1,098)
Listing expenses		<u>(9,765)</u>	<u>—</u>
Profit before tax	7	20,782	29,498
Income tax expense	8	<u>(6,955)</u>	<u>(6,747)</u>
Profit for the year		13,827	22,751

	<i>Note</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on combination/consolidation		<u>(165)</u>	<u>—</u>
Total comprehensive income for the year		<u>13,662</u>	<u>22,751</u>
Profit for the year attributable to:			
Owners of the Company		10,900	20,641
Non-controlling interests		<u>2,927</u>	<u>2,110</u>
		<u>13,827</u>	<u>22,751</u>
Total comprehensive income attributable to:			
Owners of the Company		10,735	20,641
Non-controlling interests		<u>2,927</u>	<u>2,110</u>
		<u>13,662</u>	<u>22,751</u>
Earnings per share attributable to owners of the Company			
Basic and diluted	9	<u>2.91 sen</u>	<u>5.50 sen</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Note</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Non-current assets			
Investment properties		1,325	2,784
Right-of-use assets		17,608	17,489
Plant and equipment		9,336	8,058
Deferred tax assets		475	326
		28,744	28,657
Current assets			
Inventories		31,055	23,514
Trade and other receivables	11	9,923	8,080
Fixed deposits with licensed banks		3,940	2,533
Bank balances and cash		34,087	34,149
		79,005	68,276
Assets classified as held for sale	12	1,394	2,309
		80,399	70,585
Current liabilities			
Trade and other payables	13	24,878	17,074
Interest-bearing borrowings		65	2,076
Lease liabilities		10,977	10,634
Amounts due to the Controlling Shareholders		—	1,930
Tax payable		559	1,191
		36,479	32,905
Net current assets		43,920	37,680
Total assets less current liabilities		72,664	66,337

	<i>Note</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Non-current liabilities			
Interest-bearing borrowings		1,306	1,369
Lease liabilities		6,783	7,041
Provisions		<u>972</u>	<u>885</u>
		<u>9,061</u>	<u>9,295</u>
NET ASSETS		<u>63,603</u>	<u>57,042</u>
Capital and reserves			
Share capital	<i>14</i>	—*	—
Reserves		<u>56,684</u>	<u>51,910</u>
Equity attributable to owners of the Company		56,684	51,910
Non-controlling interests		<u>6,919</u>	<u>5,132</u>
TOTAL EQUITY		<u>63,603</u>	<u>57,042</u>

* Represent amount less than RM1,000.

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 first listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing**”). The ultimate controlling parties of the Group are Dato’ Ng Kwang Hua, Dato’ Ng Chin Kee and Datin Low Lay Choo (collectively referred to as the “**Controlling Shareholders**”), who act in concert and hold equity interests in the Company indirectly through Alliance Vision Limited (wholly owned by Dato’ Ng Kwang Hua), a limited liability company incorporated in the British Virgin Islands (the “**BVI**”), Sky Pleasure Limited (wholly owned by Dato’ Ng Chin Kee), a limited liability company incorporated in the BVI and Delightful Fortune Limited (wholly owned by Datin Low Lay Choo), a limited liability company incorporated in the BVI, respectively. 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 headquarter is situated at No. 1–2, 1st & 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 sales of optical products and franchise and license management.

Pursuant to a group reorganisation (the “**Reorganisation**”) carried out by the Group in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 6 March 2020. Details of the Reorganisation are as set out in the paragraph headed “Corporate Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” to the prospectus issued by the Company dated 28 March 2020 (the “**Prospectus**”).

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group except for acquisition of subsidiaries are ultimately controlled by the Controlling Shareholders.

The Reorganisation did not result in any change in the management, the ultimate control and the resources employed of the Group’s business, the Group is regarded as a continuity entity and therefore, the Reorganisation is considered to be a restructuring of entities and business combination under common control.

Accordingly, for the purpose of the consolidated financial statements, except for the acquisition of subsidiaries for which acquisition method of accounting was adopted, the consolidated financial statements have been prepared on a combined basis under merger accounting principles, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the reporting period or since the dates when they first came under common control of the Controlling Shareholders, where applicable.

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 accountants’ report as set out in the Appendix I to the Prospectus.

The Group has consistently applied all IFRSs which are effective for the Group’s financial year beginning on or before 1 April 2018 including the early adoption of new/revised IFRSs which are effective for the financial year beginning on or before 1 April 2019 (e.g. IFRS 16) for the consolidated financial statements.

3. FUTURE CHANGES IN IFRSs

At the date of approving the 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 1 and IAS 8	Disclosure Initiative — Definition of Material ¹
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform ¹
Amendments to IFRS 3	Definition of Business ²
Amendments to IFRS 16	COVID-19-Related Rent Concessions ³
Amendments to IAS 1	Classification of Liabilities as Current or non-Current ⁴
Amendments to IAS 16	Proceeds before Intended Use ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ⁴
Annual Improvements to IFRSs	2018–2020 Cycle ⁴
Amendments to IAS 37	Cost of Fulfilling a Contract ⁵
IFRS 17	Insurance Contracts ⁶
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁷

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 June 2020

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 January 2023

⁷ The effective date to be determined

The management of the Group (the “Management”) does 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) Sales of optical products.
- (2) Franchise and license management.

Segment revenue and results

The accounting policies of the operating segments:

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group’s most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Segment revenue represents revenue derived from 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 2020 and 2019 is as follows:

Year ended 31 March 2020

	Sales of optical products RM'000	Franchise and license management RM'000	Total RM'000
Segment revenue	<u>146,627</u>	<u>499</u>	<u>147,126</u>
Segment results	<u>33,358</u>	<u>447</u>	<u>33,805</u>
Unallocated other income			714
Unallocated administrative expenses			(2,986)
Finance costs			(986)
Listing expenses			<u>(9,765)</u>
Profit before tax			20,782
Income tax expense			<u>(6,955)</u>
Profit for the year			<u>13,827</u>

Year ended 31 March 2019

	Sales of optical products RM'000	Franchise and license management RM'000	Total RM'000
Segment revenue	<u>133,192</u>	<u>423</u>	<u>133,615</u>
Segment results	<u>32,235</u>	<u>404</u>	<u>32,639</u>
Unallocated other income			367
Unallocated administrative expenses			(2,410)
Finance costs			<u>(1,098)</u>
Profit before tax			29,498
Income tax expense			<u>(6,747)</u>
Profit for the year			<u>22,751</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 2020

	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>
Assets				
Reportable segment assets	<u>104,602</u>	<u>1,347</u>	<u>3,194</u>	<u>109,143</u>
Liabilities				
Reportable segment liabilities	<u>(43,451)</u>	<u>(159)</u>	<u>(1,930)</u>	<u>(45,540)</u>
Other segment information:				
Depreciation of plant and equipment	2,856	1	—	2,857
Depreciation of right-of-use assets	13,064	—	—	13,064
Depreciation of investment properties	—	—	65	65
Gain on disposal of plant and equipment	(22)	—	—	(22)
Gain on disposal of assets classified as held for sale	—	—	(291)	(291)
Gain on disposal of right-of-use assets	(80)	—	—	(80)
Loss on termination of leases, net	2	—	—	2
Provision for impairment loss of trade receivables, net	244	—	—	244
Reversal of provisions for restoration costs	(32)	—	—	(32)
Write down of inventories	126	—	—	126
Write-off of plant and equipment	112	—	—	112
Additions to right-of-use assets	14,064	—	—	14,064
Additions to plant and equipment	<u>4,481</u>	<u>—</u>	<u>—</u>	<u>4,481</u>

At 31 March 2019

	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>
Assets				
Reportable segment assets	<u>92,664</u>	<u>1,159</u>	<u>5,419</u>	<u>99,242</u>
Liabilities				
Reportable segment liabilities	<u>(35,534)</u>	<u>(100)</u>	<u>(6,566)</u>	<u>(42,200)</u>
Other segment information:				
Depreciation of plant and equipment	2,203	1	—	2,204
Depreciation of right-of-use assets	12,870	35	—	12,905
Depreciation of investment properties	—	—	111	111
Gain on disposal of plant and equipment	(183)	—	—	(183)
Gain on disposal of assets classified as held for sale	—	—	(13)	(13)
Gain on disposal of right-of-use assets	(268)	—	—	(268)
Reversal of impairment loss of trade receivables, net	(38)	—	—	(38)
Write-off of plant and equipment	34	—	—	34
Additions to right-of-use assets	16,246	—	—	16,246
Additions to plant and equipment	<u>3,224</u>	<u>—</u>	<u>—</u>	<u>3,224</u>

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

- segment assets include right-of-use assets, plant and equipment, 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 following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the location of the customers. The Group's non-current assets are all located in Malaysia.

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<i>Revenue from external customers</i>		
Malaysia	147,077	133,575
Overseas	<u>49</u>	<u>40</u>
	<u>147,126</u>	<u>133,615</u>

Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the years ended 31 March 2020 and 2019.

5. REVENUE

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<i>Revenue from contracts with customers within IFRS 15</i>		
Sales of optical products		
— to retail customers	144,641	131,362
— to franchisees	1,986	1,209
— to affiliates (<i>Note</i>)	—	621
Franchise and royalty fees income	<u>499</u>	<u>423</u>
	<u>147,126</u>	<u>133,615</u>
<i>Timing of revenue recognition</i>		
A point in time	147,086	133,582
Over time	<u>40</u>	<u>33</u>
	<u>147,126</u>	<u>133,615</u>
<i>Type of transaction price</i>		
Fixed price	146,667	133,225
Variable price	<u>459</u>	<u>390</u>
	<u>147,126</u>	<u>133,615</u>

Note: It represented sales of optical products to affiliates in which Dato' Ng Kwang Hua, Dato' Ng Chin Kee and/or Datin Low Lay Choo have/had minority interests.

The amount of revenue recognised for the year ended 31 March 2020 that was included in the contract liabilities at the beginning of the reporting period was approximately RM738,000 (2019: RM482,000).

6. OTHER INCOME

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Bank interest income	124	198
Book-keeping fee income	44	256
Exchange gain, net	140	140
Gain on disposal of plant and equipment, net	22	183
Gain on disposal of assets classified as held for sale (<i>Note 12</i>)	291	13
Gain on disposal of right-of-use assets	80	268
Management fee income	—	52
Rental income from investment properties	335	354
Reversal of provisions for restoration cost	32	—
Sponsorship income	183	149
Sundry income	669	259
	<u>1,920</u>	<u>1,872</u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<i>Finance costs</i>		
Interest on interest-bearing borrowings	85	230
Finance charges on lease liabilities	901	868
	<u>986</u>	<u>1,098</u>
<i>Staff costs (including directors' emoluments)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	33,879	28,071
Contributions to defined contribution plans	2,696	2,211
	<u>36,575</u>	<u>30,282</u>

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<i>Other items</i>		
Auditors' remuneration	1,128	593
Cost of inventories	49,817	49,655
Depreciation of investment properties	65	111
Depreciation of plant and equipment	2,857	2,204
Depreciation of right-of-use assets	13,064	12,905
Direct operating expenses arising from investment properties that:		
— generated rental income	9	9
— did not generate rental income	—	2
Exchange gain, net	(140)	(140)
Gain on disposal of plant and equipment, net	(22)	(183)
Loss on termination of leases, net (included in "Selling and distribution costs")	2	—
Other rental and related expenses	5,517	3,464
Provision for (Reversal of) impairment loss of trade receivables, net	244	(38)
Write down of inventories (included in "Administrative expenses")	126	—
Write-off of plant and equipment	112	34
	<u>112</u>	<u>34</u>

8. INCOME TAX EXPENSE

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Current tax		
Malaysia corporate income tax	7,104	6,786
Deferred tax		
Changes in temporary differences	<u>(149)</u>	<u>(39)</u>
Total income tax expense for the year	<u>6,955</u>	<u>6,747</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 2020 and 2019.

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

Saved as disclosed below, Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the years ended 31 March 2020 and 2019.

For the year ended 31 March 2020, 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%.

For the year ended 31 March 2019, Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM500,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

Reconciliation of income tax expense

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit before tax	<u>20,782</u>	<u>29,498</u>
Income tax at statutory tax rate applicable in respective territories	5,699	7,080
Effect of reduction in tax rate for the first tranche of chargeable income	(1,046)	(931)
Tax exempt revenue	(164)	(66)
Non-deductible expenses	2,360	763
Others	<u>106</u>	<u>(99)</u>
Income tax expense for the year	<u>6,955</u>	<u>6,747</u>

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:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit for the year attributable to the owners of the Company, used in basic and diluted earnings per share calculation	<u>10,900</u>	<u>20,641</u>
	Number of shares	
	2020	2019
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>375,000,000</u>	<u>375,000,000</u>

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in Note 14 below) had occurred on 1 April 2018.

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 2020 and 2019.

10. DIVIDENDS

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Dividends declared to the then equity owners of the entities now comprising the Group	<u>8,726</u>	<u>12,669</u>

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Trade receivables			
From related parties		49	—
From third parties		<u>699</u>	<u>196</u>
		748	196
Less: Loss allowances		<u>(244)</u>	<u>—</u>
	<i>11(a)</i>	<u>504</u>	<u>196</u>
Other receivables			
Prepayments (<i>Note</i>)		2,186	853
Refundable rental and other related deposits		6,417	6,173
Other receivables		642	527
Goods and Services Tax recoverable		171	331
Amounts due from related parties		<u>3</u>	<u>—</u>
		<u>9,419</u>	<u>7,884</u>
		<u><u>9,923</u></u>	<u><u>8,080</u></u>

Note: The amounts included prepaid listing expenses of approximately RM795,000 at 31 March 2020 (2019: Nil).

(a) Trade receivables

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

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Within 30 days	158	173
31 to 60 days	237	23
61 to 90 days	89	—
Over 90 days	<u>20</u>	<u>—</u>
	<u><u>504</u></u>	<u><u>196</u></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:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Not yet due	<u>158</u>	<u>173</u>
Past due:		
Within 30 days	237	23
31 to 60 days	89	—
61 to 90 days	<u>20</u>	<u>—</u>
	<u>346</u>	<u>23</u>
	<u><u>504</u></u>	<u><u>196</u></u>

The Group normally grants credit term to third parties up to 30 days from the date of issuance of invoices.

12. ASSETS CLASSIFIED AS HELD FOR SALE

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Investment properties	<u><u>1,394</u></u>	<u><u>2,309</u></u>

At 31 March 2020 and 2019, the Management decided to dispose of certain investment properties and expected to complete the sales of these investment properties within 12 months. Consequently, the relevant investment properties were classified as assets held for sale.

The properties included under assets classified as held for sale with carrying amount of approximately RM1,394,000 (2019: RM2,309,000) were pledged to secure banking facilities granted to the Group.

Investment properties of approximately RM362,000 and RM380,000 were disposed of to Dato' Ng Chin Kee and Dato' Ng Kwang Hua at a consideration approximated to its carrying amount of approximately RM375,000 and RM380,000, which were completed in November 2018 and January 2019, respectively, and resulted in a gain on disposal of assets classified as held for sale of approximately RM13,000 during the year ended 31 March 2019.

Investment property of approximately RM2,309,000 was disposed of to independent third parties at a consideration of approximately RM2,600,000 and the disposal was completed in August 2019 which resulted in a gain on disposal of assets classified as held for sale of approximately RM291,000 during the year ended 31 March 2020.

13. TRADE AND OTHER PAYABLES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Trade payables to third parties	<u>11,277</u>	<u>8,507</u>
Other payables		
Contract liabilities	721	738
Salaries and allowances payable	2,241	2,173
Accrued charges and other payables (<i>Note</i>)	7,967	3,049
Amounts due to minority interests of subsidiaries	<u>2,672</u>	<u>2,607</u>
	<u>13,601</u>	<u>8,567</u>
	<u>24,878</u>	<u>17,074</u>

Note: The amounts included accrued listing expenses of approximately RM3,806,000 at 31 March 2020 (2019: Nil).

The trade payables are interest-free and with normal credit terms ranging from 30 to 120 days.

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

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Within 30 days	4,118	3,886
31 to 60 days	5,303	1,649
61 to 90 days	1,377	2,852
Over 90 days	<u>479</u>	<u>120</u>
	<u>11,277</u>	<u>8,507</u>

14. SHARE CAPITAL

	<i>Note</i>	Number of shares	HK\$	Equivalent to RM'000
Ordinary share of HK\$0.01 each				
<i>Authorised:</i>				
At 4 June 2019 (date of incorporation)	<i>14(a)</i>	38,000,000	380,000	213
Increase	<i>14(b)</i>	<u>1,962,000,000</u>	<u>19,620,000</u>	<u>10,981</u>
At 31 March 2020		<u><u>2,000,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>11,194</u></u>
<i>Issued and fully paid:</i>				
At 4 June 2019 (date of incorporation)	<i>14(a)</i>	1	0.01	—*
Issuance of shares under the Reorganisation	<i>14(a)</i>	<u>99</u>	<u>0.99</u>	<u>—*</u>
At 31 March 2020		<u><u>100</u></u>	<u><u>1.00</u></u>	<u><u>—*</u></u>

* Represent amounts less than RM1,000.

- (a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. Upon its incorporation, the authorised share capital of HK\$380,000 was divided into 38,000,000 ordinary shares at HK\$0.01 each and 1 ordinary share of HK\$0.01 was issued to and paid up by Alliance Vision Limited. On the same date, the Company allotted and issued 44 ordinary shares, 45 ordinary shares and 10 ordinary shares of HK\$0.01 each credited as fully paid to Alliance Vision Limited, Sky Pleasure Limited and Delightful Fortune Limited, respectively.
- (b) On 23 March 2020, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each, ranking *pari passu*.
- (c) 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 be 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 fully completed on 15 April 2020.
- (d) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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' Brand (being the brands of optical products which are designed and manufactured by third party manufacturers).

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. For the financial year ended ("FYE") 31 March 2020 (the "**Reporting Period**"), the Group had 10 retail brands covering the high-end, mid-end and mass market segments of the Malaysian eyewear retail market and one retail brand which focuses on the sales of contact lenses.

As at 31 March 2020, the Group's retail network, which comprised 83 self-owned, 10 franchised and two licensed retail stores, were located across Central, Southern, Northern and Eastern Peninsula Malaysia. For the FYE 31 March 2020, the Group has opened 11 self-owned retail stores but three self-owned retail stores ceased operation.

We believe that the increasing awareness of eye care has consistently driven the market development of the eyewear retail market in Malaysia. In addition, the increase in the population with visual impairment, particularly the condition of myopia in children and teenagers could be attributed to the increasing use of technological devices, such as smartphones, tablets and computers from a young age, will increase the demand for optical products, particularly prescription glasses and contact lenses to correct their vision.

Financial Review

Revenue

The Group's revenue increased by approximately RM13.5 million or 10.1% from approximately RM133.6 million for the year ended 31 March 2019 to approximately RM147.1 million for the year ended 31 March 2020. The increase was mainly driven by the Group's Retailing Business (being the sales of optical products through the self-owned retail stores and online sales platform of the Group to retail customers) which increased from approximately RM131.4 million for the year ended 31 March 2019 to approximately RM144.6 million for the year ended 31 March 2020, representing an increase of approximately 10.0%. Such growth in the Group's Retailing Business was primarily due to the increase in the sales volume of various categories of the Group's optical products resulting from the continuous expansion of the Group's retail network. The Group's self-owned retail stores increased from 75 retail stores as at 31 March 2019 to 83 retail stores as at 31 March 2020. The revenue derived from Franchising and Licensing Business (being the franchising and licensing of the Group's retail brands to

franchisees and licensees) slightly increased from approximately RM1.6 million for the year ended 31 March 2019 to approximately RM2.5 million for the year ended 31 March 2020. Such increase was mainly contributed by the increase in sales of optical products to franchisees.

Other income

The Group's other income remained consistent at approximately RM1.9 million for the years ended 31 March 2020 and 2019, respectively.

Gross profit and gross profit margin

The Group's gross profit increased by approximately RM13.3 million or 15.8% from approximately RM84.0 million for the year ended 31 March 2019 to approximately RM97.3 million for the year ended 31 March 2020. Such increase was mainly contributed by the combined effects of the increase in the Group's revenue and the improvement of the Group's gross profit margin. The Group's gross profit margin increased from approximately 62.8% for the year ended 31 March 2019 to approximately 66.1% for the year ended 31 March 2020.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately RM10.1 million or 21.6% from approximately RM46.8 million for the year ended 31 March 2019 to approximately RM56.9 million for the year ended 31 March 2020, primarily attributable to the increase in (i) staff costs of approximately RM5.5 million resulting from both an increase in the number of sales and marketing staff, and the increase in salaries, sales commission, discretionary bonus, allowances to the sales and marketing staff; and (ii) depreciation of right-of-use assets of approximately RM0.2 million mainly resulting from the opening of 11 additional self-owned retail stores for the year ended 31 March 2020.

Administrative expenses

The Group's administrative expenses increased by approximately RM2.0 million or 23.5% from approximately RM8.5 million for the year ended 31 March 2019 to approximately RM10.5 million for the year ended 31 March 2020, primarily due to the increase in (i) staff costs of approximately RM0.7 million resulting from an increase in headcount of administrative staff and the increase in salaries, discretionary bonus and allowances to the administrative staff; (ii) legal and professional fees of approximately RM0.1 million; and (iii) office expenses of approximately RM0.3 million resulting from the growing operations of the Group.

Finance costs

The Group's finance costs decreased by approximately RM0.1 million or 9.1% from approximately RM1.1 million for the year ended 31 March 2019 to approximately RM1.0 million for the year ended 31 March 2020.

Listing expenses

Our listing expenses amounted to approximately RM9.8 million for the year ended 31 March 2020.

Income tax expense

The Group's income tax expense increased by approximately RM0.3 million or 4.5% from approximately RM6.7 million for the year ended 31 March 2019 to approximately RM7.0 million for the year ended 31 March 2020. The effective tax rate for the year ended 31 March 2020 was approximately 33.5% which was higher than the effective tax rate of approximately 22.9% for the year ended 31 March 2019. Such increase was mainly due to the listing expenses incurred during the year ended 31 March 2020, which were not tax deductible.

Net profit and net profit margin

As a result of the foregoing, the Group's net profit decreased by approximately RM9.0 million or 39.5% from approximately RM22.8 million for the year ended 31 March 2019 to approximately RM13.8 million for the year ended 31 March 2020. The Group's net profit margin decreased from approximately 17.0% for the year ended 31 March 2019 to approximately 9.4% for the year ended 31 March 2020. Such decrease was mainly attributable to the one-off listing expenses incurred during the year ended 31 March 2020 amounting to approximately RM9.8 million. The net profit would be approximately RM23.6 million for the year ended 31 March 2020 if the one-off listing expenses is excluded and this will represent an increase of approximately 3.5% compared to the net profit of approximately RM22.8 million for the year end 31 March 2019.

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 2020, the Group's bank and cash balances (excluding fixed deposits) amounted to approximately RM34.1 million (2019: approximately RM34.1 million). As at 31 March 2020, 91.5% was denominated in RM (2019: 93.0%), 6.5% was denominated in United States dollar ("USD") (2019: 7.0%) and 2.0% was denominated in Hong Kong dollar ("HKD") (2019: Nil).

For the FYE 31 March 2020, the Group generated net cash inflow from operating activities of approximately RM27.9 million (2019: approximately RM36.0 million). The Group was able to fulfill its repayment obligations when they became due.

Banking facilities and lease facilities

As at 31 March 2020, the Group had interest bearing borrowings of approximately RM1.4 million (2019: approximately RM3.4 million). The Group's interest bearing borrowings carried weighted average effective interest rates of approximately 4.88% per annum (2019: approximately 4.55% per annum). The carrying amounts of the bank borrowings were denominated in RM.

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, and certain leased furniture, fixtures and equipment, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 31 March 2020 was approximately RM17.8 million (2019: *approximately RM17.7 million*), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 4.79% per annum as at 31 March 2020 (2019: *4.79% per annum*).

Capital structure

As at 31 March 2020, the Group's total equity and liabilities amounted to approximately RM63.6 million and RM45.5 million respectively (2019: *approximately RM57.0 million and RM42.2 million respectively*).

Gearing ratio

The Group's gearing ratio decreased from approximately 0.37 times as at 31 March 2019 to approximately 0.30 times as at 31 March 2020, primarily due to the continued increase in total equity as a result of accumulation of profit during the Reporting Period.

Current ratio

The Group's current ratio increased from 2.15 times as at 31 March 2019 to 2.20 times as at 31 March 2020, mainly due to the increase in inventories as a result of higher number of self-owned retail stores.

Return on equity

The Group's return on equity decreased from approximately 39.9% for FYE 31 March 2019 to approximately 21.7% for FYE 31 March 2020, mainly contributed by the decrease in the Group's profit for the year due to the one-off listing expenses amounting to approximately RM9.8 million.

Return on asset

The Group's return on assets decreased from approximately 22.9% for FYE 31 March 2019 to approximately 12.7% for FYE 31 March 2020, mainly contributed by the decrease in the Group's profit for the year due to the one-off listing expenses amounting to approximately RM9.8 million.

Pledge of assets

As at 31 March 2020, the Group's bank borrowings, all denominated in RM, were secured by:

- (i) guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;
- (ii) a property owned by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;

(iii) investment properties with aggregate net carrying amount of approximately RM1.3 million (2019: approximately RM2.8 million) at 31 March 2020; and

(iv) assets classified as held for sale with carrying amount of approximately RM1.4 million (2019: approximately RM2.3 million).

The guarantees provided and pledge of a property owned by Dato' Ng Chin Kee and Dato' Ng Kwang Hua were released and replaced by a corporate guarantee that was given by the Company before the Listing.

As at 31 March 2020, fixed deposits with licensed banks of RM1.3 million (2019: Nil) 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 2020.

Capital Commitments

The Group did not have any material commitments as at 31 March 2020 (2019: Nil).

Contingent Liabilities

As at 31 March 2020, the Group did not have any significant contingent liabilities (2019: 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 2020, the Group incurred staff costs of approximately RM36.6 million. (2019: approximately RM30.3 million). The increase in staff costs was mainly due to the hiring of additional employees to cater for the expansion of the Group's retail network and annual increment of staff salaries and allowances. As at 31 March 2020, the Group's total number of staff was 567 (2019: 516).

Foreign currency exposure

Save for certain bank balances were denominated in 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. 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 2020, the Group did not hold any significant investments (2019: Nil).

Material acquisitions or disposals

Save for the reorganisation of the Group in preparation for the Listing, the Group did not have any material acquisition or disposals of subsidiaries or associated companies for the FYE 31 March 2020.

Dividends

The Board does not recommend to declare any final dividend for the FYE 31 March 2020.

For the FYE 31 March 2020, the subsidiaries of the Group had declared and paid cash dividends of approximately RM8.7 million to their then shareholders (*2019: approximately RM12.7 million*).

Significant events after the reporting date

(a) Listing

The shares of the Company were listed on Hong Kong Stock Exchange on 15 April 2020 (the “**Listing Date**”).

(b) COVID-19

The outbreak of COVID-19 since the end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. On 16 March 2020, the Malaysian Government announced a Movement Control Order (“**MCO**”) under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020 until 31 March 2020. The MCO was further extended to 3 May 2020. Subsequently, the Government implemented a conditional MCO on 4 May 2020 up to 9 June 2020 allowing certain business sectors to resume operations, including the optical retail industry. Since 18 March 2020, the Group had temporarily closed all its self-owned retail stores as part of the management efforts to facilitate better prevention and control of the virus and ensure the health and safety of its employees and customers. From 5 May 2020, the Group gradually resumed its business operation, and all the self-owned retail stores resumed business by 13 May 2020. The Malaysian Government then implemented a recovery MCO from 10 June 2020 to 31 August 2020, with fewer restrictions on daily activities, such as interstate travel. The Group will review its monthly expenses and adopt measures to reduce its operating costs; moreover, the Group will negotiate with the landlords of the shopping complexes for rental rebate/reduction during these periods.

During the Reporting Period, to the best knowledge and belief of the Directors, the manufacturers of the optical products supplied to the Group by its major suppliers were mainly based in the United States, Costa Rica, the United Kingdom, Republic of Ireland, Italy, Belgium, Malaysia, Singapore, Thailand, Vietnam, the PRC and Japan. The outbreak of COVID-19 has not materially affected their supply chain and they do not anticipate any difficulty in supplying to the Group the optical products at the Group’s historical purchase volumes and they do not expect any material fluctuation in the prices.

As at 31 March 2020, the Group had bank balances and cash of approximately RM34.1 million and fixed deposit with licensed bank of approximately RM4.0 million. In addition, the Group had raised approximately HKD91.1 million from the global offering pursuant to the Listing. As such, the Board believes that the Group will have adequate working capital to meet its present and foreseeable requirements for the next 12 months.

As the outbreak is expected to remain uncertain in foreseeable future, the Group will continue to closely monitor and implement the measures imposed by the Malaysian government, relevant authorities and local councils, and adopted the following measures:

- (i) all employees must wear face mask at all times, regularly sanitise their hands and practise social distancing;
- (ii) measuring and recording temperature of our employees, customers and visitors daily, and ensuring hand sanitizer is provided in the retail stores;
- (iii) employees who have travelled overseas and are subject to quarantine are required to inform the Group's human resources department;
- (iv) employees who developed any respiratory infection symptoms are required to seek medical treatment, abstain from attending their workplace and inform their supervisors;
- (v) employees will be reminded of the importance of maintaining good personal health and hygiene; and
- (vi) the Group will coordinate with the management of the shopping complexes where the retail stores are located to implement their measures in response to the COVID-19 pandemic.

Principal risks and uncertainties

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

Although the MCO is temporary in nature, as the outbreak of COVID-19 in Malaysia continues, a recovery MCO was implemented and will be extended to 31 August 2020. As a result, the customer traffic may be significantly reduced for a significant period of time. Even if the restrictions are lifted upon the expiry of the aforementioned period, the Management cannot assure that the customer traffic will resume to the level prior to the outbreak of COVID-19 in the short run.

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. If the Group cannot secure optical 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 optical 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 during the Reporting Period 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.

Please refer to the "Risk Factor" section of the Prospectus for more details about the risks and uncertainties that the Group is subject to.

Outlook and future prospects

According to the Central Bank of Malaysia, Malaysia's economic growth, as measured by Gross Domestic Product (GDP), is projected at between -2% to 0.5% in 2020 against a highly challenging global economic outlook due mainly to the COVID-19 pandemic. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector.

Due to the MCO, all of the self-owned retail stores were temporary closed from 18 March 2020 to 4 May 2020. For the FYE 31 March 2020, the Management estimates that the closure of the Group's self-owned retail stores for the period from 18 March 2020 to 31 March 2020 resulted in a loss of revenue of approximately RM5.7 million (calculated with reference to the Group's average daily sales per self-owned retail store for the six months ended 30 September 2019). As for the FYE 31 March 2021, although the Group's self-owned retail stores were reopened since early May 2020, the pedestrian footfall for some of the shopping complexes in which the retail stores are located had dropped, especially the self-owned retail stores located in Johor Bahru targeting both the domestic consumers and tourists, as Johor Bahru is a frequent tourist destination for travellers from Singapore. Amid the COVID-19 pandemic, Malaysia closed its border for all inbound and outbound travels in mid-March, including travels to and from Singapore. This resulted in a drop in the number of tourists from Singapore in the first half of 2020, which may have marginal impact on the retail industry in Malaysia. Although the Management noticed that Malaysia and Singapore are prepared to address the needs of cross-border travel, the Management is unsure as to how long it will take to resume cross-border travel between the two countries and how stringent the health checks and quarantine policies on both sides of the border will be. The Management estimates that the revenue for the three months ended 30 June 2020 will decrease by approximately 50% compared to the revenue for the three months ended 31 March 2020. Considering the abovementioned recovery MCO and the possibility of loosening of the border restrictions, the Management estimates that a gradual rebound of pedestrian footfall can be seen for the Group's retail network if the policies are further loosened. As such, this will also have an impact on the revenue of the Group for the first half of the financial year. However, as for the FYE 31

March 2021, the Management is unable to reliably estimate the financial impact of COVID-19 as the pandemic has yet to run its full course. 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 business strategies 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 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 30 June 2020, the net proceeds had been utilised as follows:

	Net proceeds from the global offering <i>RM million</i>	Amount Utilised (up to 30 June 2020) <i>RM million</i>	Amount Unutilised (up to 30 June 2020) <i>RM million</i>	Amount to be applied in the 6 months period ending 30 September 2020 disclosed in the Prospectus <i>RM million</i>	Time frame for utilisation
Set up 36 self-owned retail stores (Note 1)	28.1	—	28.1	4.2	by 31 March 2022
Upgrade and renovate 25 self- owned retail stores	5.1	—	5.1	—	by 31 March 2022
Promote recognition of the Group's 11 retail brands and to further market the Group's Own Brands optical products	4.7	(0.1)	4.6	1.2	by 31 March 2022
Develop optical lab for the production of lenses (Note 2)	5.5	—	5.5	2.9	by 31 March 2021
Upgrade the Group's information technology systems and acquire an RMS and upgrade its POS systems	4.3	(1.2)	3.1	2.1	by 31 March 2022
General working capital	2.6	(2.5)	0.1	2.6	by 30 September 2020
Total	50.3	(3.8)	46.5	13.0	

Notes:

- The Group intends to set up 6 self-owned retail stores in the 6 months period ending 30 September 2020 by utilising approximately RM4.2 million. However, in view of the uncertainty heightened by the COVID-19 pandemic, there may be a potential delay in this regard, and the Management is unable to reliably estimate the time frame for the opening of these retail stores at this point in time.

- 2 The Group intends to develop the optical lab for the production of lenses in the 6 months period ending 30 September 2020 by utilising approximately RM2.9 million. However, in view of the uncertainty heightened by the COVID-19 pandemic, there may be a potential delay in this regard, and the Management is unable to reliably estimate the time frame for the commencement of the development of the optical lab at this point in time.

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the shareholders’ eligibility to attend and vote at the annual general meeting of the Company to be held on 25 September 2020 (Friday) (the “**2020 AGM**”), the register of members of the Company will be closed from 22 September 2020 (Tuesday) to 25 September 2020 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2020 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must 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, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 September 2020 (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 has adopted the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules since the Listing Date. As the shares were not listed on the Stock Exchange during the Reporting Period, the Corporate Governance Code was not applicable to the Company during that period, but has become applicable to the Company since the Listing Date. The Board considered that the Company has complied with all applicable code provisions set out in the Corporate Governance Code since the Listing Date.

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 of the Company. As the shares of the Company were not listed on the Stock Exchange during the Reporting Period, related rules under the Model Code that Directors shall observe did not apply to the Company during that period. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

From the Listing Date 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 audited consolidated financial statements of the Group for the year ended 31 March 2020.

SCOPE OF WORK OF THE COMPANY'S JOINT AUDITORS 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 2020 as set out in this announcement have been agreed by the Company's joint auditors, Mazars CPA Limited, *Certified Public Accountants, Hong Kong* and Grant Thornton Malaysia PLT, *Chartered Accountants, Malaysia* to the amounts set out in the consolidated financial statements of the Group for the year ended 31 March 2020. The work performed by the Company's joint auditors in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's joint auditors 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 and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the Company has three Executive Directors, namely Dato' Ng Kwang Hua, Dato' Ng Chin Kee and Datin Low Lay Choo and three Independent Non-Executive Directors, namely Mr. Ng Kuan Hua, Mr. Ng Chee Hoong and Ms. Jiao Jie.