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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 2021

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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Revenue	5	99,223	147,126
Cost of sales		<u>(30,391)</u>	<u>(49,817)</u>
Gross profit		68,832	97,309
Other income	6	8,766	1,920
Selling and distribution costs		(47,223)	(56,943)
Administrative expenses		(10,986)	(10,509)
Reversal of (Provision for) impairment loss on trade receivables		244	(244)
Finance costs	7	(743)	(986)
Listing expenses		<u>(1,409)</u>	<u>(9,765)</u>
Profit before tax	7	17,481	20,782
Income tax expense	8	<u>(5,227)</u>	<u>(6,955)</u>
Profit for the year		<u>12,254</u>	<u>13,827</u>

	<i>Notes</i>	2021 RM'000	2020 RM'000
Other comprehensive (loss) income			
<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		(1,647)	—
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on combination/consolidation		<u>1,074</u>	<u>(165)</u>
Other comprehensive loss for the year		<u>(573)</u>	<u>(165)</u>
Total comprehensive income for the year		<u>11,681</u>	<u>13,662</u>
Profit for the year attributable to:			
Owners of the Company		9,922	10,900
Non-controlling interests		<u>2,332</u>	<u>2,927</u>
		<u>12,254</u>	<u>13,827</u>
Total comprehensive income attributable to:			
Owners of the Company		9,349	10,735
Non-controlling interests		<u>2,332</u>	<u>2,927</u>
		<u>11,681</u>	<u>13,662</u>
Earnings per share attributable to owners of the Company			
Basic and diluted	9	<u>2.00 sen</u>	<u>2.91 sen</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 RM'000	2020 <i>RM'000</i>
Non-current assets			
Investment properties		1,283	1,325
Right-of-use assets		15,904	17,608
Plant and equipment		7,471	9,336
Deferred tax assets		1,252	475
		25,910	28,744
Current assets			
Inventories		20,536	31,055
Trade and other receivables	<i>11</i>	7,812	9,923
Fixed deposits with licensed banks		42,553	3,940
Bank balances and cash		68,343	34,087
		139,244	79,005
Assets classified as held for sale	<i>12</i>	—	1,394
		139,244	80,399
Current liabilities			
Trade and other payables	<i>13</i>	16,321	24,878
Interest-bearing borrowing		105	65
Lease liabilities		12,594	10,977
Tax payable		914	559
		29,934	36,479
Net current assets		109,310	43,920
Total assets less current liabilities		135,220	72,664

	<i>Notes</i>	2021 RM'000	2020 <i>RM'000</i>
Non-current liabilities			
Interest-bearing borrowing		1,183	1,306
Lease liabilities		6,575	6,783
Provisions		998	972
		<u>8,756</u>	<u>9,061</u>
NET ASSETS		<u>126,464</u>	<u>63,603</u>
Capital and reserves			
Share capital	<i>14</i>	2,747	—*
Reserves		117,415	56,684
Equity attributable to owners of the Company		120,162	56,684
Non-controlling interests		6,302	6,919
TOTAL EQUITY		<u>126,464</u>	<u>63,603</u>

* Represents 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 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 headquarters 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.

Completion of reorganisation

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 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, the consolidated financial statements have been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed “Merger accounting for business combination involving entities under common control” in note 2 to the consolidated financial statements, which presents the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated 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 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 the 2020 consolidated financial statements except for the adoption of new/revised IFRSs effective from current year that are relevant to the Group and the early adoption of Amendments to IFRS 16 “COVID-19-Related Rent Concessions Beyond 30 June 2021” for the consolidated financial statements.

3. FUTURE CHANGES IN IFRSs

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

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to IAS 16	Proceeds before Intended Use ²
Amendments to IAS 37	Cost of Fulfilling a Contract ²
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Annual Improvements to IFRSs	2018-2020 Cycle ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction ³
IFRS 17	Insurance Contracts ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the results and financial position of the Group.

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 2021 and 2020 is as follows:

Year ended 31 March 2021

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

Year ended 31 March 2020

	Sales of optical products <i>RM'000</i>	Franchise and license management <i>RM'000</i>	Total <i>RM'000</i>
Segment revenue	<u>146,627</u>	<u>499</u>	<u>147,126</u>
Segment results	<u>33,358</u>	<u>447</u>	33,805
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>

Segment assets and liabilities

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

At 31 March 2021

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

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	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>

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.

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
<u>Revenue from external customers:</u>		
Malaysia	99,223	147,077
Overseas	—	49
	<u>99,223</u>	<u>147,126</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 2021 and 2020.

5. REVENUE

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
<u>Revenue from contracts with customers within IFRS 15</u>		
Sales of optical products		
— to retail customers	98,186	144,641
— to franchisees	723	1,986
Franchise and royalty fees income	<u>314</u>	<u>499</u>
	<u>99,223</u>	<u>147,126</u>
<i>Timing of revenue recognition:</i>		
A point in time	99,181	147,086
Over time	<u>42</u>	<u>40</u>
	<u>99,223</u>	<u>147,126</u>
<i>Type of transaction price:</i>		
Fixed price	98,951	146,667
Variable price	<u>272</u>	<u>459</u>
	<u>99,223</u>	<u>147,126</u>

The amount of revenue recognised for the year ended 31 March 2021 that was included in the contract liabilities at the beginning of the reporting period was approximately RM721,000 (2020: approximately RM738,000).

6. OTHER INCOME

	2021 RM'000	2020 RM'000
Bank interest income	242	124
Book-keeping fee income	16	44
Exchange gain, net	213	140
Gain on disposal of plant and equipment, net	—	22
Gain on disposal of assets classified as held for sale (<i>Note 12</i>)	1,406	291
Gain on disposal of right-of-use assets	—	80
Government subsidies (<i>Note</i>)	2,645	—
Income on COVID-19-related rent concessions	2,909	—
Rental income from investment properties	241	335
Reversal of provisions for restoration costs	—	32
Sponsorship income	327	183
Sundry income	767	669
	<u>8,766</u>	<u>1,920</u>

Note: During the year ended 31 March 2021, the Group recognised government subsidies of approximately RM2,645,000 (2020: nil) in respect of COVID-19-related subsidies provided by local government authorities. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these subsidies.

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2021 RM'000	2020 RM'000
<i>Finance costs</i>		
Interest on interest-bearing borrowings	44	85
Interest on bank overdrafts	7	—
Interest on lease liabilities	692	901
	<u>743</u>	<u>986</u>
<i>Staff costs (including directors' remuneration)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	27,920	33,879
Contributions to defined contribution plans	2,523	2,696
	<u>30,443</u>	<u>36,575</u>

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
<i>Other items</i>		
Auditors' remuneration	1,106	1,128
Cost of inventories	30,391	49,817
Depreciation of investment properties	42	65
Depreciation of plant and equipment	2,992	2,857
Depreciation of right-of-use assets	12,499	13,064
Direct operating expenses arising from investment properties that generated rental income	12	9
Exchange gain, net	(213)	(140)
Loss (Gain) on disposal of plant and equipment, net	198	(22)
Loss on termination of leases, net (included in "Selling and distribution costs")	—	2
Other rental and related expenses	3,625	5,517
(Reversal of) Provision for impairment loss of trade receivables	(244)	244
Write down of inventories (included in "Cost of sales")	3,005	126
Write-off of plant and equipment	<u>125</u>	<u>112</u>

8. INCOME TAX EXPENSE

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Current tax		
Malaysia corporate income tax	6,004	7,104
Deferred tax		
Changes in temporary differences	<u>(777)</u>	<u>(149)</u>
Total income tax expense for the year	<u>5,227</u>	<u>6,955</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 2021 and 2020.

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 2021 and 2020.

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%.

Reconciliation of income tax expense

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Profit before tax	<u>17,481</u>	<u>20,782</u>
Income tax at statutory tax rate applicable in respective territories	4,337	5,699
Effect of reduction in tax rate for the first tranche of chargeable income	—	(1,046)
Tax exempt revenue	(412)	(164)
Non-deductible expenses	1,242	2,360
Others	<u>60</u>	<u>106</u>
Income tax expense for the year	<u>5,227</u>	<u>6,955</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:

	2021 <i>RM'000</i>	2020 <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>9,922</u>	<u>10,900</u>
	Number of shares	
	2021	2020
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>495,205,479</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) had occurred on 1 April 2019.

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 2021 and 2020.

10. DIVIDENDS

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Dividends declared and paid to the then owners of the entities now comprising the Group	<u>—</u>	<u>8,726</u>
Dividends declared and paid to owners of the Company	<u>6,715</u>	<u>—</u>

On 28 September 2020, the board of directors of the Company has resolved the declaration and payment of special dividends of HK\$0.025 per ordinary share of the Company, amounting to HK\$12,500,000 (equivalent to approximately RM6,715,000) in total. The dividends were paid in November 2020.

The board of directors do not recommend the payment of a final dividend.

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Trade receivables			
From related parties		—	49
From third parties		<u>130</u>	<u>699</u>
		130	748
Less: Loss allowances		<u>—</u>	<u>(244)</u>
	<i>11(a)</i>	<u>130</u>	<u>504</u>
Other receivables			
Prepayments (<i>Note</i>)		524	2,186
Refundable rental and other related deposits		6,485	6,417
Other receivables		673	642
Goods and Services Tax recoverable		—	171
Amounts due from related companies		<u>—</u>	<u>3</u>
		<u>7,682</u>	<u>9,419</u>
		<u>7,812</u>	<u>9,923</u>

Note: The amount included prepaid listing expenses of nil at 31 March 2021 (2020: approximately RM795,000).

(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:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Within 30 days	98	158
31 to 60 days	32	237
61 to 90 days	—	89
Over 90 days	<u>—</u>	<u>20</u>
	<u>130</u>	<u>504</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:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Not yet due	<u>98</u>	<u>158</u>
Past due:		
Within 30 days	32	237
31 to 60 days	—	89
61 to 90 days	<u>—</u>	<u>20</u>
	<u>32</u>	<u>346</u>
	<u>130</u>	<u>504</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

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Investment properties	<u>—</u>	<u>1,394</u>

At 31 March 2020, the management of the Group 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.

Investment property of approximately RM2,309,000 was disposed of to independent third parties at a consideration of 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.

Investment property of approximately RM1,394,000 was disposed of to independent third parties at a consideration of RM2,800,000 and the disposal was completed in September 2020 which resulted in a gain on disposal of assets classified as held for sale of approximately RM1,406,000 during the year ended 31 March 2021.

13. TRADE AND OTHER PAYABLES

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Trade payables to third parties	<u>4,395</u>	<u>11,277</u>
Other payables		
Contract liabilities	748	721
Salaries and allowances payable	3,314	2,241
Accrued charges and other payables (<i>Note</i>)	5,493	8,072
Amounts due to minority interests of subsidiaries	<u>2,371</u>	<u>2,567</u>
	<u>11,926</u>	<u>13,601</u>
	<u>16,321</u>	<u>24,878</u>

Note: The amount included accrued listing expenses of nil at 31 March 2021 (2020: approximately RM3,806,000).

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:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Within 30 days	3,088	4,118
31 to 60 days	629	5,303
61 to 90 days	360	1,377
Over 90 days	<u>318</u>	<u>479</u>
	<u>4,395</u>	<u>11,277</u>

14. SHARE CAPITAL

	<i>Notes</i>	Number of shares	HK\$	Equivalent to RM'000
Ordinary share of HK\$0.01 each				
Authorised:				
At 4 June 2019 (date of incorporation)	14(a)	38,000,000	380,000	213
Increase	14(b)	<u>1,962,000,000</u>	<u>19,620,000</u>	<u>10,981</u>
At 31 March 2020 and 2021		<u>2,000,000,000</u>	<u>20,000,000</u>	<u>11,194</u>
Issued and fully paid:				
At 4 June 2019 (date of incorporation)	14(a)	1	0.01	—*
Issuance of shares	14(a)	<u>99</u>	<u>0.99</u>	<u>—*</u>
At 31 March 2020		100	1	—*
Capitalisation issue	14(c)	374,999,900	3,749,999	2,060
Issuance of shares pursuant to the global offering	14(d)	<u>125,000,000</u>	<u>1,250,000</u>	<u>687</u>
At 31 March 2021		<u>500,000,000</u>	<u>5,000,000</u>	<u>2,747</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 with existing shares.
- (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 the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 15 April 2020.
- (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 (equivalent to approximately RM68,681,000). The expenses attributable to issue of shares pursuant to the global offering of approximately RM7,851,000 were recognised in the share premium account of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group 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).

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. For the financial year ended 31 March 2021 (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 2021, the Group's retail network, which comprised 79 self-owned and 7 franchised retail stores, were located across Central, Southern, Northern and Eastern Peninsula Malaysia. During the Reporting Period, 4 self-owned retail stores, 3 franchised and 2 licensed 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.

COVID-19 PANDEMIC

On 16 March 2020, the Malaysian Government announced a Movement Control Order ("**MCO**"). MCO took effect from 18 March 2020 and extended to 9 June 2020. Certain business sectors were allowed to gradually resume operations, including the optical retail industry. The Group closed all its self-owned retail stores since 18 March 2020. From 5 May 2020, the Group gradually resumed its business operation, and all the self-owned retail stores resumed business by 13 May 2020. Although the Malaysian Government then implemented a recovery MCO from 10 June 2020 to 31 August 2020, with fewer restrictions on daily activities, the COVID-19 pandemic impacts on consumer confidence, and the social distancing measures further decreased pedestrian footfall in shopping complexes, therefore the Group's retail stores throughout peninsular Malaysia have been affected.

Malaysia's border remains closed, including travels to and from Singapore with the exceptions of essential work, business and official travels. This has resulted in the decrease in sales in the Group's retail stores located in Johor Bahru which primarily targets tourists from Singapore. 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.

On 12 October 2020, the Malaysian Government had enforced the Conditional Movement Control Order (the "CMCO") in Selangor, Kuala Lumpur and Putrajaya effective from 14 October 2020 to 27 October 2020 in view of the increasing cases of COVID-19 in these areas. Schools and higher learning institutions are closed temporarily during this period, and inter district travel is not allowed unless a letter is provided by employer for workplace travel. On 26 October 2020, the CMCO had been extended for another 14 days until 9 November 2020 after the Malaysian health authorities found that the risk of COVID-19 infection was not abated despite the CMCO in the previous 14 days. On 7 November 2020, the Malaysian Government announced that all states in Peninsular Malaysia except for Perlis, Pahang and Kelantan will be placed under the CMCO for four weeks from 9 November 2020 to 6 December 2020. On 20 November 2020, the Malaysian Government announced that the CMCO in four states, namely Kedah, Melaka, Johor and Terengganu will be lifted effective 21 November 2020, following a reduction in the number of COVID-19 cases. However, Kelantan has become the latest state to be placed under the CMCO, effective from 21 November 2020 until 6 December 2020, following an increase in the number of COVID-19 positive cases there. Although all of the Group's retail stores are allowed to operate as usual, most of which are located in the states where the CMCO are implemented. The various restrictions of the CMCO are shorter operating hours for businesses, closure of entertainment and recreational outlets and restricted inter district travel.

The Malaysian Government announced a second round of MCO which took effective on 13 January 2021 until 26 January 2021 for Penang, Selangor, Kuala Lumpur, Putrajaya, Labuan, Melaka, Johor and Sabah while Pahang, Perak, Negeri Sembilan, Kedah, Terengganu and Kelantan will be under CMCO and Perlis and Sarawak will be under recovery MCO. Thereafter, a third round of MCO was implemented starting from 12 May 2021 to 7 June 2021 nationwide following increases in the number of COVID-19 cases. The control measures implemented in these areas included, amongst others, restriction on or prohibition of interstate and/or inter-district travel and social gatherings. On 28 May 2021, the Malaysian Government subsequently announced a full MCO, also known as total lockdown ("FMCO") starting from 1 June 2021 to 14 June 2021 where all economic activities and social activities are prohibited, with the exception of 17 essential service sectors. On 11 June 2021, the Malaysian Government announced the extension of the FMCO to 28 June 2021. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan with three specific threshold indicators that will decide whether and when certain COVID-19 pandemic restrictions will be lifted. Each of these phases will be based on thresholds that will look at (i) the average number of daily COVID-19 cases; (ii) the capacity of the public health system; and (iii) the vaccination rate of the general population. The four-phase approach begins with Phase One which is the implementation of a nationwide MCO which is in effect at the moment, due to the high number of COVID-19 cases, the public health system is currently at a critical status, and a low vaccination rate amongst the general population. Restrictions towards economic activities and the social sector will ease up as the National

Recovery Plan progresses through its phases, which largely depend on whether the three specific thresholds reach satisfactory levels, with the fourth and final phase expected to be implemented towards the end of the year. The Group's operations are allowed to operate as usual provided that the standard operating procedures are followed. Although the duration of the COVID-19 pandemic remains uncertain, the Group will continue to closely monitor the market conditions and will make timely adjustments in its business strategies when necessary.

As such, the recovery of the Malaysian economy, as well as the return to our normal social and spending behaviour will require more time and efforts from all stakeholders.

Despite the decrease in the Group's revenue and net profit for the Reporting Period, the Board is of the view that the overall operation and financial position of the Group remains healthy and sound.

Financial Review

Revenue

The Group's revenue decreased by approximately RM47.9 million or 32.6% from approximately RM147.1 million for the year ended 31 March 2020 to approximately RM99.2 million for the year ended 31 March 2021. The decrease 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 decreased from approximately RM144.6 million for the year ended 31 March 2020 to approximately RM98.2 million for the year ended 31 March 2021, representing an decrease of approximately 32.1%. Such decrease in the Group's Retailing Business was primarily due to the decrease in the sales volume of various categories of the Group's optical products resulting from the COVID-19 pandemic impact whereby Malaysia has gone through various MCO and has since extended numerous times. The Group's self-owned retail stores decreased from 83 retail stores as at 31 March 2020 to 79 retail stores as at 31 March 2021. The revenue derived from Franchising and Licensing Business (being the franchising and licensing of the Group's retail brands to franchisees and licensees) decreased from approximately RM2.5 million for the year ended 31 March 2020 to approximately RM1.0 million for the year ended 31 March 2021. Such decrease was mainly contributed by the decrease in sales of optical products to franchisees which was in turn due to closure of three franchised and two licensed retail stores.

Other income

The Group's other income increased by approximately RM6.9 million or 363.2% from approximately RM1.9 million for the year ended 31 March 2020 to approximately RM8.8 million for the year ended 31 March 2021. The increase was mainly contributed by the combined effects of the (i) rent concessions of approximately RM2.9 million received from shopping malls; (ii) wage subsidy programme of approximately RM2.6 million received from the Human Resource Ministry; and (iii) gain on disposal of assets classified as held for sale of approximately RM1.4 million.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RM28.5 million or 29.3% from approximately RM97.3 million for the year ended 31 March 2020 to approximately RM68.8 million for the year ended 31 March 2021. Such decrease was mainly contributed by the decrease in the Group's revenue. The Group's gross profit margin increased from approximately 66.1% for the year ended 31 March 2020 to approximately 69.4% for the year ended 31 March 2021, primarily due to the higher proportion of sales contribution from frames and lenses, which have higher gross profit margin.

Selling and distribution costs

The Group's selling and distribution costs decreased by approximately RM9.7 million or 17.0% from approximately RM56.9 million for the year ended 31 March 2020 to approximately RM47.2 million for the year ended 31 March 2021, primarily attributable to the decrease in (i) staff costs of approximately RM6.4 million resulting from the decrease in sales commission and allowances to the sales and marketing staff; and (ii) other rental and related expenses for retail stores of approximately RM1.9 million.

Administrative expenses

The Group's administrative expenses increased by approximately RM0.5 million or 4.8% from approximately RM10.5 million for the year ended 31 March 2020 to approximately RM11.0 million for the year ended 31 March 2021, primarily due to the increase in legal and professional fees of approximately RM0.5 million.

Finance costs

The Group's finance costs decreased by approximately RM0.3 million or 30.0% from approximately RM1.0 million for the year ended 31 March 2020 to approximately RM0.7 million for the year ended 31 March 2021, primarily due to decrease in finance charges on lease liabilities as a result of lower interest rate for the lease liabilities.

Listing expenses

The listing expenses amounted to approximately RM1.4 million for the year ended 31 March 2021 and approximately RM9.8 million for the year ended 31 March 2020.

Income tax expense

The Group's income tax expense decreased by approximately RM1.8 million or 25.7% from approximately RM7.0 million for the year ended 31 March 2020 to approximately RM5.2 million for the year ended 31 March 2021. The effective tax rate for the year ended 31 March 2021 was approximately 29.9% which was lower than the effective tax rate of approximately 33.5% for the year ended 31 March 2020. Such decrease was mainly due to the higher 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 RM1.5 million or 10.9% from approximately RM13.8 million for the year ended 31 March 2020 to approximately RM12.3 million for the year ended 31 March 2021. The Group's net profit margin increased from approximately 9.4% for the year ended 31 March 2020 to approximately 12.4% for the year ended 31 March 2021. Such increase was mainly attributable to the higher one-off listing expenses incurred during the year ended 31 March 2020 amounting to approximately RM9.8 million.

However, excluding the one-off listing expenses amounting to approximately RM9.8 million for the year ended 31 March 2020 and approximately RM1.4 million for the year ended 31 March 2021, the net profit will be approximately RM23.6 million for the year ended 31 March 2020 and approximately RM13.7 million for the year ended 31 March 2021. This will represent a decrease of approximately 41.9% in the net profit.

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 2021, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RM68.3 million (2020: *approximately RM34.1 million*). As at 31 March 2021, approximately 80.8% (2020: *approximately 91.5%*) was denominated in RM, approximately 3.5% (2020: *approximately 6.5%*) was denominated in United States dollar ("USD") and approximately 15.7% (2020: *approximately 2.0%*) was denominated in Hong Kong dollar ("HKD").

For the year ended 31 March 2021, the Group generated net cash inflow from operating activities of approximately RM28.1 million (2020: *approximately RM27.9 million*). The Group was able to fulfill its repayment obligations when they became due.

Banking facilities and lease facilities

As at 31 March 2021, the Group had interest bearing borrowing of approximately RM1.3 million (2020: *approximately RM1.4 million*). The Group's interest bearing borrowing carried weighted average effective interest rates of approximately 3.40% (2020: *approximately 4.88%*) 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, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 31 March 2021 was approximately RM19.2 million (2020: *approximately RM17.8 million*), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 4.73% (2020: *4.79%*) per annum as at 31 March 2021.

Capital structure

As at 31 March 2021, the Group's total equity and liabilities amounted to approximately RM126.5 million and approximately RM38.7 million respectively (2020: approximately RM63.6 million and approximately RM45.5 million respectively).

Gearing ratio

The Group's gearing ratio decreased from approximately 0.30 times as at 31 March 2020 to approximately 0.16 times as at 31 March 2021, primarily due to the increase in share capital and share premium pursuant to the Listing and continued increase in total equity as a result of accumulation of profit during the year ended 31 March 2021.

Current ratio

The Group's current ratio increased from approximately 2.20 times as at 31 March 2020 to approximately 4.65 times as at 31 March 2021, mainly due to the increase in fixed deposits with licensed banks and bank balances and cash.

Return on equity

The Group's return on equity decreased from approximately 21.7% for the year ended 31 March 2020 to approximately 9.7% for the year ended 31 March 2021, mainly contributed by the decrease in the Group's profit for the year and higher total equity as a result of the increase in share capital and share premium pursuant to the Listing.

Return on asset

The Group's return on assets decreased from approximately 12.7% for the year ended 31 March 2020 to approximately 7.4% for the year ended 31 March 2021, mainly contributed by the decrease in the Group's profit for the year and higher total assets as a result of the increase in bank balances and cash and fixed deposits with licensed banks.

Pledge of assets

As at 31 March 2021, the Group's bank borrowing, all denominated in RM, was secured by:

- (i) personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua; and
- (ii) investment properties with aggregate net carrying amount of approximately RM1.3 million (2020: approximately RM1.3 million) at 31 March 2021.

As at 31 March 2021, fixed deposits with licensed banks of approximately RM1.4 million (2020: approximately RM1.3 million) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 31 March 2021.

Capital commitments

The Group did not have any material commitments as at 31 March 2021 (2020: Nil).

Contingent liabilities

As at 31 March 2021, the Group did not have any significant contingent liabilities (2020: 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 2021, the Group incurred staff costs of approximately RM30.4 million (2020: approximately RM36.6 million). The decrease in staff costs was mainly due to the lower number of employees employed and lower sales commission, allowances to the sales and marketing staff. As at 31 March 2021, the Group's total number of staff was 500 (2020: 567).

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 2021, the Group did not hold any significant investments (2020: 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 year ended 31 March 2021.

Dividends

On 28 September 2020, the Board announced that it had resolved the declaration and payment of a special dividend of HK\$0.025 per ordinary share of the Company, amounting to HK\$12,500,000 in total (the “**Special Dividend**”). The Special Dividend was paid to the Shareholders whose names appear on the Company's register of members at the close of business on Monday, 19 October 2020 and was distributed in November 2020.

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

Events after the reporting period

Save as disclosed on pages 19 and 20 of this announcement in relation to the COVID-19 Pandemic, there was no significant events after the Reporting Period and up to the date of this announcement.

PRINCIPAL RISKS AND UNCERTAINTIES

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

As the outbreak of the COVID-19 Pandemic in Malaysia continues, various MCO has been implemented with the recent FMCO, being from 1 June to 28 June 2021. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan with three specific threshold indicators that will decide if and when COVID-19 pandemic restrictions are lifted in stages. Each of these phases, will be based on thresholds that will look at the daily COVID-19 case average numbers, the capacity of the public health system, and the vaccination rate of the general population. This phased approach begins with Phase One which is the implementation of a nationwide movement control order that is in effect now with COVID-19 cases numbers that are still high, the public health system which is at a critical level, and a vaccination rate which is still low. Each phase will see more restrictions towards economic activities and the social sector ease up as each of these thresholds reach a more satisfactory level, with the fourth and final phase expected to be imposed only towards the end of the year. 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 the COVID-19 Pandemic 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 of the Company dated 28 March 2020 (the “Prospectus”) for more details about the risks and uncertainties that the Group is subject to.

Outlook and future prospects

Malaysia’s gross domestic product (the “GDP”) is expected to grow between 6.5% and 7.5% in 2021, after a 4.5% contraction in 2020 owing to the COVID-19 pandemic. The strong rebound in GDP growth will be driven by the anticipated improvement in global growth and international trade. In addition, the impact of the stimulus packages implemented by the government is expected to have spill over effects and provide an additional boost to the economy in 2021, according to the Malaysia Ministry of Finance’s Economic Outlook 2021 report. However, the report pointed out that the upbeat outlook hinges on two major factors — the successful containment of the pandemic and sustained recovery in external demand.

For the year ending 31 March 2022, 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, after deducting the related underwriting fee, incentive and estimated expenses paid and payable by the Company in relation to the Listing, received by the Company were approximately HKD91.1 million or RM50.3 million (based on exchange rate of RM0.5517:HKD1). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at the date of this announcement, the net proceeds had been utilised as follows:

		Amount utilised (up to 31 March 2021) <i>RM million</i>	Amount Unutilised (up to 31 March 2021) <i>RM million</i>	Amount to be applied in the 6 months period ending 30 September 2021 <i>RM million</i>	Expected time frame for utilisation (<i>Note 3</i>)
Set up 36 self-owned retail stores (<i>Note 1</i>)	28.1	—	28.1	12.2	31 March 2022
Upgrade and renovate 25 self-owned retail stores	5.1	—	5.1	2.2	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	(0.5)	4.2	1.3	31 March 2022
Develop optical lab for the production of lenses (<i>Note 2</i>)	5.5	—	5.5	—	31 March 2022
Upgrade the Group's information technology systems and acquire an RMS and upgrade its POS systems	4.3	(1.4)	2.9	0.8	31 March 2022
General working capital	2.6	(2.6)	—	—	Fully utilised as of date of this announcement
	<u>50.3</u>	<u>(4.5)</u>	<u>45.8</u>	<u>16.5</u>	
Total					

Notes:

- 1 In view of the uncertainty heightened by the COVID-19 pandemic, there is a 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 in view of the uncertainty heightened by the COVID-19 pandemic, there is a 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.

- 3 The expected time frame for utilisation is determined based on the Group’s estimate of future market conditions at this point in time, but the Management is unable to provide a reliable estimation, and is subject to change depending on the market conditions and market developments.

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

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders’s eligibility to attend and vote at the annual general meeting of the Company to be held on 28 September 2021 (Tuesday) (the “**2021 AGM**”), the register of members of our Company will be closed from 23 September 2021 (Thursday) to 28 September 2021 (Tuesday), both days inclusive, during which period no transfer of shares of our Company will be registered. In order to qualify for attending the 2021 AGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 21 September 2021 (Tuesday).

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 since the Listing Date to 31 March 2021 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 period from the Listing Date to 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the period from the Listing Date to 31 March 2021 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 2021.

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 2021 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 2021. 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, 29 June 2021

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 four Independent Non-Executive Directors, namely Mr. Ng Kuan Hua, Mr. Ng Chee Hoong, Ms. Jiao Jie and Puan Sri Datuk Seri Rohani Parkash Binti Abdullah.