



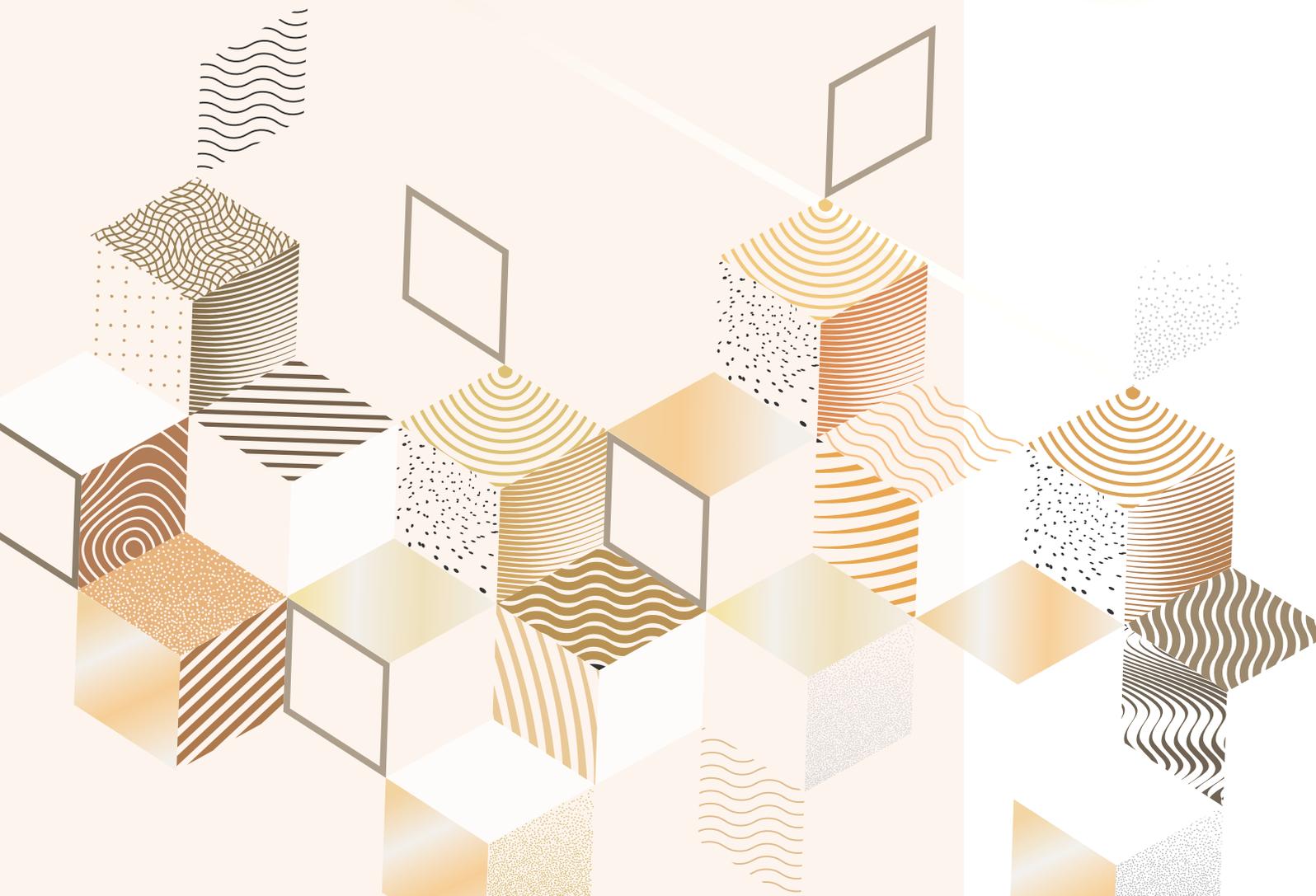
MOG Holdings Limited

(Incorporated in the
Cayman Islands with
limited liability)

Stock Code: 1942

INTERIM REPORT

2022/
23



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Ng Kwang Hua (*Chairman*)
Ms. Tang Tsz Yuet
Mr. Zhou Yue
Mr. Deng Zhihua (appointed on 28 October 2022)

Independent Non-Executive Directors

Mr. Yau Tung Shing (appointed on 16 August 2022)
Mr. Chu Hoi Kan (appointed on 26 September 2022)
Ms. Jiao Jie
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah
Mr. Ng Kuan Hua (resigned on 21 September 2022)
Mr. Ng Chee Hoong (resigned on 16 August 2022)

AUDIT COMMITTEE

Mr. Yau Tung Shing (*Chairman of the Committee*)
(appointed on 16 August 2022)
Mr. Chu Hoi Kan (appointed on 26 September 2022)
Ms. Jiao Jie

REMUNERATION COMMITTEE

Mr. Chu Hoi Kan (*Chairman of the Committee*)
(appointed on 26 September 2022)
Dato' Ng Kwang Hua
Mr. Yau Tung Shing (appointed on 16 August 2022)

NOMINATION COMMITTEE

Dato' Ng Kwang Hua (*Chairman of the Committee*)
Mr. Yau Tung Shing (appointed on 16 August 2022)
Mr. Chu Hoi Kan (appointed on 26 September 2022)

AUTHORIZED REPRESENTATIVES

Dato' Ng Kwang Hua
Ms. Tang Tsz Yuet (appointed on 5 August 2022)
Mr. Lau Wai Piu Patrick (resigned on 5 August 2022)

COMPANY SECRETARY

Mr. Yu Wan Hei (appointed on 5 August 2022)
Mr. Lau Wai Piu Patrick (resigned on 5 August 2022)

AUDITOR

Elite Partners CPA Limited (appointed on 5 December 2022)
Certified Public Accountants, Hong Kong
10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

Mazars CPA Limited (resigned on 5 December 2022)
Certified Public Accountants, Hong Kong
42nd Floor Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 8655, 84 Western Style Villa
9 Shihua East Road
519015 Zhuhai
Guangdong
China

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. 1–2, 2nd Floor
Jalan Kajang Indah 1
Taman Kajang Indah
Sg Chua, 43000 Kajang
Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

CIMB Bank Berhad
17th Floor, Menara CIMB
No. 1 Jalan Stesen Sentral 2
Kuala Lumpur Sentral 50470
Kuala Lumpur
Malaysia

Maybank
Ground & Mezzanine Floor
No. 28–30, Jalan Tukang
43000 Kajang
Selangor
Malaysia

STOCK CODE

1942

WEBSITE

<http://www.mogglobal.com>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2022 (the “**Reporting Period**”), the Group has been focused on the development of its hardware trading business in the PRC and kept identifying suitable acquisition and/or investment targets that are complementary to its growth strategies, particularly those that can contribute positive financial performance to the Group. During the Reporting Period, the business-to-business hardware trading was the major source of the Group’s revenue, contributing approximately 59.0% of the Group’s total revenue and all of which has been taken place in the PRC. Nonetheless, the Group’s business expansion has been facing difficulties and challenges by the prolonged COVID-19 pandemic, the Group will be closely monitoring the market conditions and adjust its response strategies in a timely manner.

Apart from the above, the Group is one of the largest retailers of optical products in Malaysia in terms of revenue. The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses from International Brands (being the brands of optical products generally from or which generally carry the trademarks of (i) international luxury fashion and optical brands; and (ii) international high-street fashion and optical brands), the Group’s Own Brands (being the brands of optical products which carry the Group’s trademarks and are manufactured by third party manufacturers) and Manufacturers’ Brands (being the brands of optical products which are designed and manufactured by third party manufacturers). During 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 30 September 2022, the Group’s retail network, which comprised 87 self-owned and 8 franchised retail stores, were located across Central, Southern, Northern and Eastern Peninsula Malaysia.

The Group believes that the Chinese consumer market is in a v-shaped recovery after the COVID-19 outbreak. With China’s pandemic prevention and control turning for the better, China’s consumer products and retail industries are accelerating the pace of production. Leveraging on the Group’s business network, together with its retail experience, it is believed that the value of the Group’s retail business could be enhanced with wide variety of products and series of ancillary services. Also, the Directors are of the view that the above business strategy will allow the Group to capture more market segments, take advantage of a wider range of market opportunities and ultimately increase its overall market share in retail solution service industry in the PRC.

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. Due to the COVID-19 pandemic impact, the usage of technological devices had increase substantially as a result of arrangements such as working and studying from home. We believe this phenomenon will increase demand for optical products in the future.

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue growth of approximately RMB256.4 million or 428.8% from approximately RMB59.8 million for the six months ended 30 September 2021 to approximately RMB316.2 million. Out of the Group's total revenue of approximately RMB316.2 million, each of the revenue generated from the PRC and Malaysia contributed approximately RMB186.4 million (*for the 6 months ended 30 September 2021: Nil*) and RMB129.8 million (*for the 6 months ended 30 September 2021: RMB59.8 million*), representing approximately 59% (*for the 6 months ended 30 September 2021: Nil*) and 41% (*for the 6 months ended 30 September 2021: 100%*) of the Group's total revenue, respectively.

Other income

The Group's other income decreased by approximately RMB4.1 million or 49.9% from approximately RMB8.3 million for the for the six months ended 30 September 2021 to approximately RMB4.2 million for the Reporting Period. The decrease was mainly contributed by the reduction of lower wage subsidy received from the Malaysian Ministry of Human Resources and the lesser rent concessions granted by landlords following the relaxation of containment measure and reopening of more economic activities and international boarder.

Gross profit and gross profit margin

The Group's gross profit increased by approximately RMB45.1 million or 109.3% from approximately RMB41.3 million for the six months ended 30 September 2021 to approximately RMB86.4 million for the Reporting Period. Such increase was mainly contributed by the increase in the Group's revenue. The Group's gross profit margin decreased from approximately 69.1% for the six months ended 30 September 2021 to approximately 27.3% for the Reporting Period, primarily due to lower gross profit margin attributed from business to business hardware trading business in the PRC and consequently averaged down the overall gross profit margin of the Group. As for the gross profit margin in Malaysia, it has maintained its high level of margin although it had slightly been dropped from 69.1% for the six months ended 30 September 2021 to 68.5% in the Reporting Period.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately RMB16.0 million or 48.6% from approximately RMB33.0 million for the six months ended 30 September 2021 to approximately RMB49.0 million for the Reporting Period, primarily attributable to the increase in (i) staff costs resulting from the increase in sales commission and allowances; and (ii) other rental and related expenses for the retail store as a result of increase in turnover rent.

Administrative expenses

The Group's administrative expenses increased by approximately RMB89.3 million or 1,099.9% from approximately RMB8.1 million for the six months ended 30 September 2021 to approximately RMB97.4 million for the Reporting Period, primarily due to the increase in (i) share option expenses of approximately RMB41.9 million arising from share granted to eligible participants; (ii) provision of legal claim of approximately RMB35.0 million; and (iii) foreign exchange loss arising from intercompany debts of approximately RMB8.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs maintained at approximately RMB0.5 million for both Reporting Period and for the six months ended 30 September 2021.

Income tax expense

The Group's income tax expense had increased despite the loss incurred for the Reporting Period by approximately RMB4.4 million or 153.8% from approximately RMB2.9 million for the six months ended 30 September 2021 to approximately RMB7.3 million for the Reporting Period. The increase mainly due to higher taxable profit derived from Malaysia optical business.

Net loss for the Reporting Period

The Group's net profit from approximately RMB5.1 million for the six month ended 30 September 2021 turned it to net loss of approximately RMB63.6 million for the Reporting Period primarily due to the provision of contingent claim of RMB35.0 million and share option expenses of RMB41.9 million as mentioned.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial resources

The Group generally finances its operations with internally generated funds and banking facilities. As at 30 September 2022, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RMB105.4 million (*31 March 2022: approximately RMB77.2 million*). As at 30 September 2022, approximately 76.6% (*31 March 2022: approximately 89.9%*) was denominated in RM, approximately 19.5% (*31 March 2022: approximately 5.3%*) was denominated in Hong Kong dollar ("**HKD**"), approximately 3.6% (*31 March 2022: approximately 4.8%*) was denominated in United States dollar ("**USD**") and approximately 0.2% (*31 March 2022: nil*) was denominated in RMB.

For the Reporting Period, the Group generated net cash inflow from operating activities of approximately RMB0.2 million (*31 March 2022: approximately RMB27.8 million*). The Group was able to fulfill its repayment obligations when they became due.

Banking facilities and lease facilities

As at 30 September 2022, the Group had no interest-bearing borrowing (*31 March 2022: nil*). The Group's interest-bearing borrowing had been fully settled during the financial year ended 31 March 2022. The weighted average effective interest rate of approximately 3.4% as at 31 March 2021.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 30 September 2022 was approximately RMB26.6 million (*31 March 2022: approximately RMB26.1 million*), all denominated in RMB and RM. The weighted average effective interest rate for the lease liabilities of the Group was 3.78% (*31 March 2022: 3.84%*) per annum as at 30 September 2022.

Capital structure

As at 30 September 2022, the Group's total equity and liabilities amounted to approximately RMB445.7 million and approximately RMB135.7 million respectively (*31 March 2022: approximately RMB197.3 million and approximately RMB281.8 million respectively*).

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

The Group's gearing ratio decreased from approximately 0.13 times as at 31 March 2022 to approximately 0.06 times as at 30 September 2022, primarily due to the increase in share capital and share premium pursuant to the issuance of share and the increase in share option reserve upon the grant of share options to eligible participants during the Reporting Period.

Current ratio

The Group's current ratio increased from approximately 1.62 times as at 31 March 2022 to approximately 3.25 times as at 30 September 2022, mainly due to the disproportion decrease in current liabilities compared to current assets.

Pledge of assets

As at 30 September 2022, fixed deposits with licensed banks of approximately RMB2.2 million (*31 March 2022: approximately RMB2.1 million*) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 30 September 2022.

Capital commitments

The Group did not have any material commitments as at 30 September 2022 (*31 March 2022: Nil*).

Contingent liabilities

As at 30 September 2022, the Group did not have any significant contingent liabilities (*31 March 2022: Nil*).

Employees and remuneration policies

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the year ended 30 September 2022, the Group incurred staff costs of approximately RMB76.0 million (*for the six months ended 30 September 2021: approximately RMB21.1 million*), representing an increase of 161.6% for the same period last year. The increase basically due to the commencement of business in the PRC, and the higher sales related commission and allowances paid to the staffs in Malaysia. As at 30 September 2022, the Group's total number of staff was 533 (*30 September 2021: 471*).

Foreign currency exposure

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

Significant investment held

As at 30 September 2022, the Group did not hold any significant investments (*31 March 2022: Nil*).

Material acquisitions or disposals

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



MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

The Board did not recommend the payment for interim dividend for the Reporting Period.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control. Please refer to the section headed “Principal Risks and Uncertainties” in the annual report dated 25 July 2022.

OUTLOOK AND FUTURE PROSPECTS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

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

		Amount Utilised (up to 30 September 2022)	Amount Unutilised (up to 30 September 2022)	Expected time frame for utilization (Note 2)
	Net proceeds RM million	RM million	RM million	
Set up 36 self-owned retail stores (Note 1)	28.1	3.2	24.9	31 March 2024
Upgrade and renovate 25 self-owned retail stores	5.1	0.1	5.0	31 March 2024
Promote recognition of the Group’s 11 retail brands and to further market the Group’s Own Brands optical products	4.7	1.4	3.3	31 March 2024
Develop optical lab for the production of lenses	5.5	–	5.5	31 March 2024
Upgrade the Group’s information technology systems and acquire an RMS and upgrade its POS systems	4.3	1.9	2.4	31 March 2023
General working capital	2.6	2.6	–	Fully utilised
Total	50.3	9.2	41.1	

Notes:

1. In view of the uncertainty heightened by the COVID-19 pandemic, there is a delay in the time frame for the opening of these retail stores. For the six months ended 30 September 2022, the Group has set up three self-owned retail stores and two franchises retail stores.
2. In view of the uncertainty heightened by the COVID-19 pandemic and the prolonged MCO and National Recover Plan imposed by the Malaysian government, there has been a delay in the utilisation of the net proceeds than the planned schedule of utilisation as disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM41.1 million in accordance with the section headed “Future Plans and Use of Proceeds” in the Prospectus.

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

On 12 October 2022, the Company entered into an agreement with Jiang Hua (the “**Vendor**”), who is an independent third party not connected with the Company and its connected persons, pursuant to which the Company agreed to acquire and the Vendor agreed to sell the entire issued share capital of Create Tune Development Limited (the “**Target Company**”) for an aggregated consideration of HK\$88,000,000. The Target Company is principally engaged in the provision of formulating marketing solutions, matching and integrating resources for merchants and operators in the PRC. All the applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in respect of the said acquisition are less than 5%, the said acquisition is therefore not subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 5 December 2022, Mazars CPA Limited (“**Mazars**”) has tendered its resignation as the auditor of the Company (the “**Auditor**”) with effect from 5 December 2022. The Company has appointed Elite Partners CPA Limited as the new Auditor on 5 December 2022 to fill the casual vacancy following the resignation of Mazars on 5 December 2022 and to hold office until the conclusion of the next annual general meeting of the Company.

On the same day, the Company has changed the financial year end date of the Company from 31 March to 31 December and determine that the next financial year end date of the Company immediately following its last financial year ended 31 March 2022 be 31 December 2022.

By order of the Board

Zhou Yue

Executive Director

Hong Kong, 25 November 2022

CORPORATE GOVERNANCE AND OTHER INFORMATION



COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 30 September 2022, applied and complied with the principles in the code of corporate governance practices (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

COMPLIANCE WITH THE MODEL CODE

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, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 September 2022.

AUDIT COMMITTEE

The terms of reference of the audit committee of the Company (the “**Audit Committee**”) are in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include but are not limited to, make recommendation to the Board on the appointment, re-appointment and removal of the external auditor; and to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s financial reporting, internal control procedure, risk management processes and external audit functions, and corporate governance responsibilities.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yau Tung Shing, Mr. Chu Hoi Kan and Ms. Jiao Jie. The chairman of the Audit Committee is Mr. Yau Tung Shing. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of each director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity/Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of interest in the Company
Dato' Ng Kwang Hua ("Dato' Frankie Ng") (Note 3)	Interest in a controlled corporation and interest of spouse	206,250,000 (L)	34.43%
Datin Low Lay Choo ("Datin Bernice Low") (Note 4)	Interest in a controlled corporation and interest of spouse	206,250,000 (L)	34.43%

Notes:

- (1) "L" denotes long position in the shares of the Company.
- (2) The calculation is based on the total number of 598,992,805 shares of the Company in issue as at 30 September 2022.
- (3) The Company is held as to 28.17% by Alliance Vision Limited ("Alliance Vision"), a company incorporated in the British Virgin Islands ("BVI") on 8 May 2019 and is wholly owned by Dato' Frankie Ng. Dato' Frankie Ng is the spouse of Datin Bernice Low and thus he is deemed to be interested in the shares in which Datin Bernice Low is interested for the purpose of the SFO.
- (4) The Company is held as to 6.26% by Delightful Fortune Limited ("Delightful Fortune"), a company incorporated in the BVI on 8 May 2019 and is wholly owned by Datin Bernice Low. Datin Bernice Low is the spouse of Dato' Frankie Ng and thus she is deemed to be interested in the shares in which Dato' Frankie Ng is interested for the purpose of the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 30 September 2022, none of the Directors or the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Details of share option scheme are set out in Note 16 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION



SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2022, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a director or chief executive of the Company) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Alliance Vision ^(3, 5)	Beneficial owner	168,750,000 (L)	28.17%
	Interest held jointly with another person	37,500,000 (L)	6.26%
Delightful Fortune ^(4, 5)	Beneficial owner	37,500,000 (L)	6.26%
	Interest held jointly with another person	168,750,000 (L)	28.17%

Notes:

- (1) "L" denotes long position in the shares of the Company.
- (2) The calculation is based on the total number of 598,992,805 shares of the Company in issue as at 30 September 2022.
- (3) Please refer to note (3) under the heading of "Directors and Chief Executive' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (4) Please refer to note (4) under the heading of "Directors and Chief Executive' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (5) On 20 September 2019, Alliance Vision, Delightful Fortune and Sky Pleasure Limited executed the deed of confirmation pursuant to which they confirmed that they had been acting in concert with one another in respect of all relevant activities concerning Metro Eyewear Holdings Sdn. Bhd. and its subsidiaries since 17 May 2001 through Metro Eyewear Holdings Sdn. Bhd., and further confirmed that they would maintain the arrangements. Therefore, under the Code on Takeovers and Mergers and Share Buy-backs, Alliance Vision and Delightful Fortune are regarded as acting in concert to exercise their voting rights in the Company.

Save as disclosed above, as at 30 September 2022, no other person (other than a director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Yau Tung Shing has been appointed as a non-executive director of Pinestone Capital Limited (stock code: 804), whose shares are listed on the Stock Exchange with effect from September 2022. Ms. Jiao Jie has resigned as an independent director of China Index Holdings Limited (stock code: CIH), whose shares are listed on the NASDAQ with effect from May 2022. Save as disclosed above, there is no other information required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules during the six months ended 30 September 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Revenue	4	316,197	59,767
Cost of sales		(229,791)	(18,485)
Gross profit		86,406	41,282
Other income	5	4,179	8,348
Selling and distribution costs		(49,020)	(32,997)
Administrative expenses		(97,397)	(8,117)
Finance costs	6	(480)	(491)
(Loss)/Profit before tax	6	(56,312)	8,025
Income tax expense	7	(7,320)	(2,884)
(Loss)/Profit for the period		(63,632)	5,141
Other comprehensive loss			
<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		17,142	(1,556)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(2,328)	(4,685)
Other comprehensive income/(expense) for the period		14,814	(6,241)
Total comprehensive expense for the period		(48,818)	(1,100)
(Loss)/Profit for the period attributable to:			
Owners of the Company		(67,204)	4,449
Non-controlling interests		3,572	692
		(63,632)	5,141
Total comprehensive expense attributable to:			
Owners of the Company		(52,536)	(1,521)
Non-controlling interests		3,718	421
		(48,818)	(1,100)
(Loss)/Earnings per share attributable to owners of the Company			
Basic and diluted (RMB)	8	(0.13)	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)	At 1 April 2021 RMB'000 (audited) (restated)
Non-current assets				
Investment properties		1,874	1,874	2,029
Right-of-use assets	10	26,451	26,017	25,143
Plant and equipment	11	13,363	13,073	11,810
Intangible assets		–	251	–
Goodwill		140,890	–	–
Other receivables		–	1,611	–
Deferred tax assets		1,883	1,852	1,979
		184,461	44,678	40,961
Current assets				
Inventories		38,433	36,900	32,465
Trade and other receivables	12	198,513	235,780	12,349
Fixed deposits with licensed banks		54,274	81,576	67,273
Bank balances and cash		105,399	77,211	108,043
Tax recoverable		326	2,955	–
		396,945	434,422	220,130
Current liabilities				
Trade and other payables	13	107,430	254,026	30,667
Interest-bearing borrowing		–	–	167
Lease liabilities	14	14,855	14,478	15,042
Tax liabilities		–	–	1,446
		122,285	268,504	47,322
Net current assets		274,660	165,918	172,808
Total assets less current liabilities		459,121	210,596	213,769

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)	At 1 April 2021 RMB'000 (audited) (restated)
Non-current liabilities				
Interest-bearing borrowing		–	–	1,870
Lease liabilities	14	11,768	11,628	10,394
Provisions		1,682	1,638	1,577
		13,450	13,266	13,841
NET ASSETS		445,671	197,330	199,928
Capital and reserves				
Share capital	15	5,351	4,474	4,474
Reserves		429,953	183,611	185,488
Equity attributable to owners of the Company		435,304	188,085	189,962
Non-controlling interests		10,367	9,245	9,966
TOTAL EQUITY		445,671	197,330	199,928

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2022

	Attributable to owners of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 16)	Share premium RMB'000	Capital reserve RMB'000	Reserves			Accumulated profits RMB'000	Total RMB'000		
				Exchange reserve RMB'000	Other reserve RMB'000					
At 1 April 2021 (audited) (restated)	4,474	94,599	(10,923)	(6,849)	(534)	109,195	189,962	9,966	199,928	
Profit for the period	-	-	-	-	-	4,449	4,449	692	5,141	
Other comprehensive loss										
<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	-	-	-	(1,556)	-	-	(1,556)	-	(1,556)	
<i>Item that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on consolidation	-	-	-	(4,414)	-	-	(4,414)	(271)	(4,685)	
Other comprehensive loss for the period	-	-	-	(5,970)	-	-	(5,970)	(271)	(6,241)	
Total comprehensive (loss) income for the period	-	-	-	(5,970)	-	4,449	(1,521)	421	(1,100)	
Transactions with owners:										
<i>Contributions and distributions</i>										
Additional capital contribution from non-controlling interests	-	-	-	-	-	-	-	327	327	
Changes in ownership interests a subsidiary that do not result in a loss of control	-	-	-	-	29	-	29	86	115	
Total transactions with owners	-	-	-	-	29	-	29	413	442	
At 30 September 2021 (unaudited) (restated)	4,474	94,599	(10,923)	(12,819)	(505)	113,644	188,470	10,800	199,270	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2022

	Attributable to owners of the Company										
	Reserves								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory Reserve	Exchange reserve	Share option reserve	Other reserve	Accumulated profits			
RMB'000 (Note 16)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 April 2022 (audited) (restated)	4,474	94,599	(10,923)	64	(16,626)	-	209	116,288	188,085	9,245	197,330
Profit for the period	-	-	-	-	-	-	-	(67,204)	(67,204)	3,572	(63,632)
Other comprehensive loss											
<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	-	-	-	-	17,142	-	-	-	17,142	-	17,142
<i>Item that may be reclassified subsequently to profit or loss:</i>											
Exchange differences on consolidation	-	-	-	-	(2,474)	-	-	-	(2,474)	146	(2,328)
Other comprehensive loss for the period	-	-	-	-	14,668	-	-	-	14,668	146	14,814
Total comprehensive (loss) income for the period	-	-	-	-	14,668	-	-	(67,204)	(52,536)	3,718	(48,818)
Transactions with owners:											
<i>Contributions and distributions</i>											
Issued shares for acquisition of subsidiaries	877	256,981	-	-	-	-	-	-	257,858	-	257,858
Share-based payment	-	-	-	-	-	41,897	-	-	41,897	-	41,897
Dividend	-	-	-	-	-	-	-	-	-	(3,386)	(3,386)
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	790	790
Total transactions with owners	877	256,981	-	-	-	41,897	-	-	299,755	(2,596)	297,159
At 30 September 2022 (unaudited)	5,351	351,580	(10,923)	64	(1,958)	41,897	209	49,084	435,304	10,367	445,671

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2022

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
OPERATING ACTIVITIES		
(Loss)/profit before tax	(56,312)	8,025
Adjustments for:		
Bank interest income	(1,703)	(1,845)
Depreciation of plant and equipment	2,211	1,866
Depreciation of investment properties	32	31
Depreciation of right-of-use assets	9,159	8,872
Finance costs	480	491
Gain on disposal of plant and equipment, net	(123)	(84)
Gain on disposal of subsidiaries	(392)	–
(Reversal of write down)/write down of inventories	(1,883)	1,538
Write-off of plant and equipment	51	5
Income on COVID-19-related rent concessions	(419)	(2,707)
Provision of legal claim	35,000	–
Share-based payment expense	41,897	–
Operating cash inflows before movements in working capital	27,998	16,192
Changes in working capital:		
Inventories	967	(1,777)
Trade and other receivables	156,250	(5,781)
Trade and other payables	(180,451)	(1,631)
Provisions	64	26
Cash generated from operations	4,828	7,029
Income tax paid	(4,660)	(4,446)
Net cash from operating activities	168	2,583
INVESTING ACTIVITIES		
Interest received	1,703	1,845
Decrease/(increase) in fixed deposits with licensed banks	28,437	(17,287)
Purchase of plant and equipment	(3,083)	(1,937)
Dividend paid to non-controlling interests	(3,386)	–
Proceeds from disposal of plant and equipment	383	266
Net cash from/(used in) investing activities	24,054	(17,113)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
FINANCING ACTIVITIES		
Repayment of interest-bearing borrowings	-	(2,001)
Repayment of lease liabilities	(8,995)	(5,969)
Interest paid	(43)	(20)
Additional capital contribution from non-controlling interests	-	327
Proceeds from disposal of ownership interest in a subsidiary that does not result in a loss of control	-	115
Net cash used in financing activities	(9,038)	(7,548)
Net increase/(decrease) in cash and cash equivalents	15,184	(22,078)
Cash and cash equivalents at the beginning of the reporting period	77,211	108,043
Effect on exchange rate changes	13,004	(3,561)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	105,399	82,404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

1. CORPORATE INFORMATION

MOG Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing**”). The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The 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. 8655, 84 Western Style Villa, 9 Shihua East Road, 519015 Zhuhai, Guangdong, China.

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

The unaudited condensed consolidated financial information are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 (the “**Interim Financial Statements**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “*Interim Financial Reporting*” issued by International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2022, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

In preparing the Interim Financial Statements, significant judgements made by the management of the Group in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2022 Financial Statements.

Change of presentation currency

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

Principal accounting policies

The measurement basis used in the preparation of the Interim Financial Statements is historical cost.

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2022 Financial Statements.

The adoption of the new/revised IFRSs which are relevant to the Group and effective for the current period does not have any significant impact on the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment information provided to the CODM of the Group for the reportable segments for the six months ended 30 September 2022 and 2021 is as follows:

Six months ended 30 September 2022 (unaudited)

	Business- to-business hardware trading RMB'000	Sales of optical products RMB'000	Franchise and license management RMB'000	Total RMB'000
Segment revenue	186,436	127,064	2,697	316,197
Segment results	(35,862)	36,261	709	1,108
Unallocated other income				266
Unallocated administrative expenses				(57,206)
Finance costs				(480)
Loss before tax				(56,312)
Income tax expense				(7,320)
Loss for the period				(63,632)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 September 2021 (unaudited) (restated)

	Business- to-business hardware trading RMB'000	Sales of optical products RMB'000	Franchise and license management RMB'000	Total RMB'000
Segment revenue	–	59,605	162	59,767
Segment results	–	12,548	138	12,686
Unallocated other income				182
Unallocated administrative expenses				(4,352)
Finance costs				(491)
Profit before tax				8,025
Income tax expense				(2,884)
Profit for the period				5,141

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 September 2022 (unaudited)

	Business- to-business hardware trading RMB'000	Sales of optical products RMB'000	Franchise and license management RMB'000	Unallocated RMB'000	Total RMB'000
Assets					
Reportable segment assets	310,479	248,100	2,127	20,700	581,406
Liabilities					
Reportable segment liabilities	(51,619)	(82,519)	(1,113)	(484)	(135,735)
Other segment information:					
Depreciation of plant and equipment	1	2,123	87	-	2,211
Depreciation of right-of-use assets	125	9,034	-	-	9,159
Depreciation of investment properties	-	-	-	32	32
Gain on disposal of plant and equipment	-	(123)	-	-	(123)
Write-off of plant and equipment	-	50	-	-	50
Additions to right-of-use assets	-	9,690	-	-	9,690
Additions to plant and equipment	-	3,083	-	-	3,083

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2022 (audited) (restated)

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

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

- segment assets include right-of-use assets, plant and equipment, goodwill, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Geographical information

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

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

During the six months ended 30 September 2022, out of the Group's total revenue of approximately RMB316,197,000 (2021: RMB59,767,000), the revenue generated from the PRC and Malaysia contributed approximately RMB186,436,000 (2021: Nil) and RMB129,761,000 (2021: RMB59,767,000), representing 59% (2021: Nil) and 41% (2021: 100%) of the Group's total revenue, respectively.

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

At 30 September 2022, out of the Group's total non-current assets of approximately RMB182,578,000 (31 March 2022: RMB41,215,000), the non-current assets located in the PRC and Malaysia contributed approximately RMB141,518,000 (31 March 2022: RMB753,000) and RMB41,060,000 (31 March 2022: RMB40,462,000), representing approximately 78% (31 March 2022: 2%) and 22% (31 March 2022: 98%) of the Group's total non-current assets, respectively.

Information about major customers

Details of the customers individually accounting for 10% or more of total revenue of the Group during the six months ended 30 September 2022 and 2021 are as follows:

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
Customer A (Note a)	39,635	(Note b)

Notes:

- (a) Revenue from business-to-business hardware trading.
- (b) The customer did not contribute any revenue to the Group in the six months ended 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

4. REVENUE

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Revenue from contracts with customers within IFRS 15		
Business-to-business hardware trading	186,436	–
Sales of optical products		
– to retail customers	127,037	59,068
– to franchisees	27	537
Franchise and royalty fees income	2,697	162
	316,197	59,767
Timing of revenue recognition		
A point in time	316,179	59,741
Over time	18	26
	316,197	59,767
Type of transaction price		
Fixed price	316,078	59,632
Variable price	119	135
	316,197	59,767

The amount of revenue recognised for the six months ended 30 September 2022 that was included in the contract liabilities at the beginning of the reporting period was approximately RMB3,438,000 (*six months ended 30 September 2021: approximately RMB1,162,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

5. OTHER INCOME

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Bank interest income	1,703	1,845
Management fee income	163	–
Exchange gain, net	–	1,079
Gain on disposal of plant and equipment, net	123	84
Gain on disposal of subsidiaries	392	–
Government subsidies (Note)	14	2,089
Income on COVID-19-related rent concessions (Note 14)	419	2,707
Rental income from investment properties	123	113
Sponsorship income	698	190
Sundry income	544	241
	4,179	8,348

Note:

During the six months ended 30 September 2022, the Group recognised government subsidies of approximately RMB14,000 (*six months ended 30 September 2021: approximately RMB2,089,000*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

6. (LOSS)/PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Finance costs		
Interest on interest-bearing borrowing	43	20
Interest on lease liabilities	437	471
	480	491
Staff costs (including directors' remuneration)		
Salaries, discretionary bonus, allowances and other benefits in kind	31,560	19,185
Contributions to defined contribution plans	2,503	1,895
Share-based payment expense	41,897	–
	75,960	21,080
Other items		
Auditors' remuneration	451	802
Cost of inventories	228,780	18,484
Depreciation of investment properties	32	31
Depreciation of plant and equipment	2,211	1,866
Depreciation of right-of-use assets	9,159	8,872
Exchange loss(gain), net	8,580	(1,078)
Income on COVID-19-related rent concessions (Note 14)	(419)	(2,707)
Other rental and related expenses	2,691	2,836
Provision for legal claim (Note)	35,000	–
(Reversal of write down)/write down of inventories (included in "Cost of sales")	(1,883)	1,538
Write-off of plant and equipment	51	5

Note:

The provision is related to a claim initiated by a customer that the Group has failed to fulfil its obligations under the sale contracts for delivery of products, detail of which have been set out on the Company's announcement dated 12 August 2022 and 7 September 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Current tax		
Malaysia corporate income tax	7,320	2,910
Deferred tax		
Changes in temporary differences	—	(26)
Total income tax expense for the period	7,320	2,884

No provision for the PRC and Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from the PRC and Hong Kong for the six months ended 30 September 2022 and 2021.

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

Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the six months ended 30 September 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
(Loss)/profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	(67,204)	4,449

	Number of shares	
	2022 (unaudited)	2021 (unaudited)
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	513,523,607	500,000,000

The computation of diluted loss per share for the six months ended 30 September 2022 do not assume the exercise of the Company's share options as they would reduce loss per share share.

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 six months ended 30 September 2021.

9. DIVIDENDS

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (*six months ended 30 September 2021: nil*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

10. RIGHT-OF-USE ASSETS

	Shoplots RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Lease Properties RMB'000	Total RMB'000
Reconciliation of carrying amounts – year ended 31 March 2022 (audited)					
At 1 April 2021 (restated)	23,951	1,119	73	–	25,143
Additions	16,908	1,939	172	751	19,770
Termination of lease	(387)	–	–	–	(387)
Depreciation	(16,822)	(489)	(64)	–	(17,375)
Exchange realignment	(1,078)	(53)	(3)	–	(1,134)
At 31 March 2022 (restated)	22,572	2,516	178	751	26,017
Reconciliation of carrying amounts – six months ended 30 September 2022 (unaudited)					
At 1 April 2022 (restated)	22,572	2,516	178	751	26,017
Additions	9,652	–	38	–	9,690
Depreciation	(8,696)	(309)	(29)	(125)	(9,159)
Disposal of subsidiaries	(525)	–	–	–	(525)
Exchange realignment	385	40	3	–	428
At 30 September 2022	23,388	2,247	190	626	26,451

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

10. RIGHT-OF-USE ASSETS (Continued)

	Shoplots RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Lease Properties RMB'000	Total RMB'000
At 31 March 2022 (restated)					
Cost	44,020	3,476	1,638	751	49,885
Accumulated depreciation	(21,448)	(960)	(1,460)	–	(23,868)
	22,572	2,516	178	751	26,017
At 30 September 2022					
Cost	47,971	3,535	1,704	751	53,961
Accumulated depreciation	(24,583)	(1,288)	(1,514)	(125)	(27,510)
	23,388	2,247	190	626	26,451

The Group leases several assets including shoplots, motor vehicles and leasehold improvements. The leases in respect of shoplots typically run for an initial period of 1 to 3 years (*31 March 2022: 1 to 3 years*) and the lease term of the remaining right-of-use assets are ranging from 4 to 5 years (*31 March 2022: 4 to 5 years*).

Certain leases in respect of shoplots which were entered into by the Group are secured by a corporate guarantee provided by the Company and personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua. (*31 March 2022: secured by a corporate guarantee provided by the Company and personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua.*)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

11. PLANT AND EQUIPMENT

	Computers and software RMB'000	Furniture, fixtures and office equipment RMB'000	Optical equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Reconciliation of carrying amounts – year ended 31 March 2022 (audited) (restated)						
At 1 April 2021 (restated)	439	4,861	5,522	465	523	11,810
Additions	520	2,154	2,511	454	434	6,073
Disposals	(6)	(59)	(216)	(129)	–	(410)
Written off	(6)	(27)	(6)	–	(2)	(41)
Depreciation	(319)	(1,774)	(1,363)	(157)	(212)	(3,825)
Exchange realignment	(20)	(219)	(250)	(21)	(24)	(534)
At 31 March 2022 (restated)	608	4,936	6,198	612	719	13,073
Reconciliation of carrying amounts – six months ended 30 September 2022 (unaudited)						
At 1 April 2022 (restated)	608	4,936	6,198	612	719	13,073
Additions	932	484	1,583	–	84	3,083
Disposals	(2)	(14)	(244)	–	–	(260)
Disposal of subsidiaries	(110)	(235)	(34)	–	(111)	(490)
Written off	(1)	(40)	(10)	–	–	(51)
Depreciation	(255)	(976)	(773)	(77)	(130)	(2,211)
Exchange realignment	14	78	106	10	11	219
At 30 September 2022	1,186	4,233	6,826	545	573	13,363
At 31 March 2022 (restated)						
Cost	1,978	17,147	13,455	1,226	3,658	37,464
Accumulated depreciation	(1,370)	(12,211)	(7,257)	(614)	(2,939)	(24,391)
	608	4,936	6,198	612	719	13,073
At 30 September 2022						
Cost	2,806	17,630	14,988	1,248	3,691	40,363
Accumulated depreciation	(1,620)	(13,397)	(8,162)	(703)	(3,118)	(27,000)
	1,186	4,233	6,826	545	573	13,363

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Trade receivables from third parties	122,015	217,986
Other receivables		
Deposits paid	15,817	951
Prepayments	48,476	2,349
Refundable rental and other related deposits	9,803	11,864
Other receivables	2,402	4,241
	76,498	19,405
Less: non-current portion of other receivables	-	(1,611)
	76,498	17,794
	198,513	235,780

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

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Within 30 days	117,723	217,725
31 to 60 days	118	15
61 to 90 days	9	142
Over 90 days	4,165	104
	122,015	217,986

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

12. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Not yet due	117,723	217,725
Past due:		
Within 30 days	118	15
31 to 60 days	9	142
61 to 90 days	4,165	104
	4,292	261
	122,015	217,986

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

13. TRADE AND OTHER PAYABLES

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Trade payables to third parties	34,460	232,776
Other payables		
Contract liabilities	4,392	3,409
Salaries and allowances payable	7,928	5,171
Accrued charges and other payables	21,988	8,059
Amounts due to minority interests of subsidiaries	3,662	4,611
Provision for legal claim	35,000	–
	72,970	21,250
	107,430	254,026

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:

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Within 30 days	8,380	224,413
31 to 60 days	7,515	4,153
61 to 90 days	2,215	2,672
Over 90 days	16,350	1,538
	34,460	232,776

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

14. LEASE LIABILITIES

	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Analysed for reporting purposes:		
Current liabilities	14,855	14,478
Non-current liabilities	11,768	11,628
	26,623	26,106

The leases of certain premises for retail stores in Malaysia call for additional rentals, which will be based on a certain percentage of revenue of the operations being undertaken therein pursuant to the terms and conditions as stipulated in the respective tenancy agreements. As the future revenue of these retail stores could not be accurately determined as at the end of the reporting period, the relevant contingent rental has not been included. Such variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liabilities and therefore are charged to profit or loss (included in "other rental and related expenses") in the accounting period in which they are incurred.

During the six months ended 30 September 2022, the Group received rent concessions during the period of severe social distancing and travel restriction measures introduced to constrain the spread of COVID-19. The amount received was approximately RMB419,000 (*six months ended 30 September 2021: approximately RMB2,707,000*) which was recognised as other income in Note 5.

Certain leases impose a restriction that the right-of-use assets can only be used by the Group. For leases over shoplots, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The total cash outflow for leases (including other rental and related expenses in Note 6) for the six months ended 30 September 2022 was approximately RMB11,686,000 (*six months ended 30 September 2021: approximately RMB8,805,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

14. LEASE LIABILITIES (Continued)

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)	At 30 September 2022 RMB'000 (unaudited)	At 31 March 2022 RMB'000 (audited) (restated)
Amounts payable:				
Within one year	15,498	15,122	14,855	14,478
More than one year, but not exceeding two years	9,325	7,964	9,024	7,701
More than two years, but not exceeding five years	2,736	4,012	2,744	3,927
	27,559	27,098		
Future finance charges	(936)	(992)		
Present value of lease liabilities	26,623	26,106	26,623	26,106
Less: Amounts due for settlement within 12 months			(14,855)	(14,478)
Amounts due for settlement after 12 months			11,768	11,628

At 30 September 2022, the weighted average effective interest rate for the lease liabilities of the Group was 3.78% (31 March 2022: 3.84%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

15. SHARE CAPITAL

	Notes	Number of shares	HK\$	Equivalent to RMB'000
Ordinary share of HK\$0.01 each				
At 1 April 2021 (audited) (restated), 31 March 2022 (audited) (restated) and 30 September 2022 (unaudited)		2,000,000,000	20,000,000	11,194
Issued and fully paid:				
At 1 April 2021 (audited) (restated) and 31 March 2022 (audited) (restated)		500,000,000	5,000,000	4,474
Shares issued for acquisition of subsidiaries	15(a)	98,992,805	989,928	877
		598,992,805	5,989,928	5,351

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

16. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Scheme became effective on 23 March 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

At 30 September 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 47,840,000, representing 8.0% the shares of the Company in issue at that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 10 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and vests immediately and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

16. SHARE OPTION SCHEME (Continued)

Detail of share options outstanding during the six months period ended 30 September 2022 are as follows:

Name	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2022	Grant during the period	Outstanding as at 30 September 2022
Employee	30 September 2022	30 September 2022 – 29 September 2024	HK\$3.048	–	47,840,000	47,840,000
Exercisable at the end of the period				–		47,840,000

No share options were exercised during the six months ended 30 September 2022. The share options outstanding at 30 September 2022 had a weighted average exercise price of approximately HK\$3.048 and a weighted average remaining contractual life of approximately 2 years.

The fair value of the share options granted during the six months ended 30 September 2022 determined at the date of grant using the Binomial Option Pricing Model was approximately HK\$1.0237.

The following assumptions were used to calculate the fair values of the share options.

	30 September 2022
Grant date share price	HK3.020
Exercise price	HK3.048
Option life	2 years
Expected volatility (Note)	57.75%
Dividend yield	0%
Risk-free interest rate	3.77%

Notes:

Expected volatility for options was based on historical daily price movements of the Company over a historical period over the previous two years with respect to the option life.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

16. SHARE OPTION SCHEME (Continued)

The Binomial model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

During the six months ended 30 September 2022, an amount of share-based payment expenses in respect of the Company's share options of HK\$48,976,000 (equivalent to RMB41,897,000) had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment recognised in the Group's share option reserve.

17. ACQUISITION OF SUBSIDIARIES

Acquisition of Positive Oasis Limited

On 21 July 2022, the Company entered into an agreement with an independent third party to acquire 100% equity interest in Positive Oasis Limited and its subsidiaries ("Oasis Group"). The total consideration of the acquisition amounted to HK\$137,600,000 which has been satisfied by the issuing of 98,992,805 ordinary shares of the Company. Oasis Group was engaged in the provision of business-to-business trading of hardware and provision of accounts receivable financing service in the PRC. The acquisition was completed on 6 September 2022.

The directors believe that the acquisition of the Oasis Group will complement the Group's new business strategy which involves a business-to-business hardware trading and would facilitate better implementation of the strategies of the Company which is to expand its development in the business-to-business retail solutions related services in the PRC market.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

17. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition of Positive Oasis Limited (Continued)

The identifiable assets acquired and liabilities assumed of the Oasis Group at the date of acquisition were as follows.

	6 September 2022 RMB'000
Trade receivables	116,960
Other receivables	9
Other payables and accruals	(1)
Total identifiable net assets	116,968
Goodwill	140,890
Total purchase consideration	257,858
Total purchase consideration – Settled by issuing ordinary shares of the Company	257,858

No revenue and no profit /loss contributed to the Group for the period from the acquisition dates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

18. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2022 and 2021, further information of the related party transactions is set out below.

(a) Related party transactions of the Group:

Name of the related party	Nature of transaction	Six months ended 30 September	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Dato' Ng Kwang Hua and Dato' Ng Chin Kee	Rental expenses	55	96

(b) Remuneration for key management personnel (including directors) of the Group:

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Salaries, discretionary bonus, allowances and other benefits in kind	2,374	2,575
Contributions to defined contribution plan	175	191
	2,549	2,766

19. MAJOR NON-CASH TRANSACTIONS

In addition to the information disclosed elsewhere in the Interim Financial Statements, the Group had the following major non-cash transactions:

During the six months ended 30 September 2022, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RMB9,652,000 (*six months ended 30 September 2021: approximately RMB7,610,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2022

20. COMMITMENTS

(a) Commitments under operating leases

The Group as lessor

The Group leases out its investment properties under operating leases with average lease terms of three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Within one year	86	234
Between one and two years	2	86
Between two and five years	–	5
	88	325

(b) Capital expenditure commitment

	Six months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (restated)
Contracted but not provided, net of deposit paid for the acquisition of plant and equipment	–	577