



**MOG**

**EYEWEAR**  
**METRO OPTICAL GROUP**

MOG Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1942

# ANNUAL REPORT

**2019/2020**



## OUR VISION

### HELP THE WORLD SEE BETTER

Our Vision is To PROTECT YOUR VISION!  
We believe everyone deserves to see the best of the world.

We aspire to be the one that TRANSFORMS you as a whole, helping you to see, feel, and look better!

Our main focus is to provide an exemplary eye care experience through continuous innovation in our products and services to result in excellent visual and tactile experience as well as physical appearance.

In eye care, we care more.

## 我們的願景

「改變視界，讓世界更清晰」

您的視界，由我們護航！  
我們深信每個人都應該看見世界最美好的一面。

我們渴望參與您的蛻變，讓您看見世界美好的同時，也讓世界看見您的美麗與時尚！

因此，我們致力於持續創新產品及服務的素質，為您提供最專業的驗配及眼檢服務的同時，讓你擁有最好的視力、觸覺和外觀體驗。

我們在您的視界，關心您的視力。



**DATO' FRANKIE NG**  
Chairman / Executive Director  
拿督 FRANKIE NG  
主席 / 執行董事





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dato' Ng Kwang Hua (*Chairman*)  
Datin Low Lay Choo (*Chief Executive Officer*)  
Dato' Ng Chin Kee

### Independent Non-Executive Directors

Mr. Ng Kuan Hua  
Mr. Ng Chee Hoong  
Ms. Jiao Jie

## AUDIT COMMITTEE

Mr. Ng Chee Hoong (*Chairman of the Committee*)  
Mr. Ng Kuan Hua  
Ms. Jiao Jie

## REMUNERATION COMMITTEE

Mr. Ng Kuan Hua (*Chairman of the Committee*)  
Dato' Ng Kwang Hua  
Mr. Ng Chee Hoong

## NOMINATION COMMITTEE

Dato' Ng Kwang Hua (*Chairman of the Committee*)  
Mr. Ng Kuan Hua  
Mr. Ng Chee Hoong

## AUTHORIZED REPRESENTATIVES

Dato' Ng Kwang Hua  
Mr. Lau Wai Piu, Patrick

## COMPANY SECRETARY

Mr. Lau Wai Piu, Patrick

## JOINT AUDITORS

Mazars CPA Limited  
*Certified Public Accountants, Hong Kong*  
42nd Floor Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

Grant Thornton Malaysia PLT  
*Chartered Accountants, Malaysia*  
Level 11  
Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

## REGISTERED OFFICE

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

## HEADQUARTERS AND 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

## CORPORATE INFORMATION

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### STOCK CODE

1942

### WEBSITE

[www.mog.com.my](http://www.mog.com.my)

### 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  
Wanchai  
Hong Kong

### PRINCIPAL BANKERS

CIMB Islamic Bank Berhad  
1A & 2B Wisma Dewan Perniagaan  
Melayu Negeri Sembilan  
Jalan Dato' Bandar Tunggal  
70000 Seremban  
Negeri Sembilan  
Malaysia

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

### COMPLIANCE ADVISER

Zhongtai International Capital Limited  
19/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of MOG Holdings Limited (the “**Company**”), I am pleased to present the first annual report of the Company and its subsidiaries (collectively referred to as the “**Group**”).

The year of 2020 marked a significant milestone for our Group as we successfully listed the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020. It was a momentous milestone in our history and we are elated of the listing status of our Company in Hong Kong.

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, the Group's own brands and manufacturers' brands.

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. For the financial year ended 31 March 2020, the Group had 10 retail brands covering the high-end, mid-end and mass market segments of the Malaysian eyewear retail market and one retail brand which focuses on the sales of contact lenses. As at 31 March 2020, the Group's retail network comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsula Malaysia.

The COVID-19 pandemic was unexpected at a global level affecting many parts of the world including Malaysia and creates disruption for our business in terms of our revenue channels and operational procedures. While we face with this uncertain situation, we will continue to monitor the situation in order to plan our response and maximise our business potential during this challenging time.

I would like to express our sincere appreciation and gratitude to stakeholders, including our valued customers, shareholders, business partners and suppliers for their confidence in the Group and look forward to their continuous support in the future. To the management team of the Group (the “**Management**”) and members of our staff, the Board would like to thank you for your hard work, loyalty and dedication.

**Dato' Ng Kwang Hua**  
*Chairman of the Board*

30 June 2020

# 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 year ended 31 March 2020, the Group had 10 retail brands covering the high-end, mid-end and mass market segments of the Malaysian eyewear retail market and one retail brand which focuses on the sales of contact lenses.

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

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

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately RM13.5 million or 10.1% from approximately RM133.6 million for the year ended 31 March 2019 to approximately RM147.1 million for the year ended 31 March 2020. The increase was mainly driven by the Group's Retailing Business (being the sales of optical products through the self-owned retail stores and online sales platform of the Group to retail customers) which increased from approximately RM131.4 million for the year ended 31 March 2019 to approximately RM144.6 million for the year ended 31 March 2020, representing an increase of approximately 10.0%. Such growth in the Group's Retailing Business was primarily due to the increase in the sales volume of various categories of the Group's optical products resulting from the continuous expansion of the Group's retail network. The Group's self-owned retail stores increased from 75 retail stores as at 31 March 2019 to 83 retail stores as at 31 March 2020. The revenue derived from Franchising and Licensing Business (being the franchising and licensing of the Group's retail brands to franchisees and licensees) slightly increased from approximately RM1.6 million for the year ended 31 March 2019 to approximately RM2.5 million for the year ended 31 March 2020. Such increase was mainly contributed by the increase in sales of optical products to franchisees.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income

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

## Gross profit and gross profit margin

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

## Selling and distribution costs

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

## Administrative expenses

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

## Finance costs

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

## Listing expenses

The listing expenses amounted to approximately RM9.8 million for the year ended 31 March 2020 (2019: Nil).

## Income tax expense

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## Net profit and net profit margin

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Financial resources

The Group generally finances its operations with internally generated funds and banking facilities. As at 31 March 2020, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RM34.1 million (2019: approximately RM34.1 million). As at 31 March 2020, 91.5% (2019: 93.0%) was denominated in RM, 6.5% (2019: 7.0%) was denominated in United States dollar ("**USD**") and 2.0% (2019: Nil) was denominated in Hong Kong dollar ("**HKD**").

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

### Banking facilities and lease facilities

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

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, and certain leased furniture, fixtures and equipment, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 31 March 2020 was approximately RM17.8 million (2019: approximately RM17.7 million), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 4.79% (2019: 4.79%) per annum as at 31 March 2020.

### Capital structure

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

### Gearing ratio

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Current ratio

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

## Return on equity

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

## Return on asset

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

## Pledge of assets

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

- (i) guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;
- (ii) investment properties with aggregate net carrying amount of approximately RM1.3 million (2019: approximately RM2.8 million) at 31 March 2020; and
- (iii) assets classified as held for sale with carrying amount of approximately RM1.4 million (2019: approximately RM2.3 million).

The guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua were released and replaced by a corporate guarantee that was given by the Company before the Company's shares were listed on the Main Board of the Stock Exchange (the "**Listing**") on 15 April 2020 (the "**Listing Date**").

As at 31 March 2020, fixed deposits with licensed banks of RM1.3 million (2019: Nil) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 31 March 2020.

## Capital commitments

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingent liabilities

As at 31 March 2020, the Group did not have any significant contingent liabilities (2019: Nil).

## Employees and remuneration policies

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the year ended 31 March 2020, the Group incurred staff costs of approximately RM36.6 million (2019: approximately RM30.3 million). The increase in staff costs was mainly due to the hiring of additional employees to cater for the expansion of the Group's retail network and annual increment of staff salaries and allowances. As at 31 March 2020, the Group's total number of staff was 567 (2019: 516).

## Foreign currency exposure

Save for certain bank balances were denominated in HKD, Singapore dollar and USD, the Group has minimal exposure to foreign currency risk because most of the business transactions, assets and liabilities are principally denominated in the functional currency of the Group, RM. The Group currently does not have a hedging policy in respect of foreign currency transactions, assets and liabilities. The Management monitors the foreign currency exposure from time to time and will consider hedging significant foreign currency exposure should the need arise.

## Significant investment held

As at 31 March 2020, the Group did not hold any significant investments (2019: Nil).

## Material acquisitions or disposals

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

## DIVIDENDS

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

### (a) Listing

The shares of the Company were listed on the Stock Exchange on 15 April 2020.

### (b) COVID-19

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

During the year ended 31 March 2020, to the best knowledge and belief of the Directors, the manufacturers of the optical products supplied to the Group by its major suppliers were mainly based in the United States, Costa Rica, the United Kingdom, Republic of Ireland, Italy, Belgium, Malaysia, Singapore, Thailand, Vietnam, the PRC and Japan. The outbreak of COVID-19 has not materially affected their supply chain and they do not anticipate any difficulty in supplying to the Group the optical products at the Group’s historical purchase volumes and they do not expect any material fluctuation in the prices.

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

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

- (i) all employees must wear face mask at all times, regularly sanitise their hands and practise social distancing;
- (ii) measuring and recording temperature of our employees, customers and visitors daily, and ensuring hand sanitizer is provided in the retail stores;
- (iii) employees who have travelled overseas and are subject to quarantine are required to inform the Group’s human resources department;
- (iv) employees who developed any respiratory infection symptoms are required to seek medical treatment, abstain from attending their workplace and inform their supervisors;

## MANAGEMENT DISCUSSION AND ANALYSIS

- (v) employees will be reminded of the importance of maintaining good personal health and hygiene; and
- (vi) the Group will coordinate with the management of the shopping complexes where the retail stores are located to implement their measures in response to the COVID-19 pandemic.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

As the Group did not generally enter into long-term supply agreements with its suppliers during the year ended 31 March 2020 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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Management will continue to monitor and implement its business strategies when the economic situation improves. The following are the business strategies disclosed in the section headed "Business — Business Strategies" on pages 104 to 111 of the Prospectus:

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

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

# 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. As at 30 June 2020, the net proceeds had been utilised as follows:

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

### Notes:

- The Group intends to set up 6 self-owned retail stores in the 6 months period ending 30 September 2020 by utilising approximately RM4.2 million. However, in view of the uncertainty heightened by the COVID-19 pandemic, there may be a potential delay in this regard, and the Management is unable to reliably estimate the time frame for the opening of these retail stores at this point in time.
- The Group intends to develop the optical lab for the production of lenses in the 6 months period ending 30 September 2020 by utilising approximately RM2.9 million. However, in view of the uncertainty heightened by the COVID-19 pandemic, there may be a potential delay in this regard, and the Management is unable to reliably estimate the time frame for the commencement of the development of the optical lab at this point in time.

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

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 its shareholders (the “Shareholders”).

The Company has adopted the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 (“CG Code”) to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) since the Listing Date. As the ordinary shares of the Company (the “Shares”) were not listed on the Stock Exchange during the year ended 31 March 2020 (the “Reporting Period”), the CG Code was not applicable to the Company during that period, but has become applicable to the Company since the Listing Date. The Board considered that the Company has complied with all applicable code provisions set out in the CG Code since the Listing Date and up to the date of this annual report.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. As the Shares were not listed on the Stock Exchange during the Reporting Period, related rules under the Model Code that Directors shall observe did not apply to the Company during that period. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this annual report.

## BOARD OF DIRECTORS

### Composition

The Directors who hold office during the Reporting Period and as at the date of this annual report are as follows:

#### *Executive Directors*

Dato’ Ng Kwang Hua<sup>1,2</sup> (*Chairman*)

Datin Low Lay Choo<sup>1,2</sup> (*Chief Executive Officer*)

Dato’ Ng Chin Kee<sup>2</sup>

#### *Independent Non-Executive Directors*

Mr. Ng Chee Hoong

Mr. Ng Kuan Hua

Ms. Jiao Jie

Notes:

1. Dato’ Ng Kwang Hua is the spouse of Datin Low Lay Choo
2. Dato’ Ng Chin Kee is the brother of Dato’ Ng Kwang Hua and brother in law of Datin Low Lay Choo

The biographical details of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 26 to 28 of this annual report. Apart from the above, there is no relationship (including financial, business, family or other material or relevant relationships) amongst members of the Board.



# CORPORATE GOVERNANCE REPORT

Since the Listing Date, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

## Chairman and Chief Executive Officer

The chairman of the Company, Dato' Ng Kwang Hua, is responsible for the overall strategic planning and corporate policies as well as overseeing the operation of the Group.

The chief executive officer of the Company, Datin Low Lay Choo, is responsible for overall management and operation of the Group.

## Board Meetings and General Meetings

The Board should meet regularly and Board meetings should be held at least four times a year. At least 14 days' notice of all regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings.

Minutes of meetings are kept by the company secretary of the Company (the "**Company Secretary**") with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and Board Committee meetings. In compliance with the code provision A.1.5 of the CG Code, minutes of Board meetings and meetings of Board Committees were recorded in sufficient detail covering the matters considered by the Board and decisions reached, including any concerns raised by the Directors, or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

The Company was listed on the Main Board of the Stock Exchange on the Listing Date. During the Reporting Period, the Company held one Board meeting in which all the executive Directors and independent non-executive Directors had attended and discussed various matters and affairs of the Company. No general meeting was held during the Reporting Period.

On 30 June 2020, a Board meeting was held to approve, among others, the annual results of the Group for the year ended 31 March 2020.

# CORPORATE GOVERNANCE REPORT

## Appointment, Re-election and Removal of Directors

Each of the Directors (including independent non-executive Directors) has entered into a service contract or letter of appointment with the Company for a term of three years from the Listing Date.

The articles of association of the Company (the “**Articles of Association**”) provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting (the “**AGM**”) and shall then be eligible for re-election.

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least every three years. A retiring Director shall be eligible for re-election.

## Directors’ Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Company are published in a timely manner.

The Directors, having made appropriate enquiries, considered the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The reporting responsibilities of the Company’s external auditor on the financial statements of the Company are set out in the section headed “Independent Joint Auditors’ Report” in this annual report.

## Responsibilities of and Delegation by the Board

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management system of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective function.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company.

The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its function.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' TRAINING

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. The chief financial officer of the Group is responsible for maintaining and updating records for the Directors' training sessions.

During the Reporting Period, all Directors attended the training session on duties and obligations of directors of companies listed on the Stock Exchange, covering topics on connected transactions and corporate governance, the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest.

### Attending training session and/or reading materials relevant to the business or directors' duties

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Dato' Ng Kwang Hua	✓
Datin Low Lay Choo	✓
Dato' Ng Chin Kee	✓
Mr. Ng Chee Hoong	✓
Mr. Ng Kuan Hua	✓
Ms. Jiao Jie	✓

## Corporate Governance Functions

The Board recognises that corporate governance ("CG") should be the collective responsibility of Directors and their CG duties include:

- to approve and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the CG Report under the Listing Rules.

## BOARD COMMITTEES

The Board has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**").

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Ng Chee Hoong, Mr. Ng Kuan Hua and Ms. Jiao Jie. Mr. Ng Chee Hoong who possess the appropriate professional accounting qualification and financial management expertise as required under Rule 3.10(2) of the Listing Rules, currently serves as the chairman of the Audit Committee.

The terms of reference of 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 full version of the terms of reference of the Audit Committee is available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.mog.com.my".

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Audit Committee was held during the Reporting Period.

The Audit Committee held a meeting on 30 June 2020 and reviewed, among other things, the audited consolidated results of the Group for the year ended 31 March 2020, including the accounting principles and practices, in conjunction with the external auditors; and appropriateness and effectiveness of risk management and internal control systems for the year ended 31 March 2020. The Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information has complied with the applicable accounting standards and the Listing Rules and the Hong Kong Companies Ordinance. The Audit Committee therefore resolved to recommend for the Board's approval of the consolidated results of the Group for the year ended 31 March 2020.

The Audit Committee also recommended to the Board the re-appointment of Mazars CPA Limited and Grant Thornton Malaysia PLT as the Company's joint auditors and that the relevant resolution shall be put forth for Shareholders' consideration and approval at the forthcoming AGM.

## Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Mr. Ng Chee Hoong and Mr. Ng Kuan Hua and one executive Director, namely Dato' Ng Kwang Hua. Dato' Ng Kwang Hua currently serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include but are not limited to (i) review the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis (at least annually) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive directors and (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer. The full version of the terms of reference of the Nomination Committee is available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.mog.com.my".

# CORPORATE GOVERNANCE REPORT

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Nomination Committee was held during the Reporting Period.

The Nomination Committee held a meeting on 30 June 2020 and reviewed, among others, the structure, size and composition of the Board, assessed the independence of independent non-executive Directors to determine their eligibility, discussed and recommended Dato' Ng Kwang Hua, Dato' Ng Chin Kee, Datin Low Lay Choo, Mr. Ng Chee Hoong, Mr. Ng Kuan Hua and Ms. Jiao Jie to retire, and being eligible, offered themselves for re-election in the forthcoming AGM pursuant to the Articles of Association and Code Provision A.4.2 of the CG Code.

## Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors, namely, Mr. Ng Chee Hoong and Mr. Ng Kuan Hua and one executive Director, namely, Dato' Ng Kwang Hua. Mr. Ng Kuan Hua currently serves as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee include but are not limited to (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy; (ii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iii) making recommendations to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and (v) ensuring that no Director or any of his associates is involved in deciding his own remuneration. The full version of the terms of reference of the Remuneration Committee is available on the Stock Exchange's website at "[www.hkexnews.hk](http://www.hkexnews.hk)" and the Company's website at "[www.mog.com.my](http://www.mog.com.my)".

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Remuneration Committee was held during the Reporting Period.

The Remuneration Committee held a meeting on 30 June 2020 and reviewed, among other things, the remuneration package of the executive Directors and senior management of the Company.

Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements.

# CORPORATE GOVERNANCE REPORT

## Attendance Records of Directors and Committee Members

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the period from the Listing and up to the date of this annual report are set out in the table below:

Name of Directors	Attendance/Number of Meetings			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dato' Ng Kwang Hua	1/1	—	1/1	1/1
Datin Low Lay Choo	1/1	—	—	—
Dato' Ng Chin Kee	1/1	—	—	—
Mr. Ng Chee Hoong	1/1	1/1	1/1	1/1
Mr. Ng Kuan Hua	1/1	1/1	1/1	1/1
Ms. Jiao Jie	1/1	1/1	—	—

## BOARD DIVERSITY POLICY

The Group adopted a board diversity policy (the “**Board Diversity Policy**”) on 23 March 2020. A summary of this policy are disclosed as below:

The purpose of the Board Diversity Policy is to achieve diversity of the Board. The Company recognises and seizes the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As of the date of this annual report, the Company had a total of six Directors. The Directors have a balanced mix of experiences, including overall management and strategic development, quality assurance and control, business and risk management, and finance and accounting experiences in addition to corporate legal affair experiences.

# CORPORATE GOVERNANCE REPORT

## NOMINATION POLICY

The Company adopted a policy for nomination on 23 March 2020, pursuant to which, the Nomination Committee shall assist the Board in making recommendations to the Board on the appointment of directors; and succession planning for directors.

### 1. Selection criteria

- 1.1 The Nomination Committee shall consider the following factors, which are not exhaustive and the Board has discretion if it considers appropriate, in assessing the suitability of the proposed candidate regarding the appointment of directors or re-appointment of any existing Board member(s):
- (a) Reputation for integrity;
  - (b) Accomplishment, experience and reputation in the business and industry;
  - (c) Commitment in respect of sufficient time, interest and attention to the business of the Company and its subsidiaries;
  - (d) Diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
  - (e) Compliance with the criteria of independence, in case for the appointment of an independent non-executive director, as prescribed under Rule 3.13 of the Listing Rules; and
  - (f) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.
- 1.2 The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

### 2. Nomination Procedures

- 2.1 The proposed candidates will be asked to submit the necessary personal information in a prescribed form by the Nomination Committee.
- 2.2 The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Committee. The Committee may also nominate candidates for its consideration.
- 2.3 For the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.
- 2.4 For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

## CORPORATE GOVERNANCE REPORT

- 2.5 If a shareholder wants to propose a candidate to the Board for consideration, he/she shall refer to the “Procedures for a Shareholder to Propose a Person for Election as a Director”, which is available on the Company’s website.
- 2.6 The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board has undertaken the overall responsibility for overseeing the Group’s risk management and internal control systems on an on-going basis and reviewing their effectiveness at least annually in order to safeguard the interests of the shareholders and the assets of the Group.

The Board acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group’s strategic objectives and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated to the Audit Committee to review the effectiveness of the risk management and internal controls of the Group. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group’s risk management and internal control systems, including the identification and monitoring of the risks, the adequacy of resources, staff qualifications and experience, training programmes and the Company’s accounting and financial reporting functions. The management has also been delegated to design, implement and maintain the appropriate and effective risk management and internal control systems of the Group.

To further strengthen the risk management and internal control of the Group, the Company will appoint external advisers to undertake the internal audit function and perform the ongoing monitoring of the internal control systems of the Group. The external advisers evaluate the Group’s risk management and internal control systems by reviewing the material controls, including financial, operation and compliance. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit function. Review results and the recommendations in the form of written report are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the management of the Group to ensure all significant control activities are properly in place within the Group and findings previously identified have been properly resolved. The Company is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group’s business. The situation will be reviewed from time to time.

The Company has conducted a review on the effectiveness and efficiency of the Groups risk management and internal control systems for the purpose of listing of the Shares on the Main Board of the Stock Exchange during the Reporting Period and the management has confirmed that there is no significant deficiency and weakness on the internal control system has been identified by the external advisers. During the Reporting Period, the Board satisfied and confirmed that the Group’s risk management and internal control systems were effective and adequate.



# CORPORATE GOVERNANCE REPORT

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group strictly follows the requirements of the Securities and Futures Ordinance of Hong Kong (the “SFO”) and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclose to the public, such information is kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group and will establish written guidelines regarding employees’ securities transactions on terms no less exacting than the standard set out on the Model Code for the compliance by its relevant staff in respect of their dealings in the Company’s securities.

## AUDITORS’ REMUNERATION

The remunerations paid or payable to the external joint auditors of the Company in respect of audit and non-audit services provided to the Group for the year ended 31 March 2020 are set out below.

RM’000

Audit services — Annual audit	1,128
Audit services — Initial public offering	1,808
Non-audit services	277

The non-audit services represented the professional services in respect of tax compliance services paid/payable to Grant Thornton Malaysia PLT.

## SHAREHOLDERS’ RIGHTS

The Company encourages the Shareholders to attend the general meetings of the Company. To safeguard shareholders’ interests and rights, a separate resolution will be proposed for each issue at general meeting, including the election of individual Director(s). All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

A shareholder may send an enquiry to the principal place of business of the Company at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wan Chai, Hong Kong for the attention of the Board in written form, which shall state the nature of the enquiry and the reason for making the enquiry.

# CORPORATE GOVERNANCE REPORT

## **The Procedures for Shareholders to Convene an Extraordinary General Meeting (“EGM”) and for Putting Forward Proposals at General Meeting**

Pursuant to Article 58 of Articles of Association, extraordinary general meeting of the Company shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company at the Company’s head office or principal place of business in Hong Kong, for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition and signed by the requisitioner(s) (the “**Requisitionists**”).

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) of the Company.

## **Procedures for putting forward proposals at Shareholders’ meeting**

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, Shareholders may request the Company to convene an extraordinary general meeting following the procedures as set out above.

## **The Procedures for Shareholders to Propose a Person for Election as a Director of the Company**

Article 85 of the Articles of Association provides that no person, other than a retiring director of the Company, shall, unless recommended by the board of directors of the Company for election, be eligible for election to the office of director of the Company (the “**Director**”) at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodging the notices as required under the Articles of Association will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a shareholder wishes to nominate a person to stand for election as a director of the Company at the general meeting, the following documents must be validly served at the Company’s head office in Hong Kong or the Branch Share Registration and Transfer Office, namely (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness to be elected; (3) the nominated candidate’s information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate’s written consent to the publication of his/her personal data, contact address and contact telephone number.

# CORPORATE GOVERNANCE REPORT

## Investor Relations and Communication with Shareholders

The Board established a Shareholders' communication policy to ensure that Shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

The Company has maintained a corporate website at [www.mog.com.my](http://www.mog.com.my) through which the Company's updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the Shareholders and potential investors.

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividends to the Company's branch share registrar in Hong Kong, details of which are as follows:

Computershare Hong Kong Investor Services Limited

Address:

Shops 1712–1716, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wan Chai,  
Hong Kong

## DIVIDEND POLICY

The Company does not have a fixed dividend policy, however the Directors expect that after the Listing, the Group's dividend payout ratio will be not less than 30% of its annual distribution net profit. Notwithstanding the aforesaid, the Board shall have the discretion with regards to any recommendation as to the declaration, amount and means of payment of any dividends and the amount of any actual dividends will depend on the Group's earnings and financial conditions, operating and capital requirements and any other factors deemed relevant. Further, such declaration will also be subject to the applicable laws and regulations including the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, articles of association of the Company and, other than payment of an interim dividend, the approval of Shareholders.

## COMPANY SECRETARY

Mr. Lau Wai Piu, Patrick ("**Mr. Lau**") was appointed as the Company Secretary on 2 July 2019 and Mr. Ooi Guan Hoe, the chief financial officer of the Group is the main contact of Mr. Lau in the Company. Mr. Lau has confirmed that he received not less than 15 hours of relevant professional training during the Reporting Period.

## CONSTITUTIONAL DOCUMENTS

The Articles of Association were approved on 23 March 2020 by special resolution and amended and restated with effect from the Listing Date. Save as disclosed therein, there were no significant changes in the constitutional documents of the Company during the Reporting Period and up to the date of this annual report.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## BOARD OF DIRECTORS

### Executive Directors

**Dato' Ng Kwang Hua (“Dato' Frankie Ng”)**, aged 49, is the founder of the Group, one of the controlling shareholders of the Company, the chairman of the Board and the Nomination Committee, a member of the Remuneration Committee and an executive Director. He is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Dato' Frankie Ng is also a director of several subsidiaries of the Company.

Dato' Frankie Ng attended high school in Sekolah Menengah Yu Hua Kajang (Yu Hua Kajang High School\*), Selangor and left in July 1988. After that, he worked as a branch manager of Brilliant Optical Sdn. Bhd., an eyewear retailer, from April 1989 to December 1990 and from June 1992 to April 1995. Between January 1991 and May 1992, he was a branch manager of another eyewear retailer, England Optical Sdn. Bhd. Dato' Frankie Ng became a registered optician in Malaysia in June 1996. He became a director of Metro Designer Eyewear Sdn. Bhd. in September 1997. Dato' Frankie Ng has more than 29 years of experience in the eyewear retail industry. He was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) which carries the honourary title “Dato” by His Majesty Sultan Haji Ahmad of Pahang Darul Makmur in 2016. Dato' Frankie Ng is the spouse of Datin Low Lay Choo and the brother of Dato' Ng Chin Kee.

**Dato' Ng Chin Kee (“Dato' Henry Ng”)**, aged 53, is an executive Director of the Group. He is responsible for management and operation of the Group with focus on purchasing and merchandising. He is currently a director of several subsidiaries of the Company. Prior to joining the Group, Dato' Henry Ng ran family business of a grocery store from 1988 to 1991. He then invested in and managed a Chinese restaurant from 1992 to 1995. His first directorship within the Group was in Metro Designer Eyewear Sdn. Bhd. in June 1997. Dato' Henry Ng has more than 22 years of experience in the eyewear retail industry. He was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) which carries the honourary title “Dato” by His Majesty Sultan Haji Ahmad of Pahang Darul Makmur in 2014. Dato' Henry Ng became a registered optician in Malaysia in May 1999. Dato' Henry Ng is the brother of Dato' Frankie Ng and the brother in law of Datin Low Lay Choo.

**Datin Low Lay Choo (“Datin Low”)**, aged 49, is the chief executive officer and an executive Director. She is responsible for the overall management and operation of the Group. She joined the Group on 1 April 1999. She also holds directorship in several subsidiaries of the Company. Datin Low has more than 20 years of experience in the eyewear retail industry. Prior to joining the Group, she worked as a customer support supervisor in Upha Corporation (M) Sdn. Bhd. from September 1990 to March 1999 and was mainly responsible for supervising the customer service team. Upha Corporation (M) Sdn. Bhd. is currently known as CCM Pharmaceuticals Sdn. Bhd. and it is a related company of Chemical Company of Malaysia Berhad, a company listed on Kuala Lumpur Stock Exchange (stock code: 2879). Datin Low became a registered optician in Malaysia in March 2000. Datin Low graduated from Sekolah Menengah Yu Hua Kajang (Yu Hua Kajang High School\*), Selangor in November 1988. Datin Low is the spouse of Dato' Frankie Ng and the sister in law of Dato' Henry Ng.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Independent Non-Executive Directors

**Mr. Ng Kuan Hua (“Mr. Ng”)**, aged 41, was appointed as an independent non-executive Director on 23 March 2020, and is mainly responsible for providing independent opinion and judgement to the Board. Mr. Ng is the chairman of the Remuneration Committee, as well as a member of Audit and Nomination committees. Mr. Ng does not hold any other position with the members of the Group.

Mr. Ng has approximately 17 years of experience in accounting and finance fields. Prior to joining the Group, he was a business analyst in CIMB Bank Berhad from October 2001 to October 2003, being responsible for evaluating the loan applications. He then started to work as a senior auditor and later was promoted to business consultant in Anuarul Azizan Chew Consulting Sdn. Bhd., which provides business management consultancy services, from November 2003 to June 2005, being responsible for auditing for the company that attempts to be listed. He then joined Perdana Petroleum Berhad, a provider of offshore marine services and served as a senior corporate executive from July 2005 to October 2007, being responsible for assisting on financial reporting and all corporate exercises. Between November 2007 and July 2008, he worked as a finance and operation manager in Fortune Laboratories Sdn. Bhd., a personal care products manufacturer, where he was responsible for handling day-to-day operation and financial matters. Subsequently, he joined World Equipment Sdn. Bhd. (a related company of Only World Group Holdings Berhad mentioned below) as a corporate finance manager from October 2008 to September 2010 prior to joining Nextnation Network Sdn. Bhd. as a corporate finance manager from October 2010 to September 2011, where he was responsible for all the corporate exercises. He re-joined World Equipment Sdn. Bhd. as a corporate finance manager from October 2011 to June 2013. Mr. Ng was then appointed as an executive director of Only World Group Holdings Berhad, a company listed on Kuala Lumpur Stock Exchange (stock code: 5260) and held the role from June 2013 to February 2019, being responsible for day-to-day operation and financial matters. He was an executive director of Goodway Integrated Industries Berhad, a company listed on Kuala Lumpur Stock Exchange (stock code: 7192) from 24 October 2019 to 30 December 2019.

Mr. Ng obtained his higher diploma in business administration from Inti College Malaysia in Malaysia in December 1998. After that, he obtained his bachelor’s degree in accounting from the University of Hertfordshire in United Kingdom and his master’s degree in commerce (applied finance) in the University of Queensland in Australia in September 1999 and in August 2001, respectively.

**Mr. Ng Chee Hoong (“Mr. NCH”)**, aged 53, was appointed as an independent non-executive Director on 23 March 2020, and is mainly responsible for providing independent opinion and judgement to the Board. Mr. NCH is the chairman of the Audit Committee, as well as a member of the Nomination and Remuneration committees. Mr. NCH does not hold any other position with the members of the Group.

Mr. NCH has more than 29 years of experience in accounting and auditing. Prior to joining the Group, he was a partner in BDO PLT, PKF and Grant Thornton Malaysia (currently known as Grant Thornton Malaysia PLT), all accounting firms, from June 1990 to February 2009, from March 2009 to September 2010 and from October 2010 to February 2017, respectively. He was responsible for auditing and assurance engagements during all of these different periods. He then joined Tradewinds Plantation Berhad, an oil and rubber plantation company and served as a chief financial officer from March 2017 to February 2019, being responsible for overseeing finance functions and supporting the chief executive officer. In March 2019, Mr. NCH rejoined PKF, where he worked as an audit director, being responsible for auditing and assurance engagements.

Mr. NCH obtained his diploma in commerce (financial accounting) from Tunku Abdul Rahman College (currently known as Tunku Abdul Rahman University College) in Malaysia in July 1990. Mr. NCH was qualified as a chartered accountant by the Association of Chartered Certified Accountants in January 1999.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Jiao Jie (“Ms. Jiao”)**, aged 39, was appointed as an independent non-executive Director on 23 March 2020, and is mainly responsible for providing independent opinion and judgement to the Board. Ms. Jiao is also a member of the audit committee. Ms. Jiao does not hold any other position with the members of the Group.

Ms. Jiao has over 11 years of experience in initial public offerings, private equity financing and corporate legal affairs. Ms. Jiao worked as a legal assistant at Beijing Jingtian & Gongcheng\* Attorneys at Law (北京市競天公誠律師事務所) from November 2004 to February 2007. Thereafter, she joined China Sunshine Paper Holdings Company Limited (stock code: 2002) (“**China Sunshine**”), the shares of which are listed on the Main Board of the Stock Exchange, as the board secretary and special assistant to the chairman of China Sunshine from March 2007 to January 2010. From January 2010 to February 2012, Ms. Jiao worked as chief counsel and head of investor relations in Beijing Soufun Network Technology Company Limited\* (北京搜房網絡技術有限公司), a subsidiary of Fang Holdings Limited, a company listed on the NYSE (stock code: SFUN). She then joined Huijin Stone (Xiamen) Co. Ltd.\* (滙金石(廈門)有限公司), a subsidiary of ArtGo Holdings Limited (formerly known as ArtGo Mining Holdings Limited) (stock code: 3313), the shares of which are listed on the Main Board of the Stock Exchange, as vice president and general counsel from March 2012 to June 2014. She was appointed to the position of joint company secretary of ArtGo Holdings Limited in December 2013 and resigned in May 2014. Ms. Jiao served as the chief financial officer at iClick Interactive Asia Group Limited, a company listed on the NASDAQ (stock code: ICLK), from June 2014 to December 2018. Ms. Jiao has been an independent non-executive director of China Sunshine since January 2014 and TradeGo FinTech Limited (捷利交易寶金融科技有限公司) (stock code: 8017) since August 2018, the shares of which are listed on GEM of the Stock Exchange, and an independent director of China Index Holdings Limited since May 2019, a company listed on the NASDAQ (stock code: CIH). Save as being independent director/non-executive director, Ms. Jiao has also served as the supervisor of Beijing OptAim Network Technology Co., Ltd.\* (北京智雲眾網絡科技有限公司) since April 2017.

Ms. Jiao obtained the degrees of Laws and Economics from Peking University in July 2003. She further obtained the degree of Magister Juris from University of Oxford in July 2005. In addition, she obtained the Legal Professional Qualification Certificate\* (法律職業資格證書) from the Ministry of Justice of the PRC in March 2010. She has also obtained the Registered Qualification Certificate of Enterprise Legal Adviser (企業法律顧問執業資格證書) accredited jointly by the Ministry of Human Resources and Social Security of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the Ministry of Justice of the PRC in October 2011. Ms. Jiao has been a chartered financial analyst accredited by the CFA Institute since September 2014.

\* For identification purpose only

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Senior Management

**Mr. Ooi Guan Hoe (“Mr. Ooi”)**, aged 45, has been the chief financial officer of the Group since 1 January 2019, being responsible for the overall finance function.

Mr. Ooi has more than 13 years of experience in the accounting and finance fields. Prior to joining the Group, he began his career in May 1999 when he joined Arthur Andersen & Co, an accounting firm in Malaysia, as an audit assistant, being responsible for statutory audit. He was promoted several times and his last role with Arthur Andersen & Co (which merged into Ernst & Young in April 2002) was senior associate before he left in October 2002. He then worked as an executive and was gradually promoted to senior manager in CIMB Investment Bank Berhad from November 2002 to October 2009, being responsible for corporate finance work including initial public offering, merger and acquisition, privatisation, etc. He undertook the role as the chief financial officer and member of management in Decheng Technology AG, a company listed on the Frankfurt Stock Exchange (stock code: 333) in January 2015 and May 2016, respectively, where he was responsible for the initial public offering process and finance function before he left in July 2017. Mr. Ooi has been an independent non-executive director of Only World Holdings Berhad since June 2013, Revenue Group Berhad since December 2017 and Techbond Group Berhad since January 2018, all of which are listed on Kuala Lumpur Stock Exchange with stock code being 5260, 0200 and 5289, respectively. In May 2019, he was also appointed as an independent non-executive director of TCS Group Holdings Berhad, a construction company in Malaysia.

Mr. Ooi obtained his bachelor’s degree in accounting from University Putra Malaysia in Malaysia in August 1999. He has been a member of Malaysia Institute of Accountant since July 2002. In June 2011, Mr. Ooi completed an executive education programme co-organised by Harvard Business School and Tsinghua University and obtained a certificate in private equity and venture capital-China.

**Mr. Lee Ben Keong (“Mr. Lee”)**, aged 45, was the head of business development and marketing department of the Group from May 2015 to January 2017, and has been the general manager (marketing communication and business development) of the Group since February 2017, being responsible for marketing communication and business development.

Mr. Lee has more than 12 years of managerial experience in the business development and retail fields. Prior to joining the Group, he was a general manager (group business development, franchise and marketing) and then brand general manager of Classic Bonita Sdn. Bhd. a skin care cosmetics and fashion accessories retailer, from March 2007 to March 2008. He joined Good Response Sdn. Bhd. a skin care cosmetics retailer, and served as a senior manager (business administration) from April 2008 to March 2010. Mr. Lee then took the position of senior manager and later as store portfolio manager in Courts (Malaysia) Sdn. Bhd., a retailer of electronic and electrical appliances, as well as household furniture, from December 2010 to March 2015.

Mr. Lee obtained his diploma in computer studies from Informatics Colleges in Malaysia in March 1996. Thereafter, he obtained the diploma in computer graphic design from A.R.T Direction Design Education in Malaysia in October 1998 and obtained his master’s degree in business administration (MBA) from American Liberty University in America through long distance learning in December 2009.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Seow Ai Ting (“Ms. Seow”)**, aged 38, was the senior accountant and administration executive from July 2011 to January 2015 and has been the finance manager of the Group since February 2015, being responsible for the full spectrum of the financial and management account functions of the Group.

Ms. Seow has more than 17 years of experience in accounting. Prior to joining the Group, she was an account executive in Innovate Community Trading Sdn. Bhd., a construction company, from January 2003 to May 2005. She joined LB Aluminium Berhad, a manufacturer of Aluminium Extrusion and took the role as a senior accounts executive from May 2005 to November 2007. She joined Fujihome Global Berhad, a kitchen products distributor in November 2007 as an accounts and administration executive, and was later promoted to head of accounts, a position which she held from around 2009 to June 2011. Ms. Seow was responsible for reviewing and handling full sets of accounts of that company during each period aforementioned.

Ms. Seow obtained her diploma in financial accounting from Systematic Education Group Berhad (“**SEGB**”) in Malaysia and diploma in business, issued in association with SEGB by Cambridge International Examinations in September 2000. She then successively completed the professional part 1 and part 2 of the ACCA examinations in June 2002 and December 2003, respectively.

**Ms. Goh Seat Yuin (“Ms. Goh”)**, aged 33, was the assistant human resources manager of the Group from February 2016 to 31 January 2017 and has been the corporate affairs manager of the Group since 1 February 2017, being responsible for human resources.

Ms. Goh has more than nine years of experience in human resources field. Prior to joining the Group, she was an assistant human resources manager in Megaduct Technology Sdn. Bhd., a manufacturer of electric busbar trunking systems, from December 2010 to November 2012 and in Miwaki Sdn. Bhd., a trader in garments and accessories, from November 2012 to July 2014, being responsible for HR related matters. She then joined Wong and Partners, a law firm where she worked as a talent management specialist and responsible for HR related matters from July 2014 to January 2016.

She obtained her bachelor’s degree in business administration from Universiti Tunku Abdul Rahman in June 2008. After that, she completed courses “Problem Solving and Decision Making Skills” and “Quality Leadership Skills” held at AE Technology Sdn. Bhd. in December 2008 and June 2009 respectively.

## COMPANY SECRETARY

**Mr. Lau Wai Piu, Patrick (“Mr. Lau”)**, aged 46, was appointed as the company secretary of the Company on 2 July 2019.

Mr. Lau has over 20 years of experience in aspect of financial reporting, accounting and auditing. Since March 2019 and May 2019, he has been the company secretary of Haina Intelligent Equipment International Holdings Limited (stock code: 1645) and Infinity Logistics and Transport Ventures Limited (stock code: 1442), both of which were listed on the Main Board of the Stock Exchange on 3 June 2020 and 21 January 2020 respectively. He obtained a higher diploma in accountancy from the City University of Hong Kong in November 1997 and a master’s degree of arts in international accounting from the same university in November 2002. He was admitted as a fellow of the Association of Chartered Certified Accountants in July 2005 and a fellow of the Hong Kong Institute of Certified Public Accountants in September 2007.



# REPORT OF THE DIRECTORS

The Directors are pleased to present to the Shareholders the report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

## REORGANISATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 4 June 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on 15 April 2020 with issuance of 500,000,000 Shares.

Pursuant to the reorganisation of the Group in connection with the Listing, the Company underwent a corporate reorganisation ("**Reorganisation**"), the Company became the holding company of the Group on 6 March 2020. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding and together with its subsidiaries engage in sales of optical products and franchise and license management. An analysis of the Group's revenue and results by principal operating segments is set out in note 4 to the consolidated financial statements. Particulars of the Company's principal subsidiaries are set out in note 13 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 50 of this annual report.

The Directors do not recommend the payment of final dividend for the Reporting Period.

## BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 13 of this annual report.

The above discussions form part of this directors' report.

## PRINCIPAL RISKS AND UNCERTAINTY

In addition to the relevant discussion set out in the section headed "Management Discussion and Analysis" on pages 5 to 13 of this annual report, the principal risks and uncertainty also include the following:

### Risk associated with financial instruments of the Group

The financial risk management objectives and policies of the Group are set out in note 36 to the consolidated financial statements.

# REPORT OF THE DIRECTORS

## Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 March 2020 are set out in note 2 to the consolidated financial statements.

## ANALYSIS USING FINANCIAL KEY PERFORMANCE INDICATORS

The analysis of the Group's performance for the Reporting Period with key financial performance indicators is set out under the paragraphs headed "Financial Review" and "Liquidity, Financial Resources and Capital Structure" in the section headed "Management Discussion and Analysis" of this annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and the Management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

## RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. The Group offers comprehensive compensation to its employees and provide on-the-job training to the employees. The employees' compensation is based on their qualification, position, seniority and performance. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to long term sustainability of the environment and communities in which it operates. Acting in an environmental responsible manner, the Group endeavors to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

## RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 53 and 54.

## DISTRIBUTABLE RESERVES

The Company was incorporated on 4 June 2019 as an investment holding company and as at 31 March 2020, the Company did not have reserves available for distribution to the Shareholders.

# REPORT OF THE DIRECTORS

## DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RM2,000 (2019: approximately RM4,000).

## MATERIAL INVESTMENT AND ACQUISITION

The Group had no significant investment and acquisition activities during the Reporting Period.

## BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2020 are set out in note 23 to the consolidated financial statements.

## PLANT AND EQUIPMENT

Movements in plant and equipment during the year and details of the Group's plant and equipment are set out in note 16 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report relating to the "Share Option Scheme", no equity-linked agreements were entered into during the Reporting Period or subsisted at the end of the year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has an appropriate insurance cover in respect of potential legal actions against its Directors and officers since the Listing and remained in force as of the date of this annual report. The insurance coverage will be reviewed on an annual basis.

# REPORT OF THE DIRECTORS

## DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

### Executive Directors

Dato' Ng Kwang Hua<sup>1</sup> ("**Dato' Frankie Ng**") (*Chairman*)

Datin Low Lay Choo<sup>1</sup> ("**Datin Bernice Low**") (*Chief Executive Officer*)

Dato' Ng Chin Kee<sup>1</sup> ("**Dato' Henry Ng**")

### Independent Non-Executive Directors

Mr. Ng Chee Hoong<sup>2</sup>

Mr. Ng Kuan Hua<sup>2</sup>

Ms. Jiao Jie<sup>2</sup>

Notes:

1 appointed on 4 June 2019 and re-designated as Executive Directors on 3 September 2019

2 appointed on 23 March 2020

In accordance with Article 83(3) of the Articles of Association, each of Dato' Frankie Ng, Datin Bernice Low, Dato' Henry Ng, Mr. Ng Chee Hoong, Mr. Ng Kuan Hua and Ms. Jiao Jie shall hold office until the forthcoming AGM of the Company and, being eligible, have offered himself/herself for re-election.

None of the Directors offering themselves for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

# REPORT OF THE DIRECTORS

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

As of the date of this annual report, the interests and short positions of each Director and chief executive officer (“CEO”) 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 (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:

The Company:

Name of Directors	Capacity	Number of ordinary shares interested (L) <sup>(1)</sup>	Approximate percentage of the issued shares
Dato' Frankie Ng <sup>(Notes 2 and 3)</sup>	Interest in a controlled corporation and interest of spouse	375,000,000	75%
Datin Bernice Low <sup>(Notes 2 and 4)</sup>	Interest in a controlled corporation and interest of spouse	375,000,000	75%
Dato' Henry Ng <sup>(Notes 2 and 5)</sup>	Interest in a controlled corporation	375,000,000	75%

Notes:

- (1) The letter “L” denotes long position in the shares of the Company.
- (2) The issued shares of Alliance Vision Limited (“**Alliance Vision**”), Sky Pleasure Limited (“**Sky Pleasure**”) and Delightful Fortune Limited (“**Delightful Fortune**”), are wholly-owned by Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, respectively (together, the “**Controlling Shareholders**”). On 20 September 2019, the Controlling Shareholders 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, the Controlling Shareholders are regarded as acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 75% of the issued share capital of the Company.
- (3) The Company is held as to 33.75% by 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 7.5% by 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.
- (5) The Company is held as to 33.75% by Sky Pleasure, a company incorporated in the BVI on 8 May 2019 and is wholly owned by Dato' Henry Ng.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this annual report, 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.

# REPORT OF THE DIRECTORS

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate.

## SHARE OPTION SCHEME

The Company has approved the share option scheme on 23 March 2020 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Share Option Scheme is designed to motivate executives and key employees and other persons who make a contribution to the Group and enable the Group to attract and retain individuals with experience and ability and to reward them for their past contributions. The following is a summary of the principal terms of the Share Option Scheme:

### (A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

### (B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, and any of the subsidiaries;
- (2) any director (including executive and independent non-executive directors) of the Company and any of the subsidiaries; and
- (3) any consultant, advisers of the Company and any of the subsidiaries.

### (C) Total number of Shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of issued shares on the Listing Date unless the Company obtains a fresh approval from the Shareholders.

As at the date of this annual report, a total of 50,000,000 Shares, representing 10% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

### (D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

## REPORT OF THE DIRECTORS

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

### **(E) The period within which the Shares must be taken up under an option**

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

### **(F) The minimum period for which an option must be held before it can be exercised**

As determined by the Board upon the grant of an option.

### **(G) The amount payable on acceptance of an option and the period within which payments shall be made**

A consideration of HKD1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date within 28 days from the date of the offer.

### **(H) The basis of determining the exercise price**

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

### **(I) The remaining life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of 10 years from 15 April 2020 until 14 April 2030.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption, and there is no outstanding share option as at 31 March 2020 and as at the date of this annual report.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of the date of this annual report, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or CEO) 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	Number of class of securities <sup>(1)</sup>	Approximate percentage of the issued shares
Alliance Vision <sup>(2,3)</sup>	Beneficial owner	375,000,000 ordinary shares	75%
Sky Pleasure <sup>(2,4)</sup>	Beneficial owner	375,000,000 ordinary shares	75%
Delightful Fortune <sup>(2,5)</sup>	Beneficial owner	375,000,000 ordinary shares	75%
Datin Lee Kwai Fah <sup>(6)</sup> ("Datin Lee")	Interest of spouse	375,000,000 ordinary shares	75%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) Please refer to note (2) under the heading of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (3) Please refer to note (3) under the heading of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (4) Please refer to note (5) under the heading of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (5) Please refer to note (4) under the heading of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (6) Datin Lee is the spouse of Dato' Henry Ng and thus she is deemed to be interested in the shares of the Company in which Dato' Henry Ng is interested for the purpose of the SFO.

Save as disclosed above, as of the date of this annual report, no other person (other than a Director or CEO) 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.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 34 to the consolidated financial statements and in the paragraph headed "Continuing Connected Transactions", there is no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



# REPORT OF THE DIRECTORS

## CONTRACTS OF SIGNIFICANT WITH CONTROLLING SHAREHOLDERS

Save as disclosed under the section headed “Related Party Transactions” stated in note 34 to the consolidated financial statements and the paragraph headed “Continuing Connected Transactions” in the Prospectus, there was no contract of significance entered into between the Company, or any of its subsidiaries, and controlling Shareholders of the Company, or any of its subsidiaries, during the year.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed “Continuing Connected Transactions”, the significant related party transactions that did not constitute connected transactions under the Listing Rules made during the Reporting Period were disclosed in note 34 to the consolidated financial statements.

## COMPETING INTEREST

From the Listing Date and up to the date of this annual report, none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

## REMUNERATION POLICY

During the Reporting Period, the remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprise salary, contribution to pension schemes and discretionary bonus related to the profit of the relevant company.

The remuneration policy of the Group is set up by the Remuneration Committee on the basis of market trends and the individuals’ merit, qualifications and competence upon and after Listing.

The Remuneration Committee, having regard to the Company’s operating results, individual performance and comparable market statistics, made recommendations to the Board for all remuneration of the executive Directors and senior management of the Company.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the scheme are set out in the heading under “Share Option Scheme”.

## EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in notes 8 and 9 to the consolidated financial statements.

# REPORT OF THE DIRECTORS

## RETIREMENT SCHEME

The Group enrolls all of its eligible employees in the employees provident fund and makes the relevant contributions in Malaysia.

As required by the relevant laws and regulations in Malaysia, the amount of contribution is calculated based on the monthly salary of an employee. For employees aged up to 60 years old and receives monthly salary of RM5,000 and below, the portion of employee's contribution is 11% of their monthly salary while the employer contributes 13%. For employees aged up to 60 years old and receives monthly salary exceeding RM5,000, the employee's contribution of 11% remains, while the employer's contribution is 12%. For employees aged above 60 and receives monthly salary of RM5,000 and below, the portion of employee's contribution is 5.5% of their monthly salary while the employer contributes 6.5%. For employees aged above 60 and receives monthly salary exceeding RM5,000, the employee's contribution of 5.5% remains, while the employer's contribution is 6%.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

From the Listing Date and up to the date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

## CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group conducted the following continuing connected transactions:

As disclosed in the Prospectus, the following transactions of the Group constituted continuing connected transactions for the Company. For further details of the continuing connected transactions, please refer to the section headed "Connected Transactions" on pages 167 to 170 of the Prospectus.

### The tenancy agreements with Dato' Frankie Ng and Dato' Henry Ng

On 15 November 2017, Metro Eyewear Holdings Sdn. Bhd. ("**Metro Eyewear Holdings**" and as lessee) and Dato' Frankie Ng and Dato' Henry Ng (as lessors) entered into a tenancy agreement (the "**Tenancy Agreement 1A**") in respect of the leasing of the premises located at No. 1-1 & 1-2, Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang, Selangor, Malaysia (the "**Premises A**") for a period commencing from 1 January 2018 to 31 March 2021, at a rent of RM3,000 per month. Tenancy Agreement 1A was terminated on 22 July 2019 and superseded by Tenancy Agreement 1B (as defined in the next paragraph).

On 22 July 2019, Metro Eyewear Holdings, Dato' Frankie Ng and Dato' Henry Ng renewed the Tenancy Agreement 1A (the "**Tenancy Agreement 1B**") in respect of the leasing of the Premises A commencing from 1 April 2019 and expiring on 31 March 2021, at a rent of RM3,000 per month. Metro Eyewear Holdings currently uses Premises A as an office of the Group.

## REPORT OF THE DIRECTORS

Dato' Frankie Ng and Dato' Henry Ng are the Directors, and therefore each of them is a connected person of the Company. As such, the transaction contemplated under the Tenancy Agreement 1B constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

During the Reporting Period, the amount of transaction conducted under the Tenancy Agreement 1A and Tenancy Agreement 1B was RM36,000.

### The tenancy agreements with Ng Mui Quee (“Ms. Ng”)

On 13 November 2018, Metro Eyewear Holdings (as lessee) and Ms. Ng (as lessor) entered into a tenancy agreement (the “**Tenancy Agreement II**”) in respect of the leasing of the premises located at No. 3-G (Ground Floor), 3-1 (1st Floor) & 3-2 (2nd Floor), Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang, Selangor, Malaysia (the “**Premises B**”) for a period from commencing 1 April 2019 and expiring on 31 March 2021 (with an option to renew for a further term of 2 years), at a rent of RM4,400 per month. Metro Eyewear Holdings currently uses the Premises B as an office of the Group.

On 13 November 2018, M Optic Project & Event Sdn. Bhd. (“**M Optic Project & Event**” and as lessee) and Ms. Ng (as lessor) entered into a tenancy agreement (the “**Tenancy Agreement III**”) in respect of the leasing of the premises located at No. 29, Jalan Bidara 5, Taman Bidara Kajang, Sg Chua, 43000 Kajang Selangor, Malaysia (the “**Premises C**”) for a period commencing from 1 April 2019 and expiring on 31 March 2021 (with an option to renew for a further term of 2 years), at a rent of RM500 per month. M Optic Project & Event currently uses the Premises C as a place of residence for its employee.

Ms. Ng is a sister of Dato' Frankie Ng and Dato' Henry Ng, and therefore Ms. Ng is an associate of Dato' Frankie Ng and Dato' Henry Ng. As such, the transactions contemplated under the Tenancy Agreement II and Tenancy Agreement III constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the Reporting Period, the amount of transaction conducted under the Tenancy Agreement II and Tenancy Agreement III was RM58,800.

### The license agreements with MOG Bangkok Company Limited (“MOG Bangkok”) and MOG Holdings Company Limited (“MOG Holdings”)

On 1 September 2019, MOG Bangkok (as licensee) and Dato' Frankie Ng and MOG Management Sdn. Bhd. (as licensors) entered into a license agreement (the “**License Agreement 1**”), in respect of the grant of license to use the trademark “OOPPA” (registered in Malaysia by Dato' Frankie Ng and assigned to MOG Management Sdn. Bhd.) in Thailand, for a management fee of a sum equivalent to five per cent of the monthly turnover for the particular retail outlet in the territory, payable by MOG Bangkok and commencing from 1 September 2019 for a period of thirty six months and shall extend to such a period by way of mutual agreement between the parties, which are expected to be RM72,000, RM119,000 and RM174,000, respectively, for each of the three financial year ended 31 March 2020, and years ending 31 March 2021 and 2022.

On 1 September 2019, MOG Holdings (as licensee) and Dato' Frankie Ng and MOG Management Sdn. Bhd. (as licensors) entered into a license agreement (the “**License Agreement II**”), together with License Agreement 1, the “**License Agreements**”) in respect of the grant of license to use the trademark “OOPPA” in Thailand, for a management fee of a sum equivalent to five per cent of the monthly turnover for the particular retail outlet in the territory, payable by MOG Holdings and commencing from 1 September 2019 for a period of thirty six months and shall extend to such a period by way of mutual agreement between the parties, which are expected to be RM12,000, RM27,000 and RM44,000, respectively, for each of the three financial year ended 31 March 2020, and years ending 31 March 2021 and 2022.

## REPORT OF THE DIRECTORS

For the reason of protecting the Group's trademark right in Thailand, the Group entered into the License Agreements with MOG Bangkok and MOG Holdings. During the term of the License Agreements, MOG Bangkok and MOG Holdings shall not (i) dispute or contest, directly or indirectly, the exclusive right of MOG Management Sdn. Bhd. and title to the trademark or the validity thereof or warranty with respect to the validity of any trademark be granted; and (ii) register, or apply for registration of, the trademark or any mark that is similar to the trademark under any class in Thailand or any other jurisdiction.

As MOG Bangkok and MOG Holdings are 30% controlled company held by Dato' Frankie Ng (49% for MOG Bangkok and 34% for MOG Holdings), both MOG Bangkok and MOG Holdings are associate of Dato' Frankie Ng. As such, the transactions contemplated under the License Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the Reporting Period, the amount of transaction conducted under the License Agreements was approximately RM49,000.

The above transactions constituted continuing connected transaction which is fully exempt from the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

### MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, revenue from the Group's five largest customers accounted for less than 30% of the Group's total revenue. For the Reporting Period, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 53.15% of the Group's purchases and the purchases attributable to the Group's largest supplier accounted for approximately 19.52% of the Group's purchases.

None of the Directors, their respective close associates nor any shareholder (who or which to the best knowledge of the Directors owns more than 5% of the issued share capital of the Company) has any interest in the top five customers and top five suppliers of the Group during the Reporting Period.

### FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 128 of this annual report. This summary does not form part of the audited consolidated financial statements.

# REPORT OF THE DIRECTORS



## USE OF PROCEEDS FROM LISTING

Please refer to the paragraph headed “Use of proceeds” under the section “Management Discussion and Analysis” on page 13.

## PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## ANNUAL GENERAL MEETING

The AGM will be held on 25 September 2020 (“**2020 AGM**”) and the notice of 2020 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who are entitled to attend and vote at the 2020 AGM, the register of members of the Company will be closed from 22 September 2020 to 25 September 2020, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for attending the 2020 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 Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 21 September 2020.

# REPORT OF THE DIRECTORS

## JOINT AUDITORS

The consolidated financial statements for the year ended 31 March 2020 have been audited by Mazars CPA Limited ("**Mazars**"), *Certified Public Accountants, Hong Kong*, and Grant Thornton Malaysia PLT ("**GT**"), *Chartered Accountants, Malaysia*. Mazars and GT will retire, and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the joint auditors of the Company will be proposed at the forthcoming AGM of the Company.

From the incorporation of the Company and up to the date of this annual report, there has been no change in the Company's auditors.

On behalf of the Board

**Dato' Frankie Ng**

*Chairman*

Hong Kong, 30 June 2020

# INDEPENDENT JOINT AUDITORS' REPORT



MAZARS  
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Grant Thornton

To the members of

**MOG Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of MOG Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 50 to 127, which comprise the consolidated statement of financial position at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibilities under those standards are further described in the “Joint Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT JOINT AUDITORS' REPORT

## Key audit matter

## How our audit addressed the key audit matter

### Recognition of expenses for the initial listing of the Group

Relevant costs incurred for the initial listing of the shares of the Company are allocated and recognised in (i) profit or loss as listing expenses, and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (a) costs for the Company to obtain the listing status or (b) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. Such allocation of the costs involved significant judgement of the management.

During the year ended 31 March 2020, costs attributable to obtain the listing status of approximately RM9,765,000 were charged to profit or loss.

We have identified the above matter as a key audit matter because the classification and allocation of relevant costs incurred involves a significant degree of management judgement and therefore is subject to an inherent risk of error.

Related disclosure is included in Note 2 to the consolidated financial statements.

### Provision for impairment of inventories

The Group had net inventories of RM31.1 million at 31 March 2020, which represented approximately 28.5% of the Group's total assets.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The management of the Group estimates the provision for inventories based upon a detailed analysis of ageing, specifications and design of inventories.

We focused on this area because of the significance of the balance and the estimation of the net realisable value of inventories involved a significant degree of management judgement.

Related disclosure is included in Notes 2 and 17 to the consolidated financial statements.

Our procedures, among others, included:

- (a) obtaining an understanding of and enquiring of the management on the bases of classification and allocation for the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and
- (b) checking samples of items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the nature of the items and checking whether these items have been correctly classified and allocated according to the bases determined by the management.

Our procedures, among others, included:

- (a) obtaining and understanding the procedures and controls in relation to the assessment by the management on the identification and write down of slow-moving and obsolete inventories;
- (b) testing, on sample basis, the accuracy of inventory ageing;
- (c) performing analysis on inventory ageing report as at the year end and movement data during the year and subsequent to the year end to identify slow-moving inventories;



# INDEPENDENT JOINT AUDITORS' REPORT



## Key audit matter

## How our audit addressed the key audit matter

- (d) comparing, on a sample basis, the carrying amount of inventory items against its selling price during the year and subsequent to the year end to identify inventories with net realisable value lower than its carrying amount;
- (e) evaluating management's basis for inventory provision calculation and discussing with management on the latest market trend and the Group's future sales plans; and
- (f) testing the mathematical accuracy of the inventory provision calculation.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our joint auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

# INDEPENDENT JOINT AUDITORS' REPORT

## JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT JOINT AUDITORS' REPORT



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Mazars CPA Limited**

*Certified Public Accountants, Hong Kong*  
42nd Floor, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

30 June 2020

The engagement director of Mazars CPA Limited on the audit jointly resulting in this independent joint auditors' report is:

## **She Shing Pang**

Practising Certificate number: P05510

## **Grant Thornton Malaysia PLT**

*Chartered Accountants, Malaysia*  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

30 June 2020

The engagement partner of Grant Thornton Malaysia PLT on the audit jointly resulting in this independent joint auditors' report is:

## **Lui Lee Ping**

License number: 03334/11/2021(J)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020

	Note	2020 RM'000	2019 RM'000
Revenue	5	147,126	133,615
Cost of sales		(49,817)	(49,655)
<b>Gross profit</b>		<b>97,309</b>	83,960
Other income	6	1,920	1,872
Selling and distribution costs		(56,943)	(46,800)
Administrative expenses		(10,509)	(8,474)
(Provision for) Reversal of impairment loss on trade receivables, net	36	(244)	38
Finance costs	7	(986)	(1,098)
Listing expenses		(9,765)	—
<b>Profit before tax</b>	7	<b>20,782</b>	29,498
Income tax expense	10	(6,955)	(6,747)
<b>Profit for the year</b>		<b>13,827</b>	22,751
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on combination/consolidation		(165)	—
<b>Total comprehensive income for the year</b>		<b>13,662</b>	22,751
<b>Profit for the year attributable to:</b>			
Owners of the Company		10,900	20,641
Non-controlling interests		2,927	2,110
		<b>13,827</b>	22,751
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		10,735	20,641
Non-controlling interests		2,927	2,110
		<b>13,662</b>	22,751
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted	11	2.91 sen	5.50 sen

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Investment properties	14	1,325	2,784
Right-of-use assets	15	17,608	17,489
Plant and equipment	16	9,336	8,058
Deferred tax assets	27	475	326
		<b>28,744</b>	28,657
<b>Current assets</b>			
Inventories	17	31,055	23,514
Trade and other receivables	18	9,923	8,080
Fixed deposits with licensed banks	19	3,940	2,533
Bank balances and cash	20	34,087	34,149
		<b>79,005</b>	68,276
Assets classified as held for sale	21	1,394	2,309
		<b>80,399</b>	70,585
<b>Current liabilities</b>			
Trade and other payables	22	24,878	17,074
Interest-bearing borrowings	23	65	2,076
Lease liabilities	24	10,977	10,634
Amounts due to the Controlling Shareholders	25	—	1,930
Tax payable		559	1,191
		<b>36,479</b>	32,905
<b>Net current assets</b>		<b>43,920</b>	37,680
<b>Total assets less current liabilities</b>		<b>72,664</b>	66,337
<b>Non-current liabilities</b>			
Interest-bearing borrowings	23	1,306	1,369
Lease liabilities	24	6,783	7,041
Provisions	26	972	885
		<b>9,061</b>	9,295
<b>NET ASSETS</b>		<b>63,603</b>	57,042

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 RM'000	2019 RM'000
<b>Capital and reserves</b>			
Share capital	28	—*	—
Reserves		56,684	51,910
<hr/>			
Equity attributable to owners of the Company		56,684	51,910
Non-controlling interests	31	6,919	5,132
<hr/>			
<b>TOTAL EQUITY</b>		<b>63,603</b>	57,042

\* Represent amount less than RM1,000

These consolidated financial statements on pages 50 to 127 were approved and authorised for issue by the Board of Directors on 30 June 2020 and signed on its behalf by

**Dato' Ng Kwang Hua**  
*Director*

**Dato' Ng Chin Kee**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Attributable to owners of the Company						Non-controlling interests RM'000 (Note 31)	Total equity RM'000
	Reserves					Total RM'000		
	Share capital RM'000 (Note 28)	Capital reserve RM'000 (Note 30(a))	Exchange reserve RM'000 (Note 30(b))	Other reserve RM'000 (Note 30(c))	Accumulated profits RM'000			
At 1 April 2018	—	(6,251)	—	(315)	50,787	44,221	3,808	48,029
Profit and total comprehensive income for the year	—	—	—	—	20,641	20,641	2,110	22,751
<b>Transactions with owners:</b>								
<i>Contributions and distributions</i>								
Dividends (Note 12)	—	—	—	—	(10,880)	(10,880)	(1,789)	(12,669)
Arising from group restructuring (Note)	—	(2,051)	—	—	—	(2,051)	—	(2,051)
	—	(2,051)	—	—	(10,880)	(12,931)	(1,789)	(14,720)
<i>Changes in ownership interests</i>								
Non-controlling interests arising from acquisition of subsidiaries (Note 33)	—	—	—	—	—	—	982	982
Changes in ownership interests in subsidiaries that do not result in a loss of control (Note 32)	—	—	—	(21)	—	(21)	21	—
	—	—	—	(21)	—	(21)	1,003	982
<b>Total transactions with owners</b>	—	(2,051)	—	(21)	(10,880)	(12,952)	(786)	(13,738)
At 31 March 2019	—	(8,302)	—	(336)	60,548	51,910	5,132	57,042

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Attributable to owners of the Company							Non-controlling interests RM'000 (Note 31)	Total equity RM'000
	Reserves					Total RM'000			
	Share capital RM'000 (Note 28)	Capital reserve RM'000 (Note 30(a))	Exchange reserve RM'000 (Note 30(b))	Other reserve RM'000 (Note 30(c))	Accumulated profits RM'000				
At 1 April 2019	—	(8,302)	—	(336)	60,548	51,910	5,132	57,042	
Profit for the year	—	—	—	—	10,900	10,900	2,927	13,827	
<b>Other comprehensive loss</b> <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences on combination/consolidation	—	—	(165)	—	—	(165)	—	(165)	
<b>Total comprehensive income for the year</b>	—	—	(165)	—	10,900	10,735	2,927	13,662	
<b>Transactions with owners:</b> <i>Contributions and distributions</i>									
Issue of shares	—*	—	—	—	—	—*	—	—*	
Dividends (Note 12)	—	—	—	—	(7,600)	(7,600)	(1,126)	(8,726)	
Capital contribution made by the Controlling Shareholders	—	1,644	—	—	—	1,644	—	1,644	
	—*	1,644	—	—	(7,600)	(5,956)	(1,126)	(7,082)	
<i>Changes in ownership interests</i> Changes in ownership interests in subsidiaries that do not result in a loss of control (Note 32)	—	—	—	(5)	—	(5)	(14)	(19)	
<b>Total transactions with owners</b>	—*	1,644	—	(5)	(7,600)	(5,961)	(1,140)	(7,101)	
<b>At 31 March 2020</b>	—*	(6,658)	(165)	(341)	63,848	56,684	6,919	63,603	

\* Represent amounts less than RM1,000

Note: During the year ended 31 March 2019, the Group has undergone a series of group restructuring (the "2019 Restructuring") to acquire the equity interest of certain entities now comprising the Group from the Controlling Shareholders (as defined in Note 1) at aggregate consideration of approximately RM2,051,000. For the purpose of these consolidated financial statements, those entities have been combined in accordance with the merger accounting principles as set out in Note 2 and therefore, the considerations paid for the aforesaid group restructuring were accounted for as a reduction of the capital reserve in equity.



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2020

	Note	2020 RM'000	2019 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		20,782	29,498
Adjustments for:			
Bank interest income		(124)	(198)
Depreciation of plant and equipment		2,857	2,204
Depreciation of investment properties		65	111
Depreciation of right-of-use assets		13,064	12,905
Finance costs		986	1,098
Gain on disposal of plant and equipment, net		(22)	(183)
Gain on disposal of assets classified as held for sale		(291)	(13)
Gain on disposal of right-of-use assets		(80)	(268)
Loss on termination of leases		2	—
Provision for (Reversal of) impairment loss of trade receivables, net		244	(38)
Reversal of provisions for restoration costs		(32)	—
Write down of inventories		126	—
Write-off of plant and equipment		112	34
<b>Operating cash inflows before movements in working capital</b>		<b>37,689</b>	45,150
Changes in working capital:			
Inventories		(7,667)	1,864
Trade and other receivables		(2,040)	2,746
Trade and other payables		7,550	(7,859)
Provisions		119	198
<b>Cash generated from operations</b>		<b>35,651</b>	42,099
Income tax paid		(7,736)	(6,067)
<b>Net cash from operating activities</b>		<b>27,915</b>	36,032
<b>INVESTING ACTIVITIES</b>			
Interest received		124	198
(Increase) Decrease in fixed deposits with licensed banks		(1,407)	5,588
Purchase of plant and equipment		(4,481)	(2,638)
Proceeds from disposal of assets classified as held for sale		2,600	755
Proceeds from disposal of an investment property		—	1,633
Proceeds from disposal of plant and equipment		707	196
Proceeds from disposal of right-of-use assets		95	810
Acquisition of subsidiaries, net of cash acquired	33	—	(24)
<b>Net cash (used in) from investing activities</b>		<b>(2,362)</b>	6,518

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2020

	Note	2020 RM'000	2019 RM'000
<b>FINANCING ACTIVITIES</b>			
Repayment of interest-bearing borrowings		(2,074)	(1,869)
Repayment of lease liabilities		(14,467)	(14,529)
Interest paid		(85)	(230)
Repayment to the Controlling Shareholders		(1,930)	(2,649)
Capital contribution made by the Controlling Shareholders		1,644	—
Payment for acquisition of non-controlling interests	32	(19)	—*
Equity transaction arising from group restructuring		—	(2,051)
Dividends paid	12	(8,726)	(12,669)
Issue of shares		—*	—
<b>Net cash used in financing activities</b>		<b>(25,657)</b>	(33,997)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(104)</b>	8,553
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>34,149</b>	25,596
Effect on exchange rate changes		42	—
<b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b>	20	<b>34,087</b>	34,149

\* Represent amounts less than RM1,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

MOG Holdings Limited (the “Company”, together with its subsidiaries are collectively referred to as the “Group”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were first listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 April 2020 (the “Listing”). The ultimate controlling parties of the Group are Dato’ Ng Kwang Hua, Dato’ Ng Chin Kee and Datin Low Lay Choo (collectively referred to as the “Controlling Shareholders”), who act in concert and hold equity interests in the Company indirectly through Alliance Vision Limited (wholly owned by Dato’ Ng Kwang Hua), a limited liability company incorporated in the British Virgin Islands (the “BVI”), Sky Pleasure Limited (wholly owned by Dato’ Ng Chin Kee), a limited liability company incorporated in the BVI and Delightful Fortune Limited (wholly owned by Datin Low Lay Choo), a limited liability company incorporated in the BVI, respectively. The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong and the Group’s headquarters is situated at No. 1–2, 2nd Floor, Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang Selangor, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in sales of optical products and franchise and license management.

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

Immediately prior to and after the Reorganisation (and the 2019 Restructuring), the Company and its subsidiaries now comprising the Group except for acquisition of subsidiaries as detailed in Note 33 are ultimately controlled by the Controlling Shareholders.

The Reorganisation (and the 2019 Restructuring) 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 (and the 2019 Restructuring) is considered to be a restructuring of entities and business combination under common control.

Accordingly, for the purpose of the consolidated financial statements, except for the acquisition of subsidiaries as detailed in Note 33 for which acquisition method of accounting was adopted in accordance with the accounting policy as set out in paragraph headed “Basis of consolidation/combinations — acquisition method of accounting” below, the consolidated financial statements have been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed “Basis of consolidation/combinations — Merger accounting for common control combinations” below, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the reporting period or since the dates when they first came under common control of the Controlling Shareholders, where applicable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES

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

A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

### Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis.

### Basis of consolidation/combinations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

#### (a) Acquisition method of accounting

The acquisition method of accounting involves allocating cost of the business combination to the identifiable assets acquired, and liabilities and contingent liabilities incurred or assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date where appropriate.

Acquisition-related costs are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Basis of consolidation/combinations (Continued)

#### (a) Acquisition method of accounting (Continued)

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

#### (b) Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholders.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Basis of consolidation/combinations (Continued)

#### (b) Merger accounting for common control combinations (Continued)

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Shareholders' perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Controlling Shareholders' interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation (and the 2019 Restructuring), are recognised directly in equity as part of the capital reserve. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or, since the date when the combining entities or businesses first came under the common control, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Plant and equipment (Continued)

Depreciation is provided to write off the cost less accumulated impairment losses of plant and equipment over their estimated useful lives at the annual rate as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Computers and software	20%–40%
Furniture, fixtures and office equipment	10%–20%
Optical equipment	10%–20%
Motor vehicles	10%–20%
Leasehold improvements	10%–20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

### Investment properties

Investment properties are leasehold land and buildings held to earn rentals and/or for capital appreciation and include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation on leasehold land and buildings is calculated using the straight-line method to write off the cost less accumulated impairment losses of investment properties over their estimated useful lives at the annual rate as set out below:

Leasehold land and buildings	50 years or over the lease term, as appropriate
Shoplots	2%

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

### Non-current asset held for sale

Non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current asset classified as held for sale is measured at the lower of its previous carrying amount and fair value less cost to sell.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments

#### Financial assets

##### Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

##### Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

##### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Financial assets measured at amortised cost (Continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks, and bank balances and cash.

#### Financial liabilities

##### Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

##### Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings, lease liabilities and amounts due to the Controlling Shareholders. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

##### Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

##### Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) industry of debtors
- (iv) geographical location of debtors
- (v) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

##### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the financial instrument which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (i) significant financial difficulty of the issuer or the borrower;
- (ii) a breach of contract, such as a default or past due event;
- (iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Revenue recognition

#### Revenue from contracts with customers

The Group adopts a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

#### Nature of goods or services

The nature of the goods or services provided by the Group are sales of optical products and franchise and license management.

#### Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

#### Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

##### Timing of revenue recognition (Continued)

- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sales of optical products are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Franchise fee income is recognised over the time of the respective franchise agreements.

Royalty fee income is recognised at a point in time when the right to receive payment is established.

#### Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group .

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

#### Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

##### Performance obligation: warranties

Sales-related warranties associated with optical products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for the warranties in accordance with IAS 37.

##### Rental income

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease term.

##### Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

### Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For sales of optical products, it is common for the Group to receive from the customers the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

The Group receives payments from the customers which are largely in line with the timing of revenue recognition and no significant contract assets are recognised.

### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RM and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is Hong Kong dollar ("HK\$").

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Foreign currency translation (Continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's investment properties, plant and equipment, right-of-use assets and the Company's investment in subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

### Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the period in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### Leases

#### As lessee

Right-of-use assets and corresponding lease liability are recognised with respect to all lease arrangements except for short-term leases and leases of low-value assets. For these leases, lease payment are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### As lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

#### Right-of-use assets

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses which comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs and an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated over the shorter period of lease term and expected useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the expected useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

#### Lease liabilities

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### As lessee (Continued)

##### Lease liabilities (Continued)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

#### As lessor – operating leases

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### Employee benefits

#### Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

#### Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

### Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Related parties

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Segment reporting

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.

### Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follows:

**(i) Useful lives of investment properties, plant and equipment and right-of-use assets**

The management of the Group determines the estimated useful lives of the Group's investment properties, plant and equipment and right-of-use assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

**(ii) Impairment of investment properties, plant and equipment and rights-of-use assets**

The management of the Group determines whether the Group's investment properties, plant and equipment and rights-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of investment properties, the plant and equipment and rights-of-use assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from investment properties, plant and equipment and rights-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Critical accounting estimates and judgements (Continued)

#### (iii) Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowance at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

#### (iv) Loss allowance for ECL

The management of the Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

#### (v) Recognition of expenses for the initial listing

The management of the Group determines the allocation and classification of relevant costs incurred for Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

#### (vi) Determination on lease terms of contracts with renewal options

The management of the Group determines the lease term for lease contracts in which it is a lease that includes renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### (vii) Provisions for restoration costs

As explained in Note 26, the Group makes provision for restoration costs based on the best estimate of the expected costs to be incurred upon expiry of the respective rental agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 3. FUTURE CHANGES IN IFRSs

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

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

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

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

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>7</sup> The effective date to be determined

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

## 4. SEGMENT INFORMATION

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

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

- (1) Sales of optical products.
- (2) Franchise and license management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2.

Segment revenue represents revenue derived from sales of optical products and franchise and license management.

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

The segment information provided to the CODM of the Group for the reportable segments for the years ended 31 March 2020 and 2019 is as follows:

#### Year ended 31 March 2020

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

Year ended 31 March 2019

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 4. 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 31 March 2020

	Sales of optical products RM'000	Franchise and license management RM'000	Unallocated RM'000	Total RM'000
<b>Assets</b>				
Reportable segment assets	104,602	1,347	3,194	109,143
<b>Liabilities</b>				
Reportable segment liabilities	(43,451)	(159)	(1,930)	(45,540)
<b>Other segment information:</b>				
Depreciation of plant and equipment	2,856	1	—	2,857
Depreciation of right-of-use assets	13,064	—	—	13,064
Depreciation of investment properties	—	—	65	65
Gain on disposal of plant and equipment	(22)	—	—	(22)
Gain on disposal of assets classified as held for sale	—	—	(291)	(291)
Gain on disposal of right-of-use assets	(80)	—	—	(80)
Loss on termination of leases, net	2	—	—	2
Provision for impairment loss of trade receivables, net	244	—	—	244
Reversal of provisions for restoration costs	(32)	—	—	(32)
Write down of inventories	126	—	—	126
Write-off of plant and equipment	112	—	—	112
Additions to right-of-use assets	14,064	—	—	14,064
Additions to plant and equipment	4,481	—	—	4,481

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 4. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

At 31 March 2019

	Sales of optical products RM'000	Franchise and license management RM'000	Unallocated RM'000	Total RM'000
<b>Assets</b>				
Reportable segment assets	92,664	1,159	5,419	99,242
<b>Liabilities</b>				
Reportable segment liabilities	(35,534)	(100)	(6,566)	(42,200)
<b>Other segment information:</b>				
Depreciation of plant and equipment	2,203	1	—	2,204
Depreciation of right-of-use assets	12,870	35	—	12,905
Depreciation of investment properties	—	—	111	111
Gain on disposal of plant and equipment	(183)	—	—	(183)
Gain on disposal of assets classified as held for sale	—	—	(13)	(13)
Gain on disposal of right-of-use assets	(268)	—	—	(268)
Reversal of impairment loss of trade receivables, net	(38)	—	—	(38)
Write-off of plant and equipment	34	—	—	34
Additions to right-of-use assets	16,246	—	—	16,246
Additions to plant and equipment	3,224	—	—	3,224

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 4. SEGMENT INFORMATION (Continued)

### Geographical information

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

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

### Information about major customers

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 5. REVENUE

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 6. OTHER INCOME

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 RM'000	2019 RM'000
<b>Finance costs</b>		
Interest on interest-bearing borrowings	85	230
Finance charges on lease liabilities	901	868
	<b>986</b>	1,098
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	33,879	28,071
Contributions to defined contribution plans	2,696	2,211
	<b>36,575</b>	30,282
<b>Other items</b>		
Auditors' remuneration	1,128	593
Cost of inventories	49,817	49,655
Depreciation of investment properties	65	111
Depreciation of plant and equipment	2,857	2,204
Depreciation of right-of-use assets	13,064	12,905
Direct operating expenses arising from investment properties that:		
— generated rental income	9	9
— did not generate rental income	—	2
Exchange gain, net	(140)	(140)
Gain on disposal of plant and equipment, net	(22)	(183)
Loss on termination of leases, net (included in "Selling and distribution costs")	2	—
Other rental and related expenses	5,517	3,464
Provision for (Reversal of) impairment loss of trade receivables, net	244	(38)
Write down of inventories (included in "Administrative expenses")	126	—
Write-off of plant and equipment	112	34

## 8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 4 June 2019. Dato' Ng Kwang Hua, Dato' Ng Chin Kee and Datin Low Lay Choo were appointed as directors of the Company on 4 June 2019 and were re-designated as executive directors of the Company on 3 September 2019, and Dato' Ng Kwang Hua and Datin Low Lay Choo were appointed as the chairman and chief executive officer of the Company, respectively, on 3 September 2019. Mr. Ng Kuan Hua, Mr. Ng Chee Hoong and Ms. Jiao Jie were appointed as independent non-executive directors of the Company on 23 March 2020.

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 31 March 2020 and 2019 for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company are set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 8. DIRECTORS' REMUNERATION (Continued)

Year ended 31 March 2020

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive directors</i>					
Dato' Ng Kwang Hua	—	652	104	95	851
Dato' Ng Chin Kee	—	467	75	65	607
Datin Low Lay Choo	—	304	49	40	393
<i>Independent non-executive directors</i>					
Mr. Ng Kuan Hua	—	—	—	—	—
Mr. Ng Chee Hoong	—	—	—	—	—
Ms. Jiao Jie	—	—	—	—	—
	—	1,423	228	200	1,851

Year ended 31 March 2019

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive directors</i>					
Dato' Ng Kwang Hua	—	528	54	78	660
Dato' Ng Chin Kee	—	389	39	54	482
Datin Low Lay Choo	—	295	53	48	396
<i>Independent non-executive directors</i>					
Mr. Ng Kuan Hua	—	—	—	—	—
Mr. Ng Chee Hoong	—	—	—	—	—
Ms. Jiao Jie	—	—	—	—	—
	—	1,212	146	180	1,538

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 March 2020 and 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 March 2020 and 2019 is as follows:

	Number of individuals	
	2020	2019
Director	3	3
Non-director	2	2
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2020	2019
	RM'000	RM'000
Salaries, allowances and other benefits in kind	561	493
Discretionary bonus	51	49
Contributions to defined contribution plans	30	48
	642	590

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals	
	2020	2019
Nil to HK\$1,000,000	2	2

During the years ended 31 March 2020 and 2019, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 March 2020 and 2019.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 10. INCOME TAX EXPENSE

	2020 RM'000	2019 RM'000
<b>Current tax</b>		
Malaysia corporate income tax	7,104	6,786
<b>Deferred tax</b> (Note 27)		
Changes in temporary differences	(149)	(39)
Total income tax expense for the year	6,955	6,747

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 March 2020 and 2019.

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

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

For the year ended 31 March 2020, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

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

### Reconciliation of income tax expense

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 11. EARNINGS PER SHARE

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

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

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 28) had occurred on 1 April 2018.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 March 2020 and 2019.

## 12. DIVIDENDS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation
			2020	2019	
<b>Directly held</b>					
MOG (BVI) Limited	The BVI, 14 June 2019	United States dollar ("USD") 1	100%	100%	Investment holding/The BVI
<b>Indirectly held</b>					
App New Success Eyewear Sdn. Bhd. ("App New Success Eyewear")	Malaysia, 22 February 2017	RM100	80%	80%	Wholesaler and retailer of optical and other related products/ Malaysia
Bens Eyewear Sdn. Bhd.	Malaysia, 10 March 2015	RM100	51%	51%	Wholesaler and retailer of optical products/ Malaysia
Caxia Eyewear Sdn. Bhd.	Malaysia, 30 September 2015	RM100	70%	70%	Wholesaler and retailer of optical products/ Malaysia
Dr Optic Sdn. Bhd.	Malaysia, 20 February 2017	RM1,000	55%	55%	Retail sale of optical goods/Malaysia
DS Optique Sdn. Bhd.	Malaysia, 5 May 2017	RM100	51%	51%	Wholesaler and retailer of optical products/ Malaysia
E Zone Eyewear Sdn. Bhd. ("E Zone Eyewear")	Malaysia, 15 October 2015	RM100	70%	70%	Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia
Evershine Eyewear Sdn. Bhd.	Malaysia, 3 April 2014	RM100	71%	71%	Business of optometrists and dealers of all kinds of optical apparatus and related accessories/Malaysia
Evershine Optical Sdn. Bhd.	Malaysia, 4 October 2016	RM100	60%	60%	Wholesaler and retailers of optical products/ Malaysia
Exon Eyewear (R&F) Sdn. Bhd. ("Exon Eyewear (R&F)")	Malaysia, 29 October 2018	RM100	51%	51%	Retail sale of spectacles and other optical goods/Malaysia
Exon Eyewear Sdn. Bhd.	Malaysia, 26 September 2017	RM100	60%	60%	Retail sale of spectacles and other optical goods/Malaysia

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation	
			2020	2019		
<b>Indirectly held</b>						
Exon Optical House Sdn. Bhd. ("Exon Optical House")	Malaysia, 15 October 2015	RM100	<b>60%</b>	60%	Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia	
Exotika Icon Sdn. Bhd.	Malaysia, 6 November 2004	RM100	<b>100%</b>	100%	Retail sale of spectacles and other optical goods/Malaysia	
Eyes Founder Sdn. Bhd.	Malaysia, 2 September 2011	RM100	<b>51%</b>	51%	Wholesaler and retailer of optical products/ Malaysia	
Eye Saver Sdn. Bhd.	Malaysia, 29 June 2018	RM100	<b>100%</b>	100%	Retail sale of spectacles and other optical goods/Malaysia	
Fabulous Project Management Sdn. Bhd.	Malaysia, 21 May 2012	RM100,000	<b>51%</b>	51%	Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia	
Harvest Eyewear Sdn. Bhd.	Malaysia, 12 August 2016	RM100	<b>80%</b>	80%	Wholesaler and retailer of optical products/ Malaysia	
Intelligent Spec Saver Sdn. Bhd. ("Intelligent Spec Saver")	Malaysia, 6 September 2011	RM100	<b>40%</b>	40%	Optometrists and dealers of all kind of optical apparatus and related accessories/ Malaysia	Note 1
Lux Optical Sdn. Bhd. ("Lux Optical")	Malaysia, 20 August 2013	RM100	<b>95%</b>	83%	Wholesaler and retailer of optical products/ Malaysia	
Luxshine Eyewear Sdn. Bhd.	Malaysia, 27 October 2016	RM100	<b>80%</b>	80%	Wholesalers and retailers of optical products/ Malaysia	
M Optic Project & Event Sdn. Bhd.	Malaysia, 10 March 2008	RM200	<b>100%</b>	100%	Professional event management and marketing services provider/Malaysia	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation
			2020	2019	
<b>Indirectly held</b>					
M Optical Sdn. Bhd.	Malaysia, 29 January 2002	RM50,000	<b>80%</b>	80%	Trading in spectacle frames, lens and related eye care products/Malaysia
Metro (SPY) Sdn. Bhd.	Malaysia, 13 June 2011	RM100	<b>90%</b>	90%	Trading in spectacles frames, lens and related eye care products/Malaysia
Metro Designer Eyewear Sdn. Bhd. ("Metro Designer Eyewear")	Malaysia, 23 June 1997	RM100,000	<b>80%</b>	80%	Retail of optical products and property investment holding/ Malaysia
Metro Eyewear Holdings Sdn. Bhd.	Malaysia, 28 March 1998	RM2,000,000	<b>100%</b>	100%	Wholesaler and retailer in optical products/ Malaysia
Metro RWG Sdn. Bhd.	Malaysia, 25 March 2010	RM100	<b>60%</b>	60%	Business of trading and dealing in spectacle frames, sunglasses and eye care chemicals/Malaysia
Mido Eyewear Sdn. Bhd. ("Mido Eyewear")	Malaysia, 30 January 2013	RM100	<b>100%</b>	100%	Retail sale of spectacles and other optical goods/Malaysia
Modern Pride Sdn. Bhd. ("Modern Pride")	Malaysia, 22 March 2010	RM100,000	<b>60%</b>	60%	Wholesaler and retailer in optical products/ Malaysia
MOG (QBM) Sdn. Bhd.	Malaysia, 23 August 2011	RM100	<b>70%</b>	70%	Wholesaler and retailer of optical products/ Malaysia
MOG (TPU) Sdn. Bhd. ("MOG TPU")	Malaysia, 3 August 2011	RM100	<b>80%</b>	80%	Wholesaler and retailer of optical product/ Malaysia
MOG Eyecity Sdn. Bhd.	Malaysia, 21 November 2017	RM100	<b>100%</b>	100%	Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation
			2020	2019	
<b>Indirectly held</b>					
MOG Eyewear Sdn. Bhd.	Malaysia, 19 January 2005	RM100,000	<b>100%</b>	100%	Retail sales of spectacles and other optical goods/Malaysia
MOG Eyewear (Kempas) Sdn. Bhd. ("MOG Eyewear (Kempas)")	Malaysia, 13 April 2017	RM100	<b>60%</b>	80%	Dealer and retailer of optical products/ Malaysia
MOG Eyewear Boutique Sdn. Bhd. ("MOG Eyewear Boutique")	Malaysia, 12 October 2007	RM50,000	<b>70%</b>	70%	Business of trading and dealing in spectacle frames, sunglasses and eye care chemicals/Malaysia
MOG Eyewear Distribution Sdn. Bhd.	Malaysia, 5 January 2010	RM100	<b>100%</b>	100%	Retail sale of spectacles and other optical goods/Malaysia
MOG Eyewear Holdings (M) Sdn. Bhd.	Malaysia, 4 October 2001	RM100,000	<b>100%</b>	100%	Trading in spectacle frames, lenses and related eyes care products/Malaysia
MOG (Hong Kong) Limited	Hong Kong, 15 June 2018	HK\$100	<b>100%</b>	100%	Investment holding/ Hong Kong
MOG Management Sdn. Bhd.	Malaysia, 6 October 2008	RM100,000	<b>100%</b>	100%	Acquire and hold franchises dealing in optical products/ Malaysia
MOG Optometry (HK) Sdn. Bhd.	Malaysia, 21 April 2003	RM100,000	<b>100%</b>	100%	Wholesaler and retailer in optical products/ Malaysia
MOG Optometry Sdn. Bhd.	Malaysia, 19 May 2006	RM100	<b>100%</b>	100%	Wholesaler and retailer in optical products/ Malaysia
New Success (Ekocheras) Sdn. Bhd. ("New Success (Ekocheras)")	Malaysia, 9 August 2018	RM100	<b>51%</b>	51%	Retail sale of spectacles and other optical goods/Malaysia

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation	
			2020	2019		
<b>Indirectly held</b>						
New Success Distribution Sdn. Bhd. ("New Success Distribution")	Malaysia, 17 October 2014	RM2	50%	50%	Distributor and wholesaler of all kinds of optical products and related accessories/Malaysia	Note 2
New Success Eyewear Sdn. Bhd. ("New Success Eyewear")	Malaysia, 10 October 2014	RM100	52%	52%	Retailer of optical products and related accessories/Malaysia	
Optical Arts Sdn. Bhd.	Malaysia, 7 May 2008	RM100,000	100%	100%	Wholesaler and retailer in optical products/ Malaysia	
Prestige Eyewear Sdn. Bhd.	Malaysia, 7 September 2017	RM100	80%	80%	Retail sale of spectacles and other optical goods/Malaysia	
Pro Optic Sdn. Bhd. ("Pro Optic")	Malaysia, 9 September 2011	RM100	50%	50%	Wholesaler and retailer of optical products/ Malaysia	Note 3
Real Eyes Sdn. Bhd.	Malaysia, 9 July 2010	RM180,000	100%	100%	Wholesaler and retailer in optical products/ Malaysia	
Right View Optic Sdn. Bhd.	Malaysia, 14 March 2017	RM100	51%	51%	Dealer and retailer of spectacles and other optical products/ Malaysia	
Smart Vision House Sdn. Bhd.	Malaysia, 30 September 2014	RM100	100%	100%	Retailer of optical products and related accessories/Malaysia	
Spec Trend Sdn. Bhd.	Malaysia, 10 November 2016	RM100	60%	60%	Wholesaler and retailer of optical products/ Malaysia	
Specs Gallery Sdn. Bhd. ("Specs Gallery")	Malaysia, 27 December 2017	RM100	60%	60%	Retailer of optical products and related accessories/Malaysia	
Specs Saver Sdn. Bhd.	Malaysia, 20 March 2019	RM100	100%	100%	Retail sale of spectacles and other optical goods/Malaysia	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 13. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company		Principal activities/ place of operation
			2020	2019	
<b>Indirectly held</b>					
Success Optic Sdn. Bhd.	Malaysia, 3 August 2010	RM100	51%	51%	Wholesaler and retailer of optical products/ Malaysia
Unique Eyewear Sdn. Bhd.	Malaysia, 3 November 2016	RM100	100%	100%	Trading and dealing in spectacle frames, sunglasses and eye care chemicals/ Malaysia
Victory Eyewear Sdn. Bhd.	Malaysia, 4 November 2016	RM100	100%	100%	Retail sale of spectacles and other optical goods/ Malaysia
Vivo Vision Sdn. Bhd.	Malaysia, 26 August 2016	RM100	60%	60%	Dealer and retailers of optical products/ Malaysia

Notes:

- Notwithstanding the Group held only 40% equity interest in Intelligent Spec Saver, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of Intelligent Spec Saver and other key management personnel of Intelligent Spec Saver and to control Intelligent Spec Saver's operation by making all significant strategic financial and operating decisions of Intelligent Spec Saver of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), Intelligent Spec Saver is being treated as a non-wholly owned subsidiary of the Group and 60% equity interest owned by other shareholders of Intelligent Spec Saver is being treated as "non-controlling interests".
- Notwithstanding the Group held only 50% equity interest in New Success Distribution, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of New Success Distribution and other key management personnel of New Success Distribution and to control New Success Distribution's operation by making all significant strategic financial and operating decisions of New Success Distribution of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), New Success Distribution is being treated as a non-wholly owned subsidiary of the Group and 50% equity interest owned by another shareholder of New Success Distribution is being treated as "non-controlling interests".
- Notwithstanding the Group held only 50% equity interest in Pro Optic, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of Pro Optic and other key management personnel of Pro Optic and to control Pro Optic's operation by making all significant strategic financial and operating decisions of Pro Optic of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), Pro Optic is being treated as a non-wholly owned subsidiary of the Group and 50% equity interest owned by other shareholders of Pro Optic is being treated as "non-controlling interests".
- During the year ended 31 March 2020, 164,444, 740,000, 740,000 ordinary shares of Metro Eyewear Holdings Sdn. Bhd. were allotted and issued to Datin Low Lay Choo, Dato' Ng Chin Kee, Dato' Ng Kwang Hua at a consideration of RM164,444, RM740,000, and RM740,000 respectively, and credited as fully paid.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 14. INVESTMENT PROPERTIES

	2020 RM'000	2019 RM'000
<b>Reconciliation of carrying amounts</b>		
At the beginning of the reporting period	2,784	6,837
Disposals	—	(1,633)
Depreciation	(65)	(111)
Reclassified as assets classified as held for sale (Note 21)	(1,394)	(2,309)
<b>At the end of the reporting period</b>	<b>1,325</b>	2,784
Cost	2,070	3,842
Accumulated depreciation	(745)	(1,058)
<b>At the end of the reporting period</b>	<b>1,325</b>	2,784
<b>Fair values</b>	<b>2,100</b>	4,370

The investment properties consist of several pieces of leasehold land and buildings in Malaysia with indefinite useful lives and expected useful lives of 50 years, respectively.

The fair values of investment properties are under Level 3 of the three-level fair value hierarchy as defined under IFRS 13. At the end of each reporting period, the fair value of investment properties were valued by an independent professional qualified valuer, who has relevant experience in the location and category of the Group's investment properties being valued, on an open market basis by comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. Recent sale price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the investment properties. The most significant input into this valuation approach is the price per square feet.

The fair value measurement was based on the highest and best use of the investment properties, which did not differ from their existing use.

The Group's investment properties with a total carrying amount of approximately RM1,325,000 at 31 March 2020 (2019: RM2,784,000) were pledged to secure banking facilities granted to the Group (Note 23).

During the year ended 31 March 2019, an investment property that was held for generating rental income was disposed of to Dato' Ng Chin Kee and Dato' Ng Kwang Hua at a consideration approximated to its carrying amount of approximately RM1,633,000.

The details of the lease income from operating leases are set out in Note 6 to the consolidated financial statements.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks by ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 15. RIGHT-OF-USE ASSETS

	Shoplots RM'000	Motor vehicles RM'000	Furniture, fixtures and office equipment RM'000	Leasehold improvements RM'000	Total RM'000
Reconciliation of carrying amounts — year ended 31 March 2019					
At 1 April 2018	12,893	1,328	249	220	14,690
Additions	15,495	477	—	154	16,126
Acquisition of subsidiaries (Note 33)	40	—	73	7	120
Disposals	—	(542)	—	—	(542)
Depreciation	(12,206)	(362)	(113)	(224)	(12,905)
At 31 March 2019	16,222	901	209	157	17,489
<b>Reconciliation of carrying amounts — year ended 31 March 2020</b>					
At 1 April 2019	<b>16,222</b>	<b>901</b>	<b>209</b>	<b>157</b>	<b>17,489</b>
Additions	<b>13,401</b>	<b>544</b>	<b>—</b>	<b>119</b>	<b>14,064</b>
Disposals	<b>—</b>	<b>(15)</b>	<b>—</b>	<b>—</b>	<b>(15)</b>
Termination of leases	<b>(404)</b>	<b>—</b>	<b>—</b>	<b>(11)</b>	<b>(415)</b>
Transfer to plant and equipment	<b>—</b>	<b>(350)</b>	<b>(88)</b>	<b>(13)</b>	<b>(451)</b>
Depreciation	<b>(12,548)</b>	<b>(222)</b>	<b>(121)</b>	<b>(173)</b>	<b>(13,064)</b>
<b>At 31 March 2020</b>	<b>16,671</b>	<b>858</b>	<b>—</b>	<b>79</b>	<b>17,608</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 15. RIGHT-OF-USE ASSETS (Continued)

	Shoplots	Motor vehicles	Furniture, fixtures and office equipment	Leasehold improvements	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2019					
Cost	32,934	2,141	684	947	36,706
Accumulated depreciation	(16,712)	(1,240)	(475)	(790)	(19,217)
	16,222	901	209	157	17,489
<b>At 31 March 2020</b>					
Cost	<b>33,014</b>	<b>1,021</b>	—	<b>972</b>	<b>35,007</b>
Accumulated depreciation	<b>(16,343)</b>	<b>(163)</b>	—	<b>(893)</b>	<b>(17,399)</b>
	<b>16,671</b>	<b>858</b>	—	<b>79</b>	<b>17,608</b>

The Group leases several assets including shoplots, motor vehicles, furniture, fixtures and office equipment and leasehold improvements. The leases in respect of shoplots typically run for an initial period of 1 to 3 years (2019: 15 months to 3 years) and the lease term of the remaining right-of-use assets are ranging from 4 to 5 years (2019: 3 to 9 years).

Certain leases in respect of shoplots and motor vehicles which were entered into by the Group are secured by personal guarantees provided by the Controlling Shareholders and minority interests of certain relevant subsidiaries. Such guarantees were released and replaced by a corporate guarantee to be given by the Company before the Listing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 16. PLANT AND EQUIPMENT

	Computers and software RM'000	Furniture, fixtures and office equipment RM'000	Optical equipment RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Total RM'000
Reconciliation of carrying amounts — year ended 31 March 2019						
At 1 April 2018	240	3,432	2,686	134	593	7,085
Additions	122	1,684	698	—	134	2,638
Acquisition of subsidiaries (Note 33)	14	291	237	—	44	586
Disposals	—	(4)	(9)	—	—	(13)
Written off	(1)	(15)	(18)	—	—	(34)
Depreciation	(143)	(1,128)	(715)	(31)	(187)	(2,204)
At 31 March 2019	232	4,260	2,879	103	584	8,058
<b>Reconciliation of carrying amounts — year ended 31 March 2020</b>						
At 1 April 2019	232	4,260	2,879	103	584	8,058
Additions	698	1,630	1,922	—	231	4,481
Transfer from right-of-use assets	—	88	—	350	13	451
Disposals	(15)	(264)	(387)	—	(19)	(685)
Written off	(1)	(59)	(1)	—	(51)	(112)
Depreciation	(164)	(1,483)	(920)	(37)	(253)	(2,857)
<b>At 31 March 2020</b>	<b>750</b>	<b>4,172</b>	<b>3,493</b>	<b>416</b>	<b>505</b>	<b>9,336</b>
At 31 March 2019						
Cost	971	10,413	6,968	385	1,968	20,705
Accumulated depreciation	(739)	(6,153)	(4,089)	(282)	(1,384)	(12,647)
At 31 March 2019	232	4,260	2,879	103	584	8,058
<b>At 31 March 2020</b>						
Cost	1,653	12,072	8,134	966	2,170	24,995
Accumulated depreciation	(903)	(7,900)	(4,641)	(550)	(1,665)	(15,659)
At 31 March 2020	750	4,172	3,493	416	505	9,336

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 17. INVENTORIES

	2020 RM'000	2019 RM'000
Merchandise	31,181	23,514
Less: Provision for inventories	(126)	—
	<b>31,055</b>	23,514

- (a) During the year ended 31 March 2020, there was a decrease in the net realisable value of certain merchandise (2019: Nil) due to obsolescence and diminishing marketability as a result of changes in the market condition. Therefore, a write-down of approximately RM126,000 (2019: Nil) has been recognised in profit or loss.

## 18. TRADE AND OTHER RECEIVABLES

	Note	2020 RM'000	2019 RM'000
<b>Trade receivables</b>			
From related parties	18(a)	49	—
From third parties		699	196
		<b>748</b>	196
Less: Loss allowances	36	(244)	—
	18(b)	<b>504</b>	196
<b>Other receivables</b>			
Prepayments (Note)		2,186	853
Refundable rental and other related deposits		6,417	6,173
Other receivables		642	527
Goods and Services Tax recoverable		171	331
Amounts due from related companies	18(c)	3	—
		<b>9,419</b>	7,884
	18(d)	<b>9,923</b>	8,080

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 18. TRADE AND OTHER RECEIVABLES (Continued)

### (a) Trade receivables from related parties

	2020 RM'000	2019 RM'000
MOG Bangkok Co. Limited ("MOG Bangkok") (Note)	35	—
MOG Holdings Co. Limited ("MOG Thailand") (Note)	14	—
	<b>49</b>	—

Note: Dato' Ng Kwang Hua has significant influence over these companies.

The trade receivables from related parties are unsecured, interest-free and with credit period up to 30 days.

### (b) Trade receivables

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 18. TRADE AND OTHER RECEIVABLES (Continued)

### (c) Amounts due from related companies

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. The Group does not hold any collateral over these balances.

Details of the amounts due from related parties are as follows:

Name of related party	Year ended 31 March 2020		
	Greatest outstanding amount during the year RM'000	Balance at 31 March 2020 RM'000	Balance at 1 April 2019 RM'000
Exclusive Prestige Sdn. Bhd. ("Exclusive Prestige") (Note (iii))	12	2	—
Horizon Dig Sdn. Bhd ("Horizon") (Note (ii))	18	1	—
		3	—

Name of related party	Year ended 31 March 2019		
	Greatest outstanding amount during the year RM'000	Balance at 31 March 2019 RM'000	Balance at 1 April 2018 RM'000
App New Success Eyewear (Note (i))	1	—	1
Exclusive Prestige	1	—	1
E Zone Eyewear (Note (i))	1	—	1
Mido Eyewear (Note (i))	22	—	22
MOG Bangkok	170	—	170
New Success Eyewear (Note (i))	9	—	9
Oppa Eyewear Co. Limited (Note (ii))	49	—	49
		—	253

Notes:

- (i) Dato' Ng Chin Kee has significant influence over these companies until they were acquired by the Group (Note 33).
- (ii) Dato' Ng Kwang Hua has significant influence over these companies.
- (iii) The company is controlled by Datin Low Lay Choo.

- (d) Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is set out in Note 36.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 19. FIXED DEPOSITS WITH LICENSED BANKS

	2020 RM'000	2019 RM'000
Fixed deposits — pledged	1,300	—
Fixed deposits — non-pledged	2,640	2,533
	<b>3,940</b>	2,533

The carrying amounts of fixed deposits with licensed banks are denominated in the following currencies:

	2020 RM'000	2019 RM'000
RM	2,977	1,628
HK\$	239	221
Singapore dollar ("SGD")	229	226
USD	495	458
	<b>3,940</b>	2,533

As at 31 March 2020, fixed deposits with licensed banks of RM1,300,000 (2019: Nil) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 31 March 2020.

The fixed deposits with licensed banks generally have maturity periods over three months but less than one year and bearing annual interest rates ranging from 0.95% to 4.1% (2019: 0.1% to 3.1%) for the year ended 31 March 2020.

## 20. BANK BALANCES AND CASH

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in the following currencies:

	2020 RM'000	2019 RM'000
RM	31,189	31,739
USD	2,206	2,410
HK\$	692	—
	<b>34,087</b>	34,149



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 21. ASSETS CLASSIFIED AS HELD FOR SALE

	2020 RM'000	2019 RM'000
Investment properties (Note 14)	1,394	2,309

At 31 March 2020 and 2019, 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.

The properties included under assets classified as held for sale with carrying amount of approximately RM1,394,000 (2019: RM2,309,000) were pledged to secure banking facilities granted to the Group (Note 23).

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

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

## 22. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
<b>Trade payables to third parties</b>		<b>11,277</b>	8,507
<b>Other payables</b>			
Contract liabilities	22(a)	721	738
Salaries and allowances payable		2,241	2,173
Accrued charges and other payables (Note)		8,072	3,049
Amounts due to minority interests of subsidiaries	22(b)	2,567	2,607
		<b>13,601</b>	8,567
		<b>24,878</b>	17,074

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 22. TRADE AND OTHER PAYABLES (Continued)

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

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

### (a) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the years ended 31 March 2020 and 2019 are as follows:

	<b>2020</b> <b>RM'000</b>	2019 RM'000
At the beginning of the reporting period	<b>738</b>	482
Receipt of advanced payments	<b>721</b>	738
Recognised as revenue	<b>(738)</b>	(482)
At the end of the reporting period	<b>721</b>	738

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

### (b) Amounts due to minority interests of subsidiaries

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 23. INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	<b>2020</b> <b>RM'000</b>	2019 RM'000
Interest-bearing borrowings — secured	<b>1,371</b>	3,445

At 31 March 2020, the secured bank borrowings carried weighted average effective interest rate of approximately 4.88% (2019: 4.55%) per annum.

At the end of each reporting period, details of the maturity of interest-bearing borrowings of the Group are as follows:

	<b>2020</b> <b>RM'000</b>	2019 RM'000
Carrying amounts of the above borrowings are repayable (Note):		
Within one year	<b>65</b>	114
More than one year, but not exceeding two years	<b>67</b>	119
More than two years, but not exceeding five years	<b>216</b>	391
Over five years	<b>1,023</b>	2,821
	<b>1,371</b>	3,445
Less: amounts shown under current liabilities	<b>(65)</b>	(2,076)
Amounts shown under non-current liabilities	<b>1,306</b>	1,369

Note: Certain bank and other borrowings contain an unconditional right of repayment on demand clause and therefore, they are shown under current liabilities. The amounts due are based on scheduled repayment dates set out in the loan agreements ignoring the effect of repayment on demand clause.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 23. INTEREST-BEARING BORROWINGS (Continued)

The bank overdrafts and interest-bearing borrowings are secured by:

- (i) guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;
- (ii) investment properties with aggregate net carrying amount of approximately RM1,325,000 (2019: RM2,784,000) at 31 March 2020 as set out in Note 14; and
- (iii) assets classified as held for sale with carrying amount of approximately RM1,394,000 (2019: RM2,309,000) at 31 March 2020 as set out in Note 21.

All the banking facilities are subject to the continuous fulfilment of certain covenants, which are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 31 March 2020 and 2019, none of the covenants relating to drawn down facilities had been breached.

In addition, certain of the relevant borrowing entities' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the relevant borrowing entities have complied with the covenants and met the scheduled repayment obligations. The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 36.

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

## 24. LEASE LIABILITIES

	<b>2020</b> <b>RM'000</b>	2019 RM'000
Analysed for reporting purposes:		
Current liabilities	<b>10,977</b>	10,634
Non-current liabilities	<b>6,783</b>	7,041
	<b>17,760</b>	17,675

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 24. LEASE LIABILITIES (Continued)

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.

Certain leases impose a restriction that the right-of-use assets can only be used by the Group. For leases over shopplots, 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 7) for the year ended 31 March 2020 was approximately RM19,984,000 (2019: approximately RM17,993,000).

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts payable:				
Within one year	11,551	11,044	10,977	10,634
More than one year, but not exceeding two years	5,210	5,929	5,024	5,561
More than two years, but not exceeding five years	1,798	1,552	1,759	1,480
	18,559	18,525	17,760	17,675
Future finance charges	(799)	(850)		
Present value of lease liabilities	17,760	17,675		
Less: Amounts due for settlement within 12 months			(10,977)	(10,634)
Amounts due for settlement after 12 months			6,783	7,041

At 31 March 2020, the weighted average effective interest rate for the lease liabilities of the Group was 4.79% (2019: 4.79%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 25. AMOUNTS DUE TO THE CONTROLLING SHAREHOLDERS

	2020 RM'000	2019 RM'000
Dato' Ng Kwang Hua	—	1,594
Dato' Ng Chin Kee	—	236
Datin Low Lay Choo	—	100
	—	1,930

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

## 26. PROVISIONS

The movements of provisions were as follows:

	2020 RM'000	2019 RM'000
Provisions for restoration costs:		
At the beginning of the reporting period	885	687
Additional provisions	119	198
Amount reversed upon termination of leases	(32)	—
<b>At the end of the reporting period</b>	<b>972</b>	885

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to return its leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for reinstatement costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical reinstatement costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 27. DEFERRED TAXATION

The deferred tax assets and liabilities are made up of the following:

	<b>2020</b> <b>RM'000</b>	2019 RM'000
At the beginning of the reporting period	<b>326</b>	287
Credit to profit or loss	<b>149</b>	39
<b>At the end of the reporting period</b>	<b>475</b>	326

The movements in the Group's deferred tax assets (liabilities) for the reporting period were as follows:

	<b>Accrued revenue and costs</b> RM'000	<b>Capital Allowance</b> RM'000	<b>Accelerated tax depreciation</b> RM'000	<b>Total</b> RM'000
At 1 April 2018	518	66	(297)	287
Income tax credit (expense)	136	(19)	(78)	39
<b>At 31 March 2019</b>	654	47	(375)	326
Income tax credit (expense)	<b>136</b>	<b>(46)</b>	<b>59</b>	<b>149</b>
<b>At 30 March 2020</b>	<b>790</b>	<b>1</b>	<b>(316)</b>	<b>475</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 28. SHARE CAPITAL

	Note	Number of shares	HK\$	Equivalent to RM'000
Ordinary share of HK\$0.01 each				
<b>Authorised:</b>				
At 4 June 2019 (date of incorporation)	28(a)	38,000,000	380,000	213
Increase	28(b)	1,962,000,000	19,620,000	10,981
<b>At 31 March 2020</b>		<b>2,000,000,000</b>	<b>20,000,000</b>	<b>11,194</b>
<b>Issued and fully paid:</b>				
At 4 June 2019 (date of incorporation)	28(a)	1	0.01	—*
Issuance of shares under to the Reorganisation	28(a)	99	0.99	—*
<b>At 31 March 2020</b>		<b>100</b>	<b>1.00</b>	<b>—*</b>

\* Represent amounts less than RM1,000.

- (a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. Upon its incorporation, the authorised share capital of HK\$380,000 was divided into 38,000,000 ordinary shares at HK\$0.01 each and 1 ordinary share of HK\$0.01 was issued to and paid up by Alliance Vision Limited. On the same date, the Company allotted and issued 44 ordinary shares, 45 ordinary shares and 10 ordinary shares of HK\$0.01 each credited as fully paid to Alliance Vision Limited, Sky Pleasure Limited and Delightful Fortune Limited, respectively.
- (b) On 23 March 2020, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each, ranking pari passu.
- (c) Pursuant to the resolutions in writing of the Company's shareholders passed on 23 March 2020, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the directors of the Company were authorised to allot and issue a total of 374,999,900 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$3,749,999 standing to be credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 15 April 2020.
- (d) On 15 April 2020, the shares of the Company were listed on the Main Board of the Stock Exchange and 125,000,000 shares of HK\$0.01 each were issued at HK\$1 each by way of global offering. The gross proceeds from the global offering amounted to HK\$125,000,000.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movement in its reserves is set out below:

	Note	2020 RM'000
<b>Non-current assets</b>		
Investment in subsidiaries		—*
<b>Current assets</b>		
Cash and bank balances		—*
<b>Current liabilities</b>		
Accruals		(559)
<b>Net current liabilities</b>		(559)
<b>NET LIABILITIES</b>		(559)
<b>Capital and reserves</b>		
Share capital	28	—*
Reserves	30(d)	(559)
<b>TOTAL DEFICIT</b>		(559)

\* Represent amounts less than RM1,000.

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 30 June 2020 and signed on its behalf by

**Dato' Ng Kwang Hua**  
Director

**Dato' Ng Chin Kee**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 30. RESERVES

### (a) Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any), after adjusting the issued/paid-up capital held by those attributable to the non-controlling interests prior to the Reorganisation (and the 2019 Restructuring).

### (b) Exchange reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for combinations/consolidation.

### (c) Other reserve

The other reserve comprises the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received arising from the changes in ownership interests in subsidiaries that do not result in a loss of control.

### (d) Movement of reserves of the Company

	Exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 4 June 2019 (date of incorporation)	—	—	—
Loss for the period	—	(532)	(532)
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation to presentation currency	(27)	—	(27)
<b>At 31 March 2020</b>	<b>(27)</b>	<b>(532)</b>	<b>(559)</b>

During the year ended 31 March 2020, certain corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 31. NON-CONTROLLING INTERESTS

The following table shows the information relating to non-wholly owned subsidiaries that has material non-controlling interests ("NCI") during the years ended 31 March 2020 and 2019. The summarised financial information represents amounts before inter-company eliminations.

	MOG Eyewear Boutique	Pro Optic	Modern Pride	Metro Designer Eyewear	Exon Optical House	New Success Eyewear Group (as defined in Note 33)
<b>At 31 March 2020</b>						
Proportion of NCI's ownership interests	30%	50%	40%	20%	40%	48%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	1,927	841	1,315	1,331	3,652	3,255
Non-current assets	289	140	49	1,142	1,178	1,764
Current liabilities	(379)	(252)	(145)	(524)	(1,879)	(2,099)
Non-current liabilities	—	—	—	(514)	(294)	(572)
Net assets	1,837	729	1,219	1,435	2,657	2,348
Carrying amount of NCI	551	365	488	287	1,062	951
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Year ended 31 March 2020</b>						
Revenue	4,363	2,666	2,476	3,882	9,888	7,705
Other income	20	8	10	37	15	226
Expenses	(3,788)	(2,334)	(2,109)	(3,788)	(8,373)	(7,098)
Profit and total comprehensive income	595	340	377	131	1,530	833
Total comprehensive income attributable to NCI	179	170	151	26	612	400
Dividends paid to NCI	—	200	—	—	240	290
Net cash flows from (used in):						
Operating activities	924	437	434	488	1,785	1,350
Investing activities	(36)	(20)	(17)	(162)	(46)	(71)
Financing activities	(332)	(607)	(78)	(349)	(736)	(1,661)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 31. NON-CONTROLLING INTERESTS (Continued)

	MOG Eyewear Boutique	Pro Optic	Modern Pride	Metro Designer Eyewear	Exon Optical House	New Success Eyewear Group (as defined in Note 33)
At 31 March 2019						
Proportion of NCI's ownership interests	30%	50%	40%	20%	40%	48%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	1,353	945	964	1,316	2,425	3,357
Non-current assets	583	325	122	908	655	2,137
Current liabilities	(488)	(390)	(225)	(426)	(1,353)	(2,682)
Non-current liabilities	(206)	(91)	(19)	(494)	—	(765)
Net assets	1,242	789	842	1,304	1,727	2,047
Carrying amount of NCI	372	395	337	261	690	1,079
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 March 2019 (or since acquisition)						
Revenue	3,721	2,367	2,667	3,880	9,211	4,866
Other income	24	89	16	9	23	227
Expenses	(3,223)	(2,180)	(2,254)	(3,371)	(7,490)	(4,785)
Profit and total comprehensive income	522	276	429	518	1,744	308
Total comprehensive income attributable to NCI	156	138	172	104	697	180
Dividends paid to NCI	120	—	160	116	800	183
Net cash flows from (used in):						
Operating activities	791	513	452	906	1,605	2,437
Investing activities	(422)	82	1	(12)	(436)	(280)
Financing activities	(339)	(276)	(457)	(841)	(2,017)	(1,491)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 32. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

	2020 RM'000	2019 RM'000
Net consideration	(19)	—
Acquisition of additional interests in subsidiaries	8	(21)
Disposal of interests in subsidiaries without loss of control	6	—
Difference recognised in equity	(5)	(21)

### (a) Acquisition of additional interests in subsidiaries

On 28 January 2019, the Group acquired additional 20% of the equity interests in MOG Eyewear (Kempas) for a cash consideration of RM20. The Group now holds 80% of the equity interests. The carrying amount of the non-controlling interests in MOG Eyewear (Kempas)'s net liabilities on the date of acquisition was RM21,457. The Group derecognised non-controlling interests of RM21,457 and recognised directly in equity attributable to owners of the Company (i.e. other reserve) of RM21,477 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

On 27 June 2019, the Group acquired additional 12% of the equity interests in Lux Optical for a cash consideration of RM19,200. The Group now holds 95% of the equity interests. The carrying amount of the non-controlling interests in Lux Optical's net assets on the date of acquisition was RM8,402. The Group derecognised non-controlling interests of RM8,402 and recognised directly in equity attributable to owners of the Company (i.e. other reserve) of RM10,798 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

### (b) Disposal of interests in subsidiaries without loss of control

On 4 April 2019, the Group disposed of 20% of the equity interests out of the 80% interest held in MOG Eyewear (Kempas) at a consideration of RM20. The carrying amount of the 20% interests in MOG Eyewear (Kempas)'s net liabilities on the date of disposal was RM5,836. This resulted in an decrease in non-controlling interests of RM5,836 and an increase in equity attributable to owners of the Company of RM5,856.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 33. ACQUISITION OF SUBSIDIARIES

On 15 August 2018, the Group acquired 52% equity interest in New Success Eyewear, which principally engaged in retailing of optical products and related accessories in Malaysia. New Success Eyewear is the holding company of App New Success Eyewear, E Zone Eyewear and New Success (Ekocheras) (collectively, the “New Success Eyewear Group”).

On 21 March 2019, the Group acquired 100% equity interest in Mido Eyewear, which principally engaged in the business of retail sale of spectacles and other optical products in Malaysia.

On 27 March 2019, the Group acquired 60% equity interest in Specs Gallery, which principally engaged in the business of retailer of optical products and related accessories in Malaysia.

On 28 March 2019, the Group acquired 51% equity interest in Exon Eyewear (R&F), which principally engaged in the business of retail sale of spectacles and other optical products in Malaysia.

The Group has selected to measure the non-controlling interest at its proportionate interest in the identifiable assets and liabilities of the acquirees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 33. ACQUISITION OF SUBSIDIARIES (Continued)

The following summarises the consideration paid and the assets acquired and liabilities assumed, as well as the amount of non-controlling interest at the date of acquisition:

	<b>New Success Eyewear Group</b> RM'000	<b>Mido Eyewear</b> RM'000	<b>Specs Gallery</b> RM'000	<b>Exon Eyewear (R&amp;F)</b> RM'000	<b>Total</b> RM'000
<b>Recognised amounts of the identifiable assets acquired and liabilities assumed:</b>					
Plant and equipment	338	23	127	98	586
Right-of-use assets	80	40	—	—	120
Inventories	859	124	92	521	1,596
Trade and other receivables	1,369	109	—	26	1,504
Bank balances and cash	971	55	—	42	1,068
Trade and other payables	(1,543)	(351)	(219)	(687)	(2,800)
<b>Total identifiable net assets</b>	<b>2,074</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,074</b>
<b>Non-controlling interests</b>	<b>(982)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(982)</b>
<b>Total consideration</b>	<b>1,092</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,092</b>
<b>Net cash flow on acquisition of subsidiary</b>					
Net cash acquired from the subsidiary	971	55	—	42	1,068
Consideration paid	(1,092)	—*	—*	—*	(1,092)
	(121)	55	—	42	(24)

\* Represent amounts less than RM1,000.

Since acquisition, the acquired businesses have contributed revenue and net profit of approximately RM4,866,000 and RM308,000 to the Group respectively. If the business combinations effected during the year ended 31 March 2019 had been taken place at 1 April 2018, the revenue and net profit of the Group for the year ended 31 March 2019 would be increased by approximately RM8,326,000 and RM1,006,000, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 34. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2020 and 2019, 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	2020 RM'000	2019 RM'000
App New Success Eyewear	Book-keeping fee income	—	10
	Management fee income	—	10
	Sales of optical products	—	74
E Zone Eyewear	Book-keeping fee income	—	16
	Management fee income	—	10
	Sales of optical products	—	67
New Success Eyewear	Book-keeping fee income	—	30
	Management fee income	—	32
	Sales of optical products	—	440
Mido Eyewear	Book-keeping fee income	—	24
	Purchase of plant and equipment	—	3
Exclusive Prestige	Book-keeping fee income	12	14
MOG Bangkok	Royalty fee	35	—
Oppa Eyewear	Sales of optical products	—	40
Horizon	Book-keeping fee income	18	9
MOG Thailand	Royalty fee	14	—
Dato' Ng Kwang Hua and Dato' Ng Chin Kee	Rental expenses	36	36

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

	2020 RM'000	2019 RM'000
Salaries, discretionary bonus, allowances and other benefits in kind	2,539	2,107
Contributions to defined contribution plan	267	232
	2,806	2,339

Further details of the directors' remuneration are set out in Note 8.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 35. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

During the year ended 31 March 2020, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RM14,064,000 (2019: approximately RM16,126,000).

### (b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 March 2020 and 2019 in the Group's liabilities arising from financing activities are as follows:

	At 1 April 2019 RM'000	Net cash flows RM'000	Non-cash changes			At 31 March 2020 RM'000
			Non-cash settlement RM'000	Additions RM'000	Interest expenses RM'000	
<b>Year ended 31 March 2020</b>						
Interest-bearing borrowings	3,445	(2,074)	—	—	—	1,371
Leases liabilities	17,675	(14,467)	(413)	14,064	901	17,760
Amounts due to the Controlling Shareholders	1,930	(1,930)	—	—	—	—
<b>Total liabilities from financing activities</b>	<b>23,050</b>	<b>(18,471)</b>	<b>(413)</b>	<b>14,064</b>	<b>901</b>	<b>19,131</b>

	At 1 April 2018 RM'000	Net cash flows RM'000	Non-cash changes			At 31 March 2019 RM'000
			Non-cash settlement RM'000	Additions RM'000	Interest expenses RM'000	
<b>Year ended 31 March 2019</b>						
Interest-bearing borrowings	5,314	(1,869)	—	—	—	3,445
Leases liabilities	15,210	(14,529)	—	16,126	868	17,675
Amounts due to the Controlling Shareholders	4,579	(2,649)	—	—	—	1,930
<b>Total liabilities from financing activities</b>	<b>25,103</b>	<b>(19,047)</b>	<b>—</b>	<b>16,126</b>	<b>868</b>	<b>23,050</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, interest-bearing borrowings, lease liabilities and amounts due to the Controlling Shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings with floating interest rates of approximately RM1,371,000 (2019: approximately RM3,445,000) at 31 March 2020. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of the reporting period.

At the end of the reporting period, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM14,000 (2019: approximately RM34,000) for the year ended 31 March 2020.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the year ended 31 March 2020 and had been applied to the exposure to interest rate risk for the closing balance of interest-bearing borrowings in existence at the end of the reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

In addition, the Group's financial liabilities measured at amortised cost are considered not to expose to fair value interest rate risk at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Foreign currency risk

The Group's transactions are mainly denominated in RM.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities (i.e. RM) and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
HK\$	931	221	475	194
Renminbi	—	—	83	103
USD	2,701	2,868	76	18
SGD	229	226	62	—

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of RM had changed against the above foreign currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2020		2019	
	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000
HK\$	10% (10%)	46 (46)	10% (10%)	3 (3)
Renminbi	10% (10%)	(8) 8	10% (10%)	(10) 10
USD	10% (10%)	263 (263)	10% (10%)	285 (285)
SGD	10% (10%)	17 (17)	10% (10%)	23 (23)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Foreign currency risk (Continued)

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 March 2020 and 2019.

### Credit risk

The carrying amount of financial assets recognised on the consolidated financial statements, which is net of loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

	2020 RM'000	2019 RM'000
Trade and other receivables	7,566	6,896
Fixed deposits with licensed banks	3,940	2,533
Bank balances and cash	34,087	34,149
	<b>45,593</b>	43,578

### Trade receivables from third parties

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 March 2020, the Group had a concentration of credit risk as approximately 36% (2019: 63%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 79% (2019: 92%) of the total trade receivables was due from the Group's five largest trade debtors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### Trade receivables from third parties (Continued)

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2020 and 2019.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 March 2020 and 2019 is summarised as follows:

#### At 31 March 2020

*Group of trade receivables: Risk of non-payment*

Past due	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000
>90 days	100%	244	(244)	—

The group of trade receivables with risk of late-payment has gross carrying amount of approximately RM455,000 for which the estimated credit losses are insignificant.

#### At 31 March 2019

*Group of trade receivables: Risk of non-payment*

Past due	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000
>90 days	100%	—	—	—

The group of trade receivables with risk of late-payment has gross carrying amount of approximately RM196,000, for which the estimated credit losses are insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### Trade receivables from third parties (Continued)

The Group does not hold any collateral over trade receivables at 31 March 2020 and 2019.

At 31 March 2020, the Group recognised the loss allowance of approximately RM244,000 (2019: Nil) on the trade receivables. The movement in the loss allowance for trade receivables during the years ended 31 March 2020 and 2019 is summarised below.

	2020 RM'000	2019 RM'000
Balance at the beginning of the reporting period	—	38
Increase in allowance	244	—
Reversal of allowance upon collection	—	(38)
Balance at the end of the reporting period	244	—

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance during the year:

- (i) origination of new trade receivables; and
- (ii) change in past due trade receivables.

#### Other receivables and amounts due from related companies

The management of the Group considers that the other receivables and amounts due from related companies have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and amounts due from related companies is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2020 and 2019.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	<b>Total carrying amount</b> RM'000	<b>Total contractual undiscounted cash flow</b> RM'000	<b>On demand or less than 1 year</b> RM'000	<b>1 to 2 years</b> RM'000	<b>2 to 5 years</b> RM'000	<b>Over 5 years</b> RM'000
<b>At 31 March 2020</b>						
Trade and other payables	24,157	24,157	24,157	—	—	—
Interest-bearing borrowings (Note)	1,371	1,838	118	117	351	1,252
Lease liabilities	17,760	18,559	11,551	5,210	1,798	—
	<b>43,288</b>	<b>44,554</b>	<b>35,826</b>	<b>5,327</b>	<b>2,149</b>	<b>1,252</b>
<b>At 31 March 2019</b>						
Trade and other payables	16,336	16,336	16,336	—	—	—
Interest-bearing borrowings (Note)	3,445	4,073	2,142	123	369	1,439
Lease liabilities	17,675	18,525	11,044	5,929	1,552	—
Amounts due to the Controlling Shareholders	1,930	1,930	1,930	—	—	—
	<b>39,386</b>	<b>40,864</b>	<b>31,452</b>	<b>6,052</b>	<b>1,921</b>	<b>1,439</b>

Note: The amounts repayable under certain bank loan agreements that include a clause that gives the bank an unconditional right to call the borrowings at any time are classified under the category of "on demand or less than 1 year". However, the management of the Group does not expect that the banks would exercise such rights to demand the repayment and thus these borrowings, which include the related interest, would be repaid according to the below schedule as set out in the bank loan agreements:

	<b>2020</b> RM'000	2019 RM'000
On demand or less than 1 year	118	264
1-2 years	117	264
2-5 years	351	792
Over 5 years	1,252	3,847
	<b>1,838</b>	<b>5,167</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 37. FAIR VALUE MEASUREMENTS

All financial assets and liabilities are carried at amounts not materially different from their fair values at the end of each reporting period.

Information about the Group's fair values of investment properties under Level 3 of the three-level fair value hierarchy as defined under IFRS 13 is set out in Note 14.

## 38. COMMITMENTS

### 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:

	2020 RM'000	2019 RM'000
Within one year	93	265
Between one and two years	—	65
	93	330

## 39. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners of the Company. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners of the Company or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 2019.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

## 40. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 March 2020, save as disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent event:

The outbreak of COVID-19 since the end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. On 16 March 2020, the Malaysian Government announced a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020 until 31 March 2020. The MCO was further extended to 3 May 2020. Subsequently, the Government implemented a conditional MCO on 4 May 2020 up to 9 June 2020 allowing certain business sectors to resume operations, including the optical retail industry. The Malaysian Government then implemented a recovery MCO from 10 June 2020 to 31 August 2020, with fewer restrictions on daily activities, such as interstate travel.

The COVID-19 did not have material impact on the Group's consolidated financial statements for the year ended 31 March 2020, but the management of the Group estimates that the MCO will have adverse impact to the revenue of the Group for the first half of the following financial year. As the outbreak is expected to remain uncertainty in foreseeable future, the management of the Group will continue to monitor the development of COVID-19 closely and is in the process of assessing the future financial impact of COVID-19 since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of approving these consolidated financial statements.

# FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for the years ended 31 March 2019 and 2020 is extracted from the consolidated financial statements in this annual report while such for the years ended 31 March 2017 and 2018 is extracted from the Prospectus.

## RESULTS

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
REVENUE	101,911	115,462	133,615	<b>147,126</b>
Profit before tax	15,171	20,255	29,498	<b>20,782</b>
Income tax expense	(3,681)	(4,638)	(6,747)	<b>(6,955)</b>
Profit for the year	11,490	15,617	22,751	<b>13,827</b>
Profit for the year attributable to:				
Owners of the Company	10,405	13,186	20,641	<b>10,900</b>
Non-controlling interest	1,085	2,431	2,110	<b>2,927</b>
	11,490	15,617	22,751	<b>13,827</b>
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
ASSETS AND LIABILITIES				
Total assets	91,416	96,261	99,242	<b>109,143</b>
Total liabilities	53,182	48,232	42,200	<b>45,540</b>
	38,234	48,029	57,042	<b>63,603</b>
Equity attributable to:				
Owners of the Company	35,464	44,221	51,910	<b>56,684</b>
Non-controlling interest	2,770	3,808	5,132	<b>6,919</b>
	38,234	48,029	57,042	<b>63,603</b>



**MOG**  
EYEWEAR  
METRO OPTICAL GROUP



LENS:ME



QODDA



EYEZONE



MOG EXPRESS



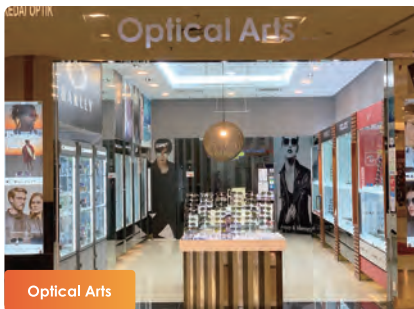
M-TREND



w watch out



Sunglass Art



Optical Arts

