



MOG

EYEWEAR
METRO OPTICAL GROUP

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

INTERIM REPORT

2020/2021



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



The background features a large, stylized orange arrow pointing downwards and to the right. The arrow is composed of several parallel lines, with the inner lines being white and the outer ones being orange. To the right of the arrow, there is a pair of orange-tinted sunglasses. The sunglasses have a thin frame and are positioned as if they are resting on a surface. The overall color scheme is warm and professional, using shades of orange and white.

CONTENTS

- 02 Corporate Information
- 04 Management Discussion and Analysis
- 11 Corporate Governance and Other Information
- 15 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 16 Condensed Consolidated Statement of Financial Position
- 18 Condensed Consolidated Statement of Changes in Equity
- 20 Condensed Consolidated Statement of Cash Flows
- 22 Notes to the Condensed Consolidated Financial Statements

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

AUTHORISED 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
Public Accountants, Malaysia
Level 11
Sheraton Imperial Court
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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

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Taman Kajang Indah
Sg Chua, 43000 Kajang
Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 13th Floor, Winsan Tower
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Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1942

WEBSITE

www.mog.com.my

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

PRINCIPAL BANKS

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 ADVISOR

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

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 six months financial period ended ("**FPE**") 30 September 2020 (the "**Reporting Period**"), the Group had 10 retail brands covering the high-end, mid-end and mass market segments of the Malaysian eyewear retail market and one retail brand which focuses on the sales of contact lenses.

As at 30 September 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.

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

COVID-19 PANDEMIC

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

Malaysia's border remains closed, including travels to and from Singapore with the exceptions of essential work, business and official travels. This has resulted in the decrease in sales in the Group's retail stores located in Johor Bahru which primarily targets tourists from Singapore. The Management is unsure as to how long it will take to resume cross-border travel between the two countries and how stringent the health checks and quarantine policies on both sides of the border will be.

MANAGEMENT DISCUSSION AND ANALYSIS

On 12 October 2020, the Malaysian Government had enforced the Conditional Movement Control Order (the “**CMCO**”) in Selangor, Kuala Lumpur and Putrajaya effective from 14 October 2020 to 27 October 2020 in view of the increasing cases of COVID-19 in these areas. Schools and higher learning institutions are closed temporarily during this period, and inter district travel is not allowed unless a letter is provided by employer for workplace travel. On 26 October 2020, the CMCO had been extended for another 14 days until 9 November 2020 after the Malaysian health authorities found that the risk of COVID-19 infection was not abated despite the CMCO in the previous 14 days. On 7 November 2020, the Malaysian Government announced that all states in Peninsular Malaysia except for Perlis, Pahang and Kelantan will be placed under the CMCO for four weeks from 9 November 2020 to 6 December 2020. On 20 November 2020, the Malaysian Government announced that the CMCO in four states, namely Kedah, Melaka, Johor and Terengganu will be lifted effective 21 November 2020, following a reduction in the number of COVID-19 cases. However, Kelantan has become the latest state to be placed under the CMCO, effective from 21 November 2020 until 6 December 2020, following an increase in the number of COVID-19 positive cases. Furthermore, on 5 December 2020, the Malaysian Government announced that Kuala Lumpur, Sabah and most of Selangor districts will remain under the CMCO until 20 December 2020. Other states (except for those districts within the states which will still be under the CMCO) will move on to the recovery MCO phase. Inter-state and inter district travel are allowed in all states. Although all of the Group’s retail stores are allowed to operate as usual, most of which are located in the states where the CMCO are implemented. The various restrictions of the CMCO are shorter operating hours for businesses, closure of entertainment and recreational outlets. The duration of the COVID-19 pandemic remains uncertain, but the Group will continue to closely monitor the market conditions and will make timely adjustments in its business strategies when necessary.

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

OUTLOOK AND FUTURE PROSPECTS

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RM27.0 million or 36.3% from approximately RM74.5 million for FPE 30 September 2019 to approximately RM47.5 million for FPE 30 September 2020. The decrease was mainly driven by the Group's Retailing Business (being the sales of optical products through the self-owned retail stores and online sales platform of the Group to retail customers) which decreased from approximately RM73.5 million for FPE 30 September 2019 to approximately RM46.9 million for FPE 30 September 2020, representing a decrease of approximately 36.2%. Such decrease in the Group's Retailing Business was primarily due to the decrease in the sales volume of various categories of the Group's optical products resulting from the impact of the COVID-19 pandemic. All of the Group's retail stores were closed from 18 March 2020 to 4 May 2020 during the implementation of MCO.

Other income

The Group's other income increased by approximately RM4.8 million or 511.7% from approximately RM0.9 million for FPE 30 September 2019 to approximately RM5.8 million for FPE 30 September 2020. Such increase was mainly contributed by the combined effects of the (i) rental rebate received from shopping malls; (ii) wage subsidy programme received from the Human Resource Ministry; and (iii) gain on disposal of investment property.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RM15.6 million or 33.0% from approximately RM47.3 million for FPE 30 September 2019 to approximately RM31.7 million for FPE 30 September 2020. Such decrease was mainly contributed by the decrease in the Group's revenue. The Group's gross profit margin increased from approximately 63.5% for FPE 30 September 2019 to approximately 66.8% for FPE 30 September 2020, primarily due to the higher proportion of sales contribution from lenses which has higher gross profit margin.

Selling and distribution costs

The Group's selling and distribution costs decreased by approximately RM4.4 million or 15.9% from approximately RM27.4 million for FPE 30 September 2019 to approximately RM23.0 million for FPE 30 September 2020, primarily attributable to the decrease in (i) staff costs of approximately RM3.1 million resulting from the decrease in sales commission, allowances to the sales and marketing staff; and (ii) other rental and related expenses for retail stores of approximately RM1.2 million.

Administrative expenses

The Group's administrative expenses increased by approximately RM0.4 million or 8.9% from approximately RM4.7 million for FPE 30 September 2019 to approximately RM5.1 million for FPE 30 September 2020, primarily due to the increase in (i) staff costs of approximately RM0.1 million; and (ii) legal and professional fees of approximately RM0.1 million.

Finance costs

The Group's finance costs decreased by approximately RM0.1 million or 13.9% from approximately RM0.5 million for FPE 30 September 2019 to approximately RM0.4 million for FPE 30 September 2020, primarily due to decrease in finance charges on lease liabilities as a result of lower interest rate for the lease liabilities.

Listing expenses

The listing expenses amounted to approximately RM1.4 million for FPE 30 September 2020 compared to RM4.3 million for FPE 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

The Group's income tax expense decreased by approximately RM1.5 million or 42.4% from approximately RM3.6 million for FPE 30 September 2019 to approximately RM2.1 million for FPE 30 September 2020. The effective tax rate for FPE 30 September 2020 was approximately 27.0% which was lower than the effective tax rate of approximately 31.4% for FPE 30 September 2019. Such decrease was mainly due to the higher listing expenses incurred during FPE 30 September 2019, which were not tax deductible.

Net profit and net profit margin

As a result of the foregoing, the Group's net profit decreased by approximately RM2.2 million or 28.9% from approximately RM7.8 million for FPE 30 September 2019 to approximately RM5.6 million for FPE 30 September 2020. The Group's net profit margin increased from approximately 10.5% for FPE 30 September 2019 to approximately 11.7% for FPE 30 September 2020. Such increase was mainly attributable to the one-off listing expenses incurred during FPE 30 September 2019 amounting to approximately RM4.3 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial resources

The Group generally finances its operations with internally generated funds and banking facilities. As at 30 September 2020, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RM66.7 million (31 March 2020: approximately RM34.1 million). As at 30 September 2020, approximately 69.4% (31 March 2020: 91.5%) was denominated in RM, approximately 3.2% (31 March 2020: approximately 6.5%) was denominated in United States dollar ("USD") and approximately 27.4% (31 March 2020: approximately 2%) was denominated in Hong Kong dollar ("HKD").

For FPE 30 September 2020, the Group generated net cash inflow from operating activities of approximately RM13.9 million (31 March 2020: approximately RM27.9 million). The Group was able to fulfill its repayment obligations when they became due.

Banking facilities and lease facilities

As at 30 September 2020, the Group had interest bearing borrowings of approximately RM1.3 million (31 March 2020: approximately RM1.4 million). The Group's interest bearing borrowings carried weighted average effective interest rates of approximately 4.88% (31 March 2020: approximately 4.88%) per annum. The carrying amounts of the bank borrowings were denominated in RM.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of 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 30 September 2020 was approximately RM17.9 million (31 March 2020: approximately RM17.8 million), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 4.25% (31 March 2020: 4.79%) per annum as at 30 September 2020.

Current ratio

The Group's current ratio increased from approximately 2.20 times as at 31 March 2020 to approximately 3.44 times as at 30 September 2020, mainly due to the increase in fixed deposits with licensed banks and bank balance and cash, as a result from the proceeds received from the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of assets

As at 30 September 2020, the Group's bank borrowings, all denominated in RM, were secured by:

- (i) corporate guarantee provided by the Company (31 March 2020: 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 (31 March 2020: approximately RM1.3 million) at 30 September 2020; and
- (iii) assets classified as held for sale with carrying amount of approximately RM nil (31 March 2020: approximately RM1.4 million).

As at 30 September 2020, fixed deposits with licensed banks of RM1.3 million (31 March 2020: Nil) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 30 September 2020.

Capital structure

As at 30 September 2020, the Group's total equity and liabilities amounted to approximately RM121.6 million and RM52.2 million respectively (31 March 2020: approximately RM63.6 million and RM45.5 million respectively).

Gearing ratio

The Group monitors its capital using gearing ratio, which is computed as total debt divided by total equity (where debts are defined to include payables (i) incurred not in the ordinary course of business; and (ii) are interest-bearing. The Group's total debts include bank overdrafts, interest-bearing borrowings and lease liabilities.) The Group's gearing ratio decreased from approximately 0.30 times as at 31 March 2020 to approximately 0.16 times as at 30 September 2020, primarily due to the continued increase in total equity as a result of accumulation of profit during FPE 30 September 2020 and the increase in share capital and share premium pursuant to the Listing.

Capital commitments

The Group did not have any material commitments as at 30 September 2020 (31 March 2020: Nil).

Contingent liabilities

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

Employees and remuneration policies

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For FPE 30 September 2020, the Group incurred staff costs of approximately RM14.1 million (30 September 2019: approximately RM17.0 million). The decrease in staff costs was mainly due to the lower number of employees employed and lower sales commission, allowances to the sales and marketing staff. As at 30 September 2020, the Group's total number of staff was 528 (30 September 2019: 544).

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign currency exposure

Save for certain bank balances were denominated in HKD 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 30 September 2020, the Group did not hold any significant investments (31 March 2020: Nil).

Material acquisitions or disposals

Save for the reorganisation of the Group in preparation for the Listing, the Group did not have any material acquisition or disposals of subsidiaries or associated companies for FPE 30 September 2020.

Significant Litigation

During the Reporting Period, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

RISK MANAGEMENT

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. There have been no significant changes in the Group's risk management policy since the end of last financial year.

DIVIDENDS

On 28 September 2020, the Board has announced that it has resolved the declaration and payment of a special dividend of HK\$0.025 per ordinary share of the Company, amounting to HK\$12,500,000 in total (the "**Special Dividend**"). The Special Dividend will be payable to the Shareholders whose names appear on the Company's register of members at the close of business on Monday, 19 October 2020 and is expected that the Special Dividend will be distributed on or about Friday, 27 November 2020.

Except for the Special Dividend, the Board did not recommend the payment for interim dividend for the six months ended 30 September 2020.

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 September 2020, the net proceeds had been utilised as follows:

| | Net proceeds from the global offering RM million | Amount Utilised (up to 30 September 2020) RM million | Amount Unutilised (up to 30 September 2020) RM million | Amount to be applied in the 6 months period ending 30 September 2020 disclosed in the Prospectus RM million | Expected time frame for utilisation (Note 3) |
|---|--|--|---|---|---|
| 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 | (0.3) | 4.4 | 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 | (1.4) | 2.9 | 2.1 | by 31 March 2022 |
| General working capital | 2.6 | (2.6) | — | 2.6 | by 30 September 2020 |
| Total | 50.3 | (4.3) | 46.0 | 13.0 | |

Notes:

- 1 The Group intends to set up 12 self-owned retail stores in the 12 months period ending 31 March 2021 by utilising approximately RM9.2 million. However, in view of the uncertainty heightened by the COVID-19 pandemic, there may be a potential delay in this regard, and the Management is unable to reliably estimate the time frame for the opening of these retail stores at this point in time.
- 2 The Group intends to develop the optical lab for the production of lenses in the 12 months period ending 31 March 2021 by utilising approximately RM5.5 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.
- 3 The expected time frame for utilisation is determined based on the Group's estimate of future market conditions at this point in time, but the Management is unable to provide a reliable estimation, and is subject to change depending on the market conditions and market developments.

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the period from 15 April 2020 (the “**Listing Date**”) to 30 September 2020, applied and complied with the principles in the code of corporate governance practices (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the period from the Listing Date to 30 September 2020.

AUDIT COMMITTEE

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

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

The Audit Committee, together with the management of the Group, have reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2020.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section COVID-19 Pandemic in Management Discussion and Analysis, there were no significant events after the Reporting Period up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors have confirmed their responsibility for preparing the financial statements of the Company. The financial information set out in this report is unaudited.

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

As at 30 September 2020, the interests and short positions of each director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("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) ⁽¹⁾ | Approximate percentage of the issued Shares |
|---|---|---|---|
| Dato' Ng Kwang Hua ^(2, 3) ("Dato' Frankie Ng") | Interest in a controlled corporation and interest of spouse | 375,000,000 | 75% |
| Datin Low Lay Choo ^(2, 4) ("Datin Bernice Low") | Interest in a controlled corporation and interest of spouse | 375,000,000 | 75% |
| Dato' Ng Chin Kee ^(2, 5) ("Dato' Henry Ng") | 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above and to the best knowledge of the Directors, as at 30 September 2020, none of the Directors and the chief executives of the Company had any interest and/or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

On 23 March 2020, a share option scheme (the “Share Option Scheme”) was approved and adopted by the Shareholders, under which, options may be granted to any eligible participants (including any executive Directors) to subscribe for shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date until 14 April 2030.

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 interim 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.

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.

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 at 30 September 2020 and at the date of this report.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at 30 September 2020, 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 Shares held ⁽¹⁾ | Approximate percentage of the issued Shares |
|--|--------------------|--------------------------------------|---|
| Alliance Vision ^(2, 3) | Beneficial owner | 375,000,000 | 75% |
| Sky Pleasure ^(2, 4) | Beneficial owner | 375,000,000 | 75% |
| Delightful Fortune ^(2, 5) | Beneficial owner | 375,000,000 | 75% |
| Datin Lee Kwai Fah ⁽⁶⁾ (“Datin Lee”) | Interest of spouse | 375,000,000 | 75% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 at 30 September 2020, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in the report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 & 13.22 of the Listing Rules.

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

Ms. Jiao Jie has been appointed as an independent director of Quhuo Limited, a company listed on the NASDAQ (stock code: QH) since July 2020 and Mr. Ng Chee Hoong has been appointed as an independent non-executive director of Tan Chong Motor Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: 4405) since November 2020.

Save as disclosed, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

By order of the Board
Dato’ Ng Kwang Hua
Chairman

Hong Kong, 27 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

| | Note | Six months ended 30 September | |
|--|------|----------------------------------|-----------------------------|
| | | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Revenue | 4 | 47,451 | 74,488 |
| Cost of sales | | (15,765) | (27,199) |
| Gross profit | | 31,686 | 47,289 |
| Other income | 5 | 5,774 | 944 |
| Selling and distribution costs | | (23,068) | (27,424) |
| Administrative expenses | | (5,065) | (4,649) |
| Reversal of impairment loss on trade receivables, net | | 122 | — |
| Finance costs | 6 | (414) | (481) |
| Listing expenses | | (1,409) | (4,268) |
| Profit before tax | 6 | 7,626 | 11,411 |
| Income tax expense | 7 | (2,060) | (3,578) |
| Profit for the period | | 5,566 | 7,833 |
| Other comprehensive loss | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on combination/consolidation | | (202) | — |
| Total comprehensive income for the period | | 5,364 | 7,833 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 3,988 | 6,168 |
| Non-controlling interests | | 1,578 | 1,665 |
| | | 5,566 | 7,833 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 3,786 | 6,168 |
| Non-controlling interests | | 1,578 | 1,665 |
| | | 5,364 | 7,833 |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted | 8 | 0.81 sen | 1.64 sen |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

| | Note | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|--|------|---|---|
| Non-current assets | | | |
| Investment properties | | 1,304 | 1,325 |
| Right-of-use assets | 10 | 16,758 | 17,608 |
| Plant and equipment | 11 | 8,748 | 9,336 |
| Deferred tax assets | | 475 | 475 |
| | | 27,285 | 28,744 |
| Current assets | | | |
| Inventories | | 29,136 | 31,055 |
| Trade and other receivables | 12 | 10,774 | 9,923 |
| Fixed deposits with licensed banks | | 39,953 | 3,940 |
| Bank balances and cash | | 66,724 | 34,087 |
| | | 146,587 | 79,005 |
| Assets classified as held for sale | | — | 1,394 |
| | | 146,587 | 80,399 |
| Current liabilities | | | |
| Trade and other payables | 13 | 31,120 | 24,878 |
| Interest-bearing borrowings | 14 | 69 | 65 |
| Lease liabilities | 15 | 10,507 | 10,977 |
| Tax payable | | 941 | 559 |
| | | 42,637 | 36,479 |
| Net current assets | | 103,950 | 43,920 |
| Total assets less current liabilities | | 131,235 | 72,664 |
| Non-current liabilities | | | |
| Interest-bearing borrowings | 14 | 1,274 | 1,306 |
| Lease liabilities | 15 | 7,347 | 6,783 |
| Provisions | | 964 | 972 |
| | | 9,585 | 9,061 |
| NET ASSETS | | 121,650 | 63,603 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020



| | Note | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|--|------|---|---|
| Capital and reserves | | | |
| Share capital | 16 | 2,747 | —* |
| Reserves | | 111,840 | 56,684 |
| Equity attributable to owners of the Company | | 114,587 | 56,684 |
| Non-controlling interests | | 7,063 | 6,919 |
| TOTAL EQUITY | | 121,650 | 63,603 |

* Represents amount less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

| | Attributable to owners of the Company | | | | | | | | Non-controlling interests | Total equity | |
|--|---------------------------------------|---------------|-----------------|------------------|---------------|---------------------|---------|--------|---------------------------|--------------|--------|
| | Reserves | | | | | | Total | RM'000 | | | RM'000 |
| | Share capital | Share premium | Capital reserve | Exchange reserve | Other reserve | Accumulated profits | | | | | |
| RM'000 (Note 16) | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | | |
| At 1 April 2019 (Audited) | — | — | (8,302) | — | (336) | 60,548 | 51,910 | 5,132 | 57,042 | | |
| Profit and total comprehensive income for the period | — | — | — | — | — | 6,168 | 6,168 | 1,665 | 7,833 | | |
| Transactions with owners: | | | | | | | | | | | |
| <i>Contributions and distributions</i> | | | | | | | | | | | |
| Issue of shares | —* | — | — | — | — | — | —* | — | —* | | |
| Dividends (Note 9) | — | — | — | — | — | (7,600) | (7,600) | (560) | (8,160) | | |
| Capital contribution made by the Controlling Shareholders | — | — | 1,644 | — | — | — | 1,644 | — | 1,644 | | |
| | —* | — | 1,644 | — | — | (7,600) | (5,956) | (560) | (6,516) | | |
| <i>Changes in ownership interests</i> | | | | | | | | | | | |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | — | — | — | — | 60 | — | 60 | (79) | (19) | | |
| Total transactions with owners | —* | — | 1,644 | — | 60 | (7,600) | (5,896) | (639) | (6,535) | | |
| At 30 September 2019 (Audited) | —* | — | (6,658) | — | (276) | 59,116 | 52,182 | 6,158 | 58,340 | | |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020



| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|-------------------------|---------------------------|----------------------------|-------------------------|---------|-------------------------------|-----------------|-------------------------------------|------------------------|
| | Share capital RM'000 (Note 16) | Reserves | | | | | Accumulated profits RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| | | Share premium RM'000 | Capital reserve RM'000 | Exchange reserve RM'000 | Other reserve RM'000 | | | | | |
| At 1 April 2020 (Audited) | —* | — | (6,658) | (165) | (341) | 63,848 | 56,684 | 6,919 | 63,603 | |
| Profit for the period | — | — | — | — | — | 3,988 | 3,988 | 1,578 | 5,566 | |
| Other comprehensive loss <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | | | | | | |
| Exchange differences on combination/consolidation | — | — | — | (202) | — | — | (202) | — | (202) | |
| Total comprehensive income for the period | — | — | — | (202) | — | 3,988 | 3,786 | 1,578 | 5,364 | |
| Transactions with owners: | | | | | | | | | | |
| <i>Contributions and distributions</i> | | | | | | | | | | |
| Dividends (Note 9) | — | — | — | — | — | (6,715) | (6,715) | (1,432) | (8,147) | |
| Issue of shares pursuant to the Capitalisation Issue (Note 16(c)) | 2,060 | (2,060) | — | — | — | — | — | — | — | |
| Issue of shares pursuant to the global offering (Note 16(d)) | 687 | 67,994 | — | — | — | — | 68,681 | — | 68,681 | |
| Transaction costs attributable to issue of shares (Note 16(d)) | — | (7,851) | — | — | — | — | (7,851) | — | (7,851) | |
| | 2,747 | 58,083 | — | — | — | (6,715) | 54,115 | (1,432) | 52,683 | |
| <i>Changes in ownership interests</i> | | | | | | | | | | |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | — | — | — | — | 2 | — | 2 | (2) | —* | |
| Total transactions with owners | 2,747 | 58,083 | — | — | 2 | (6,715) | 54,117 | (1,434) | 52,683 | |
| At 30 September 2020 (Unaudited) | 2,747 | 58,083 | (6,658) | (367) | (339) | 61,121 | 114,587 | 7,063 | 121,650 | |

* Represents amounts less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| OPERATING ACTIVITIES | | |
| Profit before tax | 7,626 | 11,411 |
| Adjustments for: | | |
| Bank interest income | (90) | (47) |
| Depreciation of plant and equipment | 1,564 | 1,401 |
| Depreciation of investment properties | 21 | 39 |
| Depreciation of right-of-use assets | 6,720 | 6,407 |
| Finance costs | 414 | 481 |
| Gain on disposal of plant and equipment, net | (40) | (18) |
| Gain on disposal of assets classified as held for sale | (1,406) | (291) |
| Loss on termination of leases | — | 135 |
| Reversal of impairment loss of trade receivables, net | (122) | — |
| Write down of inventories | 87 | — |
| Write-off of plant and equipment | 21 | 104 |
| Operating cash inflows before movements in working capital | 14,795 | 19,622 |
| Changes in working capital: | | |
| Inventories | 1,832 | (3,506) |
| Trade and other receivables | (747) | (889) |
| Trade and other payables | (328) | 9,428 |
| Provisions | (8) | 87 |
| Cash generated from operations | 15,544 | 24,742 |
| Income tax paid | (1,677) | (2,925) |
| Net cash from operating activities | 13,867 | 21,817 |
| INVESTING ACTIVITIES | | |
| Interest received | 90 | 47 |
| Increase in fixed deposits with licensed banks | (36,013) | (1,319) |
| Purchase of plant and equipment | (1,033) | (2,888) |
| Proceeds from disposal of assets classified as held for sale | 2,800 | 2,600 |
| Proceeds from disposal of plant and equipment | 76 | 286 |
| Net cash used in investing activities | (34,080) | (1,274) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020



| | Note | Six months ended 30 September | |
|--|-------|----------------------------------|-----------------------------|
| | | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| FINANCING ACTIVITIES | | | |
| Repayment of interest-bearing borrowings | | (28) | (2,065) |
| Repayment of lease liabilities | | (6,157) | (7,074) |
| Interest paid | | (34) | (33) |
| Advance from the Controlling Shareholders | | — | 94 |
| Capital contribution made by the Controlling Shareholders | | — | 1,644 |
| Payment for acquisition of non-controlling interests | | — | (19) |
| Dividends paid | 9 | (1,432) | (8,160) |
| Issue of shares | | — | —* |
| Proceeds from issuance of shares pursuant to the global offering | 16(d) | 68,681 | — |
| Payment of transactions costs attributable to issue of shares | 16(d) | (7,851) | — |
| Net cash from (used in) financing activities | | 53,179 | (15,613) |
| Net increase in cash and cash equivalents | | 32,966 | 4,930 |
| Cash and cash equivalents at the beginning of the reporting period | | 34,087 | 34,149 |
| Effect on exchange rate changes | | (329) | — |
| Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash | | 66,724 | 39,079 |

* Represents amounts less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

MOG Holdings Limited (the “Company”, together with its subsidiaries are collectively referred to as the “Group”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were 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, 1st & 2nd Floor, Jalan Kajang Indah 1, Taman Kajang Indah Sg Chua, 43000 Kajang, Selangor, Malaysia.

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

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

Completion of reorganisation

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

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

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

Accordingly, for the purpose of the Interim Financial Statements (as defined below), the unaudited condensed consolidated interim 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” in Note 2 to the 2020 Financial Statements (as defined 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 (the “Interim Financial Statements”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by International Accounting Standard Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2020 (the “2020 Financial Statements”).

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

In preparing the Interim Financial Statements, significant judgements made by the management of the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2020 Financial Statements.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2020 Financial Statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2(b).

(b) Changes in accounting policies

The Group has applied the Amendment to IFRS 16, COVID-19-Related Rent Concessions issued by the IASB to this Interim Financial Statements for the current accounting period.

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

Other than the Amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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 six months ended 30 September 2020 and 2019 is as follows:

Six months ended 30 September 2020 (Unaudited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Total RM'000 |
|-------------------------------------|-------------------------------------|--|-----------------|
| Segment revenue | 47,269 | 182 | 47,451 |
| Segment results | 10,578 | 167 | 10,745 |
| Unallocated other income | | | 200 |
| Unallocated administrative expenses | | | (1,496) |
| Finance costs | | | (414) |
| Listing expenses | | | (1,409) |
| Profit before tax | | | 7,626 |
| Income tax expense | | | (2,060) |
| Profit for the period | | | 5,566 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 September 2019 (Audited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Total RM'000 |
|-------------------------------------|---|--|-----------------|
| Segment revenue | 74,278 | 210 | 74,488 |
| Segment results | 16,831 | 192 | 17,023 |
| Unallocated other income | | | 450 |
| Unallocated administrative expenses | | | (1,313) |
| Finance costs | | | (481) |
| Listing expenses | | | (4,268) |
| Profit before tax | | | 11,411 |
| Income tax expense | | | (3,578) |
| Profit for the period | | | 7,833 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 September 2020 (Unaudited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Unallocated RM'000 | Total RM'000 |
|---|-------------------------------------|--|-----------------------|-----------------|
| Assets | | | | |
| Reportable segment assets | 170,602 | 1,490 | 1,780 | 173,872 |
| Liabilities | | | | |
| Reportable segment liabilities | (43,071) | (151) | (9,000) | (52,222) |
| Other segment information: | | | | |
| Depreciation of plant and equipment | 1,564 | — | — | 1,564 |
| Depreciation of right-of-use assets | 6,720 | — | — | 6,720 |
| Depreciation of investment properties | — | — | 21 | 21 |
| Gain on disposal of assets held for sales | — | — | (1,406) | (1,406) |
| Gain on disposal of plant and equipment | (40) | — | — | (40) |
| Write down of inventories | 87 | — | — | 87 |
| Write-off of plant and equipment | 21 | — | — | 21 |
| Additions to right-of-use assets | 5,870 | — | — | 5,870 |
| Additions to plant and equipment | 1,033 | — | — | 1,033 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2020 (Audited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Unallocated RM'000 | Total RM'000 |
|--|---|--|-----------------------|-----------------|
| Assets | | | | |
| Reportable segment assets | 104,602 | 1,347 | 3,194 | 109,143 |
| Liabilities | | | | |
| Reportable segment liabilities | (43,451) | (159) | (1,930) | (45,540) |
| Other segment information: | | | | |
| Depreciation of plant and equipment | 2,856 | 1 | — | 2,857 |
| Depreciation of right-of-use assets | 13,064 | — | — | 13,064 |
| Depreciation of investment properties | — | — | 65 | 65 |
| Gain on disposal of plant and equipment | (22) | — | — | (22) |
| Gain on disposal of assets classified as held for sale | — | — | (291) | (291) |
| Gain on disposal of right-of-use assets | (80) | — | — | (80) |
| Loss on termination of lease | 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 |

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

- segment assets include right-of-use assets, plant and equipment, inventories, trade and other receivables, fixed deposits with licensed banks, and bank balances and cash. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade and other payables, lease liabilities and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

Geographical information

All of the Group's revenue, non-current assets were derived from or located in Malaysia, and therefore no geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

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 six months ended 30 September 2020 and 2019.

4. REVENUE

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Revenue from contracts with customers within IFRS 15 | | |
| Sales of optical products | | |
| — to retail customers | 46,896 | 73,516 |
| — to franchisees | 373 | 762 |
| Franchise and royalty fees income | 182 | 210 |
| | 47,451 | 74,488 |
| Timing of revenue recognition | | |
| A point in time | 47,425 | 74,470 |
| Over time | 26 | 18 |
| | 47,451 | 74,488 |
| Type of transaction price | | |
| Fixed price | 47,295 | 74,296 |
| Variable price | 156 | 192 |
| | 47,451 | 74,488 |

The amount of revenue recognised for the six months ended 30 September 2020 that was included in the contract liabilities at the beginning of the reporting period was approximately RM721,000 (2019: RM738,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



5. OTHER INCOME

| | Six months ended 30 September | |
|--|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Bank interest income | 90 | 47 |
| Book-keeping fee income | 15 | 22 |
| Exchange gain, net | — | 55 |
| Gain on disposal of plant and equipment, net | 40 | 18 |
| Gain on disposal of assets classified as held for sale | 1,406 | 291 |
| Government grants (Note) | 1,789 | — |
| Income on COVID-19 rent concessions (Note 15) | 1,776 | — |
| Rental income from investment properties | 165 | 159 |
| Sponsorship income | 32 | 116 |
| Sundry income | 461 | 236 |
| | 5,774 | 944 |

Note: In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Finance costs | | |
| Interest on bank overdrafts | 7 | — |
| Interest on interest-bearing borrowings | 27 | 33 |
| Finance charges on lease liabilities | 380 | 448 |
| | 414 | 481 |
| Staff costs (including directors' emoluments) | | |
| Salaries, discretionary bonus, allowances and other benefits in kind | 12,857 | 15,742 |
| Contributions to defined contribution plans | 1,218 | 1,270 |
| | 14,075 | 17,012 |
| Other items | | |
| Auditors' remuneration | 618 | 340 |
| Cost of inventories | 15,765 | 27,199 |
| Depreciation of investment properties | 21 | 39 |
| Depreciation of plant and equipment | 1,564 | 1,401 |
| Depreciation of right-of-use assets | 6,720 | 6,407 |
| Direct operating expenses arising from investment properties that generated rental income | 4 | 4 |
| Exchange loss (gain), net | 104 | (55) |
| Income on COVID-19 rent concessions (Note 15) | (1,776) | — |
| Loss on termination of leases, net (included in "Selling and distribution costs") | — | 135 |
| Other rental and related expenses | 1,560 | 2,797 |
| Reversal of impairment loss of trade receivables, net | (122) | — |
| Write down of inventories (included in "Administrative expenses") | 87 | — |
| Write-off of plant and equipment | 21 | 104 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



7. INCOME TAX EXPENSE

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Current tax | | |
| Malaysia corporate income tax | 2,060 | 3,554 |
| Deferred tax | | |
| Changes in temporary differences | — | 24 |
| Total income tax expense for the period | 2,060 | 3,578 |

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 six months ended 30 September 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 six months ended 30 September 2020 and 2019.

For the six months ended 30 September 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%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

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

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation | 3,988 | 6,168 |
| | Number of shares | |
| | 2020 (Unaudited) | 2019 (Audited) |
| Weighted average number of ordinary shares for basic and diluted earnings per share calculation | 489,809,783 | 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 16) had occurred on 1 April 2019.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 September 2020 and 2019.

9. DIVIDENDS

| | Six months ended 30 September | |
|---|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Dividends declared to the then equity owners of the entities now comprising the Group | 8,147 | 8,160 |

On 28 September 2020, the board of directors of the Company has resolved the declaration and payment of special dividends of HK\$0.025 per ordinary share of the Company, amounting to HK\$12,500,000 in total. The special dividends will be payable to the Shareholders whose names appear on the Company's register of members at the close of business on 19 October 2020. It is expected that the special dividends will be distributed on or about 27 November 2020. The special dividends, amounting to approximately RM6,715,000 has been recognised as a liability in the Interim Financial Statements as at 30 September 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



10. 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 2020 (Audited) | | | | | |
| At 1 April 2019 | 16,222 | 901 | 209 | 157 | 17,489 |
| Additions | 13,401 | 544 | — | 119 | 14,064 |
| Disposals | — | (15) | — | — | (15) |
| Termination of leases | (404) | — | — | (11) | (415) |
| Transfer to plant and equipment | — | (350) | (88) | (13) | (451) |
| Depreciation | (12,548) | (222) | (121) | (173) | (13,064) |
| At 31 March 2020 | 16,671 | 858 | — | 79 | 17,608 |
| Reconciliation of carrying amounts — six months ended 30 September 2020 (Unaudited) | | | | | |
| At 1 April 2020 | 16,671 | 858 | — | 79 | 17,608 |
| Additions | 5,870 | — | — | — | 5,870 |
| Depreciation | (6,617) | (75) | — | (28) | (6,720) |
| At 30 September 2020 | 15,924 | 783 | — | 51 | 16,758 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. 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 2020 | | | | | |
| Cost | 33,014 | 1,021 | — | 972 | 35,007 |
| Accumulated depreciation | (16,343) | (163) | — | (893) | (17,399) |
| | 16,671 | 858 | — | 79 | 17,608 |
| At 30 September 2020 | | | | | |
| Cost | 34,454 | 1,021 | — | 964 | 36,439 |
| Accumulated depreciation | (18,530) | (238) | — | (913) | (19,681) |
| | 15,924 | 783 | — | 51 | 16,758 |

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 (31 March 2020: 1 to 3 years) and the lease term of the remaining right-of-use assets are ranging from 4 to 5 years (31 March 2020: 4 to 5 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. 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 2020 (Audited) | | | | | | |
| 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) |
| At 31 March 2020 | 750 | 4,172 | 3,493 | 416 | 505 | 9,336 |
| Reconciliation of carrying amounts — six months ended 30 September (Unaudited) | | | | | | |
| At 1 April 2020 | 750 | 4,172 | 3,493 | 416 | 505 | 9,336 |
| Additions | 343 | 46 | 644 | — | — | 1,033 |
| Disposals | (1) | (3) | (32) | — | — | (36) |
| Written off | (2) | (5) | (14) | — | — | (21) |
| Depreciation | (230) | (708) | (456) | (49) | (121) | (1,564) |
| At 30 September 2020 | 860 | 3,502 | 3,635 | 367 | 384 | 8,748 |
| At 31 March 2020 | | | | | | |
| Cost | 1,653 | 12,072 | 8,134 | 966 | 2,170 | 24,995 |
| Accumulated depreciation | (903) | (7,900) | (4,641) | (550) | (1,665) | (15,659) |
| | 750 | 4,172 | 3,493 | 416 | 505 | 9,336 |
| At 30 September 2020 | | | | | | |
| Cost | 1,718 | 11,700 | 8,467 | 967 | 2,145 | 24,997 |
| Accumulated depreciation | (858) | (8,198) | (4,832) | (600) | (1,761) | (16,249) |
| | 860 | 3,502 | 3,635 | 367 | 384 | 8,748 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

| | Note | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|--|-------|---|---|
| Trade receivables | | | |
| From related parties | | — | 49 |
| From third parties | | 476 | 699 |
| | | 476 | 748 |
| Less: Loss allowances | | (122) | (244) |
| | 12(a) | 354 | 504 |
| Other receivables | | | |
| Prepayments (Note) | | 417 | 2,186 |
| Refundable rental and other related deposits | | 6,673 | 6,417 |
| Other receivables | | 3,285 | 642 |
| Goods and Services Tax recoverable | | — | 171 |
| Amounts due from related companies | | 45 | 3 |
| | | 10,420 | 9,419 |
| | | 10,774 | 9,923 |

Note: The amount included prepaid listing expenses of approximately RM nil at 30 September 2020 (31 March 2020: RM795,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



12. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

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

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|----------------|--|---|
| Within 30 days | 166 | 158 |
| 31 to 60 days | 141 | 237 |
| 61 to 90 days | 45 | 89 |
| Over 90 days | 2 | 20 |
| | 354 | 504 |

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

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|----------------|--|---|
| Not yet due | 166 | 158 |
| Past due: | | |
| Within 30 days | 141 | 237 |
| 31 to 60 days | 45 | 89 |
| 61 to 90 days | 2 | 20 |
| | 188 | 346 |
| | 354 | 504 |

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|---|--|---|
| Trade payables to third parties | 14,022 | 11,277 |
| Other payables | | |
| Contract liabilities | 396 | 721 |
| Dividend payables (Note 9) | 6,715 | — |
| Salaries and allowances payable | 1,649 | 2,241 |
| Accrued charges and other payables (Note) | 5,823 | 8,072 |
| Amounts due to minority interests of subsidiaries | 2,515 | 2,567 |
| | 17,098 | 13,601 |
| | 31,120 | 24,878 |

Note: The amount included accrued listing expenses of approximately RM nil at 30 September 2020 (31 March 2020: RM3,806,000).

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

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

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|----------------|--|---|
| Within 30 days | 6,794 | 4,118 |
| 31 to 60 days | 3,478 | 5,303 |
| 61 to 90 days | 1,257 | 1,377 |
| Over 90 days | 2,493 | 479 |
| | 14,022 | 11,277 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. INTEREST-BEARING BORROWINGS

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

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|-------------------------|--|---|
| Secured bank borrowings | | |
| — Current portion | 69 | 65 |
| — Non-current portion | 1,274 | 1,306 |
| | 1,343 | 1,371 |

At 30 September 2020, the secured bank borrowings carried weighted average effective interest rate of approximately 4.88% (31 March 2020: 4.88%) per annum.

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

- (i) corporate guarantee provided by the Company (31 March 2020: guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua);
- (ii) investment properties with aggregate net carrying amount of approximately RM1,304,000 (31 March 2020: RM1,325,000) at 30 September 2020; and
- (iii) assets classified as held for sale with carrying amount of approximately RM nil (31 March 2020: RM1,394,000) at 30 September 2020.

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 30 September 2020 and 31 March 2020, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. LEASE LIABILITIES

| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
|----------------------------------|--|---|
| Analysed for reporting purposes: | | |
| Current liabilities | 10,507 | 10,977 |
| Non-current liabilities | 7,347 | 6,783 |
| | 17,854 | 17,760 |

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

During the six months ended 30 September 2020, the Group received rent concessions during the period of severe social distancing and travel restriction measures introduced to constrain the spread of COVID-19. The amount received was approximately RM1,776,000 which was recognized as other income in Note 5.

As disclosed in Note 2(b), the Group has early adopted the Amendment to IFRS 16, *COVID-19-Related Rent Concessions*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period.

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

The total cash outflow for leases (including other rental and related expenses in Note 6) for the six months ended 30 September 2020 was approximately RM7,717,000 (2019: approximately RM9,871,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



15. LEASE LIABILITIES (Continued)

Commitments and present value of lease liabilities:

| | Lease payments | | Present value of lease payments | |
|---|---|---|---|---|
| | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) | At 30 September 2020 RM'000 (Unaudited) | At 31 March 2020 RM'000 (Audited) |
| Amounts payable: | | | | |
| Within one year | 11,074 | 11,551 | 10,507 | 10,977 |
| More than one year, but not exceeding two years | 5,779 | 5,210 | 5,631 | 5,024 |
| More than two years, but not exceeding five years | 1,752 | 1,798 | 1,716 | 1,759 |
| | 18,605 | 18,559 | 17,854 | 17,760 |
| Future finance charges | (751) | (799) | | |
| Present value of lease liabilities | 17,854 | 17,760 | | |
| Less: Amounts due for settlement within 12 months | | | (10,507) | (10,977) |
| Amounts due for settlement after 12 months | | | 7,347 | 6,783 |

At 30 September 2020, the weighted average effective interest rate for the lease liabilities of the Group was 4.25% (31 March 2020: 4.79%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL

| | Note | Number of shares | HK\$ | Equivalent to RM'000 |
|---|-------|----------------------|-------------------|----------------------|
| Ordinary share of HK\$0.01 each | | | | |
| Authorised: | | | | |
| At 4 June 2019 (date of incorporation) | 16(a) | 38,000,000 | 380,000 | 213 |
| Increase | 16(b) | 1,962,000,000 | 19,620,000 | 10,981 |
| At 31 March 2020 (Audited) and 30 September 2020 (Unaudited) | | 2,000,000,000 | 20,000,000 | 11,194 |
| Issued and fully paid: | | | | |
| At 4 June 2019 (date of incorporation) | 16(a) | 1 | 0.01 | —* |
| Issuance of shares under the Reorganisation | 16(a) | 99 | 0.99 | —* |
| At 31 March 2020 (Audited) | | 100 | 1 | —* |
| Capitalisation issue | 16(c) | 374,999,900 | 3,749,999 | 2,060 |
| Issuance of shares pursuant to the global offering | 16(d) | 125,000,000 | 1,250,000 | 687 |
| At 30 September 2020 (Unaudited) | | 500,000,000 | 5,000,000 | 2,747 |

* Represents 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 (equivalent to approximately RM68,681,000). The expenses attributable to issue of shares pursuant to the global offering of approximately RM7,851,000 were recognised in the share premium account of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 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 | Six months ended 30 September | |
|---|-------------------------|----------------------------------|-----------------------------|
| | | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Exclusive Prestige Sdn. Bhd. (note (i)) | Book-keeping fee income | — | 9 |
| Horizon Dig Sdn. Bhd. (note (ii)) | Book-keeping fee income | — | 6 |
| Dato' Ng Kwang Hua and Dato' Ng Chin Kee | Rental expenses | 15 | 18 |

Notes:

- (i) The company is controlled by Datin Low Lay Choo.
- (ii) Dato' Ng Kwang Hua has significant influence over the company.

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

| | Six months ended 30 September | |
|--|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Salaries, discretionary bonus, allowances and other benefits in kind | 1,013 | 2,539 |
| Contributions to defined contribution plan | 108 | 267 |
| | 1,121 | 2,806 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. MAJOR NON-CASH TRANSACTIONS

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

During the six months ended 30 September 2020, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RM5,870,000 (2019: approximately RM5,134,000).

19. 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:

| | Six months ended 30 September | |
|----------------------------|----------------------------------|-----------------------------|
| | 2020 RM'000 (Unaudited) | 2019 RM'000 (Audited) |
| Within one year | 119 | 93 |
| Between one and two years | 119 | — |
| Between two and five years | 23 | — |
| | 261 | 93 |

20. IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

As far as the Group's businesses are concerned, the COVID-19 pandemic has resulted in a significant reduction in turnover and profit from operations for the six months ended 30 September 2020 compared to the same period of last year. On the other hand, as a result of the contingency measures, the Group successfully obtained COVID-19-related rent concessions from certain lessors (Note 15).

The Group has been closely monitoring the impact of the developments on the Group's businesses. As the duration of the COVID-19 pandemic remains uncertain, the Group will continue to closely monitor the market conditions and will make appropriate measures in respect of the COVID-19 pandemic's impacts on the financial position and operation of the Group.



MOG
EYEWEAR
METRO OPTICAL GROUP



LENS:ME



ODDA



EYEZONE



MOG



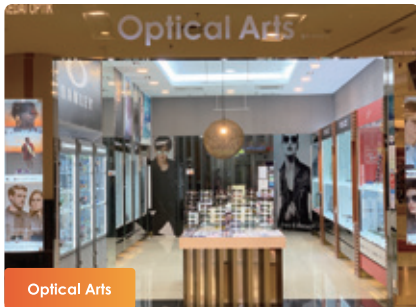
M-TREND



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