

Interim Report 2021 /2022



MOG Holdings Limited

(Incorporated in the
Cayman Islands with
limited liability)

Stock Code: 1942

*Vision for life,
Care your Eyes.*



HELP THE WORLD SEE BETTER

改變視界，讓世界更清晰



Dato' Frankie Ng
Chairman/Executive Director
拿督 Frankie Ng
主席 / 執行董事



Our Vision is TO HELP THE WORLD SEE BETTER. 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 see, feel, and look better! Thus, our main focus lies in providing an exemplary eye care experience through continuous innovation in both product and service.

In eye care, we care more.

改變視界，讓世界更清晰！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。

我們在您的視界，關心您的視力。



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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
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah

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
Public 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

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Jalan Kajang Indah 1
Taman Kajang Indah
Sg Chua, 43000 Kajang
Selangor
Malaysia

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

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

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

COMPLIANCE ADVISOR

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19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

STOCK CODE

1942

WEBSITE

www.mog.com.my



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 2021 (the "**Reporting Period**"), the Group had 10 retail brands covering the high-end, mid-end and mass market segments of the Malaysian eyewear retail market and one retail brand which focuses on the sales of contact lenses.

As at 30 September 2021, the Group's retail network, which comprised 81 self-owned and seven franchised 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. Due to the COVID-19 pandemic impact, the usage of technological devices had increase substantially as a result of arrangements such as working and studying from home. We believe this phenomenon will increase demand for optical products in the future. Please see below for the details of how the COVID-19 Pandemic has affected Malaysia.

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.

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 there. Although all of the Group’s retail stores are allowed to operate as usual, most of which are located in the states where the CMCO are implemented. The various restrictions of the CMCO are shorter operating hours for businesses, closure of entertainment and recreational outlets and restricted inter district travel.

The Malaysian Government announced a second round of MCO which took effective on 13 January 2021 until 26 January 2021 for Penang, Selangor, Kuala Lumpur, Putrajaya, Labuan, Melaka, Johor and Sabah while Pahang, Perak, Negeri Sembilan, Kedah, Terengganu and Kelantan will be under CMCO and Perlis and Sarawak will be under recovery MCO. Thereafter, a third round of MCO was implemented starting from 12 May 2021 to 7 June 2021 nationwide following increases in the number of COVID-19 cases. The control measures implemented in these areas included, amongst others, restriction on or prohibition of interstate and/or inter-district travel and social gatherings. On 28 May 2021, the Malaysian Government subsequently announced a full MCO, also known as total lockdown (“**FMCO**”) starting from 1 June 2021 to 14 June 2021 where all economic activities and social activities are prohibited, with the exception of 17 essential service sectors. On 11 June 2021, the Malaysian Government announced the extension of the FMCO to 28 June 2021. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan with three specific threshold indicators that will decide whether and when certain COVID-19 pandemic restrictions will be lifted. Each of these phases will be based on thresholds that will look at (i) the average number of daily COVID-19 cases; (ii) the capacity of the public health system; and (iii) the vaccination rate of the general population. The four-phase approach begins with Phase One which is the implementation of a nationwide MCO which is in effect at the moment, due to the high number of COVID-19 cases, the public health system is currently at a critical status, and a low vaccination rate amongst the general population. Restrictions towards economic activities and the social sector will ease up as the National Recovery Plan progresses through its phases, which largely depend on whether the three specific thresholds reach satisfactory levels, with the fourth and final phase expected to be implemented towards the end of the year. As at 25 November 2021, all states in Malaysia are in Phase 4 of the National Recovery Plan except for Kelantan and Sarawak that are still in Phase 3 of the National Recovery Plan. Malaysia and Singapore will reopen their mutual border after more than a year with a special Vaccinated Travel Lane (“**VTL**”) between Kuala Lumpur International Airport and Changi Airport from 29 November 2021. In addition, up to 1,440 Singapore citizens, permanent residents and long-term pass holders in Malaysia will be able to cross the Causeway into Singapore each day using designated bus services, without the need for quarantine. Similarly, up to 1,440 Malaysian citizens, permanent residents and long-term pass holders in Singapore will also be able to go back home, as part of the initial phase of a much-anticipated land VTL between the two countries. The Group’s operations are allowed to operate as usual provided that the standard operating procedures are followed. Although the duration of the COVID-19 pandemic remains uncertain, the Group will continue to closely monitor the market conditions and will make timely adjustments in its business strategies when necessary.



MANAGEMENT DISCUSSION AND ANALYSIS

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

Despite the decrease in the Group's revenue and net profit for the Reporting Period, the Board is of the view that the overall operation and financial position of the Group remains healthy and sound. As at 30 September 2021, the Group's total equity and total bank balances and cash (including fixed deposits) amounted to approximately RM129.5 million and approximately RM107.2 million respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RM9.0 million or 18.9% from approximately RM47.5 million for FPE 30 September 2020 to approximately RM38.5 million for the Reporting Period. 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 RM46.9 million for FPE 30 September 2020 to approximately RM38.0 million for the Reporting Period, representing a decrease of approximately 19.0%. Such decrease in the Group's Retailing Business was primarily due to the decrease in the sales volume of various categories of the Group's optical products resulting from the COVID-19 pandemic impact whereby Malaysia has gone through various MCO and has since extended numerous times. The revenue derived from Franchising and Licensing Business (being the franchising and licensing of the Group's retail brands to franchisees and licensees) decreased from approximately RM0.6 million for FPE 30 September 2020 to approximately RM0.5 million for the Reporting Period. Such decrease was mainly contributed by the decrease in sales of optical products to franchisees.

Other income

The Group's other income decreased by approximately RM0.4 million or 6.9% from approximately RM5.8 million for FPE 30 September 2020 to approximately RM5.4 million for the Reporting Period. The decrease was mainly contributed by the combined effects of the (i) higher bank interest income; and (ii) lower wage subsidy programme received from the Malaysian Ministry of Human Resources.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RM5.1 million or 16.1% from approximately RM31.7 million for FPE 30 September 2020 to approximately RM26.6 million for the Reporting Period. Such decrease was mainly contributed by the decrease in the Group's revenue. The Group's gross profit margin increased from approximately 66.8% for FPE 30 September 2020 to approximately 69.1% for the Reporting Period, primarily due to the higher proportion of sales contribution from frames and lenses, which have higher gross profit margin.

Selling and distribution costs

The Group's selling and distribution costs decreased by approximately RM1.9 million or 8.2% from approximately RM23.1 million for FPE 30 September 2020 to approximately RM21.2 million for the Reporting Period, primarily attributable to the decrease in (i) staff costs resulting from the decrease in sales commission and allowances to the sales and marketing staff; and (ii) depreciation of right-of-use assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses increased by approximately RM0.1 million or 2.0% from approximately RM5.1 million for FPE 30 September 2020 to approximately RM5.2 million for the Reporting Period, primarily due to the increase in professional fees.

Finance costs

The Group's finance costs decreased by approximately RM0.1 million or 25.0% from approximately RM0.4 million for FPE 30 September 2020 to approximately RM0.3 million for the Reporting Period, primarily due to decrease in finance charges on lease liabilities as a result of the combined effect of lower interest rate for the lease liabilities and derecognition of lease liability due to short renewal term for certain outlets.

Listing expenses

There were no listing expenses for the Reporting Period compare to approximately RM1.4 million for FPE 30 September 2020.

Income tax expense

The Group's income tax expense decreased by approximately RM0.2 million or 9.5% from approximately RM2.1 million for FPE 30 September 2020 to approximately RM1.9 million for the Reporting Period. The effective tax rate for the Reporting Period was approximately 36.0% which was higher than the effective tax rate of approximately 27.0% for FPE 30 September 2020. Such increase was mainly due to the no recognition of deferred tax assets arising from the provision of slow-moving stock and current tax losses incurred during FPE 30 September 2021, which were tax claimable in the foreseeable future.

Net profit and net profit margin

As a result of the foregoing, the Group's net profit decreased by approximately RM2.3 million or 40.7% from approximately RM5.6 million for FPE 30 September 2020 to approximately RM3.3 million for the Reporting Period. The Group's net profit margin decreased from approximately 11.7% for FPE 30 September 2020 to approximately 8.6% for the Reporting Period. Such decrease was mainly attributable the lower turnover.

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 2021, the Group's bank balances and cash (excluding fixed deposits with licensed banks) amounted to approximately RM53.5 million (31 March 2021: approximately RM68.3 million). As at 31 March 2021, approximately 83.6% (31 March 2021: approximately 80.8%) was denominated in RM, approximately 4.5% (31 March 2021: approximately 3.5%) was denominated in United States dollar ("USD") and approximately 11.9% (31 March 2021: approximately 15.7%) was denominated in Hong Kong dollar ("HKD").

For the Reporting Period, the Group generated net cash inflow from operating activities of approximately RM1.7 million (31 March 2021: approximately RM28.1 million). The Group was able to fulfill its repayment obligations when they became due.



MANAGEMENT DISCUSSION AND ANALYSIS

Banking facilities and lease facilities

As at 30 September 2021, the Group had no interest bearing borrowing (31 March 2021: approximately RM1.3 million). The Group's interest-bearing borrowing had been fully settled during the Reporting Period. The weighted average effective interest rates of approximately 3.03% (31 March 2021: approximately 3.40%) per annum. The carrying amount of the interest-bearing borrowing was denominated in RM.

The Group's lease liabilities primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of outlets for its self-owned retail stores, leasehold improvements and motor vehicles under hire purchase. The total lease liabilities as at 30 September 2021 was approximately RM18.8 million (31 March 2021: approximately RM19.2 million), all denominated in RM. The weighted average effective interest rate for the lease liabilities of the Group was 3.98% (31 March 2021: 4.73%) per annum as at 30 September 2021.

Capital structure

As at 30 September 2021, the Group's total equity and liabilities amounted to approximately RM129.5 million and approximately RM35.1 million respectively (31 March 2021: approximately RM126.5 million and approximately RM38.7 million respectively).

Gearing ratio

The Group's gearing ratio decreased from approximately 0.16 times as at 31 March 2021 to approximately 0.15 times as at 30 September 2021, primarily due to the increase in share capital and share premium pursuant to the Listing and continued increase in total equity as a result of accumulation of profit during the Reporting Period.

Current ratio

The Group's current ratio increased from approximately 4.65 times as at 31 March 2021 to approximately 4.95 times as at 30 September 2021, mainly due to the decrease in lease liabilities.

Pledge of assets

As at 30 September 2021, fixed deposits with licensed banks of approximately RM1.4 million (31 March 2021: approximately RM1.4 million) are pledged as securities for a banking facility granted to the Group. None of such facility was utilised by the Group as at 30 September 2021.

Capital commitments

The Group did not have any material commitments as at 30 September 2021 (31 March 2021: Nil) save as disclosed in note 19(b) of the notes to the condensed consolidated financial statement.

Contingent liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and remuneration policies

The Group's business is highly service-oriented; therefore, it is crucial for the Group to attract, motivate and retain qualified employees. The Group's staff costs have been and will continue to be one of the major components affecting its results of operations. For the year ended 30 September 2021, the Group incurred staff costs of approximately RM13.6 million (30 September 2020: approximately RM14.1 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 2021, the Group's total number of staff was 471 (30 September 2020: 528).

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 30 September 2021, the Group did not hold any significant investments (30 September 2020: Nil).

Material acquisitions or disposals

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

DIVIDENDS

Except for the disclosure under the heading of "Events after the Reporting Period", the Board did not recommend the payment for interim dividend for the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

On 5 October 2021, the Board announced that it had resolved the declaration and payment of a special dividend of HKD0.02 per ordinary share of the Company, amounting to HKD10,000,000 in total (the "**Special Dividend**"). The Special Dividend was paid to the Shareholders whose names appear on the Company's register of members at the close of business on Monday, 25 October 2021 and was distributed on 5 November 2021.

Save as disclosed above and on pages 4, 5 and 6 of this interim report in relation to the COVID-19 Pandemic, there was no significant events after the Reporting Period and up to the date of this interim report.



MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

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

As the outbreak of the COVID-19 Pandemic in Malaysia continues, various MCO have been implemented with the recent FMCO, being from 1 June to 28 June 2021. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan with three specific threshold indicators that will decide if and when COVID-19 pandemic restrictions are lifted in stages. Each of these phases, will be based on thresholds that will look at the daily COVID-19 case average numbers, the capacity of the public health system, and the vaccination rate of the general population. This phased approach begins with Phase One which is the implementation of a nationwide movement control order that is in effect now with COVID-19 cases numbers that are still high, the public health system which is at a critical level, and a vaccination rate which is still low. Each phase will see more restrictions towards economic activities and the social sector ease up as each of these thresholds reach a more satisfactory level, with the fourth and final phase expected to be imposed only towards the end of the year. As a result, the customer traffic may be significantly reduced for a significant period of time. Even if the restrictions are lifted upon the expiry of the aforementioned period, the Management cannot assure that the customer traffic will resume to the level prior to the outbreak of the COVID-19 Pandemic in the short run.

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

As the Group did not generally enter into long-term supply agreements with its suppliers during the reporting period and as purchases were made on an order-by-order basis with the prices of the Group's optical products being determined by the relevant suppliers from time-to-time, the prices of the optical products supplied to the Group are subject to increases as determined by its suppliers. Where the Group's purchase costs increase and the Group is unable to pass its increased costs on to its customers, the Group's profitability, financial condition and results of operations may be materially and adversely affected.

Please refer to the "Risk Factor" section of the prospectus of the Company dated 28 March 2020 (the "**Prospectus**") for more details about the risks and uncertainties that the Group is subject to.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PROSPECTS

For 2021, Malaysia's domestic economy is on track to expand by 3.0%–4.0%. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. The various relaxations of restrictions for fully vaccinated individuals including for interstate travel would also spur tourism-related activities. Malaysia and Singapore will reopen their mutual border after more than a year with a special Vaccinated Travel Lane (“VTL”) between Kuala Lumpur International Airport and Changi Airport from 29 November 2021. In addition, up to 1,440 Singapore citizens, permanent residents and long-term pass holders in Malaysia will be able to cross the Causeway into Singapore each day using designated bus services, without the need for quarantine. Similarly, up to 1,440 Malaysian citizens, permanent residents and long-term pass holders in Singapore will also be able to go back home, as part of the initial phase of a much-anticipated land VTL between the two countries. In addition, the strength in global demand will continue to support export growth.

Going forward into 2022, Malaysia's growth trajectory is expected to improve given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. The progress and efficacy of vaccinations, compliance with Standard Operating Procedures as well as the ability to effectively contain outbreaks from any new COVID-19 variants of concern will be key to the expected recovery.

For the year ending 31 March 2022, the Management is unable to reliably estimate the financial impact of COVID-19 as the pandemic has yet to run its full course, as seen in the discovery and outbreak of new variants of COVID-19. Overall, the Board remains positive given the Group's sufficient working capital, extensive retail network, established reputation and diversified portfolio of optical products.

The Management will continue to monitor and implement its business strategies when the economic situation improves. The following are the 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 interim 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 the date of this interim report, the net proceeds had been utilised as follows:

| | Net proceeds | Amount Utilised (up to 30 September 2021) | Amount Unutilised (up to 30 September 2021) | Expected time frame for utilization (Note 2) |
|---|-------------------------|--|--|--|
| | RM million | RM million | RM million | |
| Set up 36 self-owned retail stores (Note 1) | 28.1 | (1.9) | 26.2 | 31 March 2024 |
| Upgrade and renovate 25 self-owned retail stores | 5.1 | (0.1) | 5.0 | 31 March 2024 |
| Promote recognition of the Group's 11 retail brands and to further market the Group's Own Brands optical products | 4.7 | (0.2) | 4.5 | 31 March 2024 |
| Develop optical lab for the production of lenses | 5.5 | — | 5.5 | 31 March 2024 |
| Upgrade the Group's information technology systems and acquire an RMS and upgrade its POS systems | 4.3 | (0.1) | 4.2 | 31 March 2023 |
| General working capital | 2.6 | (2.6) | — | Fully utilised |
| Total | 50.3 | (4.9) | 45.4 | |

Notes:

- In view of the uncertainty heightened by the COVID-19 pandemic, there is a delay in this regard, time frame for the opening of these retail stores at this point in time. For the 6 months period ended 30 September 2021, the Group has opened 2 self-owned retail stores. For the next 6 months period ending 31 March 2022, the Group targets to open at least 3 self-owned retail stores.
- In view of the uncertainty heightened by the COVID-19 pandemic and the prolonged MCO and National Recover Plan imposed by the Malaysian government, there has been a delay in the utilisation of the net proceeds than the planned schedule of utilisation as disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM45.4 million as at 30 September 2021 in accordance with the section headed "Future Plans and Use of Proceeds" in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

By order of the Board
Dato' Ng Kwang Hua
Chairman

Hong Kong, 29 November 2021



CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 30 September 2021, 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**”) except for the below deviation:

Pursuant to code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of Shareholders. Our independent non-executive Director, Ms. Jiao Jie was unable to attend the annual general meeting of the Company held on 28 September 2021 due to other commitments.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 September 2021.

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 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2021.

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

As at 30 September 2021, 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:

(1) Interest in the shares of 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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 30 September 2021, 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 15 April 2020 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 2021 and at the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2021, 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% |

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 2021, 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 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

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

Puan Sri Datuk Seri Rohani Parkash Binti Abdullah ceased to be the independent non-executive director of Symphony Life Berhad. Save as disclosed, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 30 September 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2021

| | Notes | Six months ended 30 September 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
|--|-------|---|-------------------------------|
| Revenue | 4 | 38,477 | 47,451 |
| Cost of sales | | (11,900) | (15,765) |
| Gross profit | | 26,577 | 31,686 |
| Other income | 5 | 5,374 | 5,774 |
| Selling and distribution costs | | (21,244) | (23,068) |
| Administrative expenses | | (5,226) | (5,065) |
| Reversal of impairment loss on trade receivables, net | | — | 122 |
| Finance costs | 6 | (316) | (414) |
| Listing expenses | | — | (1,409) |
| Profit before tax | 6 | 5,165 | 7,626 |
| Income tax expense | 7 | (1,856) | (2,060) |
| Profit for the period | | 3,309 | 5,566 |
| Other comprehensive loss | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of the Company's financial statements to presentation currency | | (444) | — |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on consolidation | | (129) | (202) |
| Other comprehensive loss for the period | | (573) | (202) |
| Total comprehensive income for the period | | 2,736 | 5,364 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 2,864 | 3,988 |
| Non-controlling interests | | 445 | 1,578 |
| | | 3,309 | 5,566 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 2,291 | 3,786 |
| Non-controlling interests | | 445 | 1,578 |
| | | 2,736 | 5,364 |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted | 8 | 0.57 sen | 0.81 sen |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

| | Notes | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|--|-------|---|---|
| Non-current assets | | | |
| Investment properties | | 1,263 | 1,283 |
| Right-of-use assets | 10 | 15,091 | 15,904 |
| Plant and equipment | 11 | 7,397 | 7,471 |
| Deferred tax assets | | 1,269 | 1,252 |
| | | 25,020 | 25,910 |
| Current assets | | | |
| Inventories | | 20,690 | 20,536 |
| Trade and other receivables | 12 | 11,550 | 7,812 |
| Fixed deposits with licensed banks | | 53,682 | 42,553 |
| Bank balances and cash | | 53,547 | 68,343 |
| Tax recoverable | | 75 | — |
| | | 139,544 | 139,244 |
| Current liabilities | | | |
| Trade and other payables | 13 | 15,291 | 16,321 |
| Interest-bearing borrowing | 14 | — | 105 |
| Lease liabilities | 15 | 12,905 | 12,594 |
| Tax payable | | — | 914 |
| | | 28,196 | 29,934 |
| Net current assets | | 111,348 | 109,310 |
| Total assets less current liabilities | | 136,368 | 135,220 |
| Non-current liabilities | | | |
| Interest-bearing borrowing | 14 | — | 1,183 |
| Lease liabilities | 15 | 5,865 | 6,575 |
| Provisions | | 1,015 | 998 |
| | | 6,880 | 8,756 |
| NET ASSETS | | 129,488 | 126,464 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

| | Notes | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|--|-------|---|---|
| Capital and reserves | | | |
| Share capital | 16 | 2,747 | 2,747 |
| Reserves | | 119,725 | 117,415 |
| Equity attributable to owners of the Company | | 122,472 | 120,162 |
| Non-controlling interests | | 7,016 | 6,302 |
| TOTAL EQUITY | | 129,488 | 126,464 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2021

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|---------------|-----------------|------------------|---------------|---------------------|---------|---------------------------|--------------|
| | Reserves | | | | | | Total | | |
| | 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 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 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(a)) | 2,060 | (2,060) | — | — | — | — | (2,060) | — | — |
| Issue of shares pursuant to the Share Offer (Note 16(b)) | 687 | 67,994 | — | — | — | — | 67,994 | — | 68,681 |
| Transaction costs attributable to issue of shares (Note 16(b)) | — | (7,851) | — | — | — | — | (7,851) | — | (7,851) |
| | 2,747 | 58,083 | — | — | — | (6,715) | 51,368 | (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) | 51,370 | (1,434) | 52,683 |
| At 30 September 2020 (unaudited) | 2,747 | 58,083 | (6,658) | (367) | (339) | 61,121 | 111,840 | 7,063 | 121,650 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2021

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|---------------|-----------------|------------------|---------------|---------------------|----------------|---------------------------|----------------|
| | Reserves | | | | | | Total | Non-controlling interests | Total equity |
| | 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 2021 (audited) | 2,747 | 58,083 | (6,658) | (738) | (327) | 67,055 | 117,415 | 6,302 | 126,464 |
| Profit for the period | — | — | — | — | — | 2,864 | 2,864 | 445 | 3,309 |
| Other comprehensive loss <i>Item that will not be reclassified to profit or loss:</i> | | | | | | | | | |
| Exchange differences on translation of the Company's financial statements to presentation currency | — | — | — | (444) | — | — | (444) | — | (444) |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | | | | | |
| Exchange differences on consolidation | — | — | — | (129) | — | — | (129) | — | (129) |
| Other comprehensive loss for the period | — | — | — | (573) | — | — | (573) | — | (573) |
| Total comprehensive (loss) income for the period | — | — | — | (573) | — | 2,864 | 2,291 | 445 | 2,736 |
| Transactions with owners: | | | | | | | | | |
| <i>Contributions and distributions</i> | | | | | | | | | |
| Additional capital contribution from non-controlling interests | — | — | — | — | — | — | — | 213 | 213 |
| <i>Changes in ownership interests</i> | | | | | | | | | |
| Changes in ownership interest in a subsidiary that do not result in a loss of control | — | — | — | — | 19 | — | 19 | 56 | 75 |
| Total transactions with owners | — | — | — | — | 19 | — | 19 | 269 | 288 |
| At 30 September 2021 (unaudited) | 2,747 | 58,083 | (6,658) | (1,311) | (308) | 69,919 | 119,725 | 7,016 | 129,488 |

* Represents amount less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2021

| | Six months ended 30 September | |
|---|--|-------------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| | (unaudited) | (unaudited) |
| OPERATING ACTIVITIES | | |
| Profit before tax | 5,165 | 7,626 |
| Adjustments for: | | |
| Bank interest income | (1,188) | (90) |
| Depreciation of plant and equipment | 1,201 | 1,564 |
| Depreciation of investment properties | 20 | 21 |
| Depreciation of right-of-use assets | 5,712 | 6,720 |
| Finance costs | 316 | 414 |
| Gain on disposal of plant and equipment, net | (54) | (40) |
| Gain on disposal of assets classified as held for sale | — | (1,406) |
| Reversal of impairment loss of trade receivables, net | — | (122) |
| Write down of inventories | 990 | 87 |
| Write-off of plant and equipment | 3 | 21 |
| Income on COVID-19-related rent concessions | (1,743) | (1,776) |
| Operating cash inflows before movements in working capital | 10,422 | 13,019 |
| Changes in working capital: | | |
| Inventories | (1,144) | 1,832 |
| Trade and other receivables | (3,722) | (747) |
| Trade and other payables | (1,050) | (328) |
| Provisions | 17 | (8) |
| Cash generated from operations | 4,523 | 13,768 |
| Income tax paid | (2,862) | (1,677) |
| Net cash from operating activities | 1,661 | 12,091 |
| INVESTING ACTIVITIES | | |
| Interest received | 1,188 | 90 |
| Increase in fixed deposits with licensed banks | (11,129) | (36,013) |
| Purchase of plant and equipment | (1,247) | (1,033) |
| Proceeds from disposal of assets classified as held for sale | — | 2,800 |
| Proceeds from disposal of plant and equipment | 171 | 76 |
| Net cash used in investing activities | (11,017) | (34,080) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2021

| | Notes | Six months ended 30 September | |
|--|-------|----------------------------------|-------------------------------|
| | | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| FINANCING ACTIVITIES | | | |
| Repayment of interest-bearing borrowings | | (1,288) | (28) |
| Repayment of lease liabilities | | (3,843) | (4,381) |
| Interest paid | | (13) | (34) |
| Dividends paid | 9 | — | (1,432) |
| Additional capital contribution from non-controlling interests | | 213 | — |
| Proceeds from disposal of ownership interest in a subsidiary that does not result in a loss of control | | 75 | — |
| Proceeds from issuance of shares pursuant to the Share offer | 16(b) | — | 68,681 |
| Payment of transactions costs attributable to issue of shares | 16(b) | — | (7,851) |
| Net cash (used in) from financing activities | | (4,856) | 54,955 |
| Net (decrease) increase in cash and cash equivalents | | (14,212) | 32,966 |
| Cash and cash equivalents at the beginning of the reporting period | | 68,343 | 34,087 |
| Effect on exchange rate changes | | (584) | (329) |
| Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash | | 53,547 | 66,724 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

1. CORPORATE INFORMATION

MOG Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing**”). The 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 (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 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2021 (the “**2021 Financial Statements**”).

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 2021 Financial Statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principal accounting policies

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

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2021 Financial Statements.

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

At the date of authorisation of the Interim Financial Statements, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the results and financial position of the Group.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment information provided to the CODM of the Group for the reportable segments for the six months ended 30 September 2021 and 2020 is as follows:

Six months ended 30 September 2021 (unaudited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Total RM'000 |
|-------------------------------------|---|--|-----------------|
| Segment revenue | 38,373 | 104 | 38,477 |
| Segment results | 8,078 | 89 | 8,167 |
| Unallocated other income | | | 117 |
| Unallocated administrative expenses | | | (2,803) |
| Finance costs | | | (316) |
| Profit before tax | | | 5,165 |
| Income tax expense | | | (1,856) |
| Profit for the period | | | 3,309 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

Six months ended 30 September 2021

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 2021 (unaudited)

| | Sales of optical products RM'000 | Franchise and license management RM'000 | Unallocated RM'000 | Total RM'000 |
|---|---|--|-----------------------|-----------------|
| Assets | | | | |
| Reportable segment assets | 160,979 | 1,054 | 2,531 | 164,564 |
| Liabilities | | | | |
| Reportable segment liabilities | (34,846) | (230) | — | (35,076) |
| Other segment information: | | | | |
| Depreciation of plant and equipment | 1,200 | 1 | — | 1,201 |
| Depreciation of right-of-use assets | 5,710 | 2 | — | 5,712 |
| Depreciation of investment properties | — | — | 20 | 20 |
| Gain on disposal of plant and equipment | (54) | — | — | (54) |
| Write down of inventories | 990 | — | — | 990 |
| Write-off of plant and equipment | 3 | — | — | 3 |
| Additions to right-of-use assets | 4,748 | 151 | — | 4,899 |
| Additions to plant and equipment | 1,247 | — | — | 1,247 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2021 (audited)

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

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

Six months ended 30 September 2021

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 2021 and 2020.

4. REVENUE

| | Six months ended | |
|---|-------------------------|-------------|
| | 30 September | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| | (unaudited) | (unaudited) |
| Revenue from contracts with customers within IFRS 15 | | |
| Sales of optical products | | |
| – to retail customers | 38,027 | 46,896 |
| – to franchisees | 346 | 373 |
| Franchise and royalty fees income | 104 | 182 |
| | 38,477 | 47,451 |
| Timing of revenue recognition | | |
| A point in time | 38,460 | 47,425 |
| Over time | 17 | 26 |
| | 38,477 | 47,451 |
| Type of transaction price | | |
| Fixed price | 38,390 | 47,295 |
| Variable price | 87 | 156 |
| | 38,477 | 47,451 |

The amount of revenue recognised for the six months ended 30 September 2021 that was included in the contract liabilities at the beginning of the reporting period was approximately RM748,000 (*six months ended 30 September 2020: approximately RM721,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

5. OTHER INCOME

| | Six months ended 30 September | |
|--|----------------------------------|-------------------------------|
| | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Bank interest income | 1,188 | 90 |
| Book-keeping fee income | — | 15 |
| Exchange gain, net | 693 | — |
| Gain on disposal of plant and equipment, net | 54 | 40 |
| Gain on disposal of assets classified as held for sale | — | 1,406 |
| Government subsidies (Note) | 1,345 | 1,789 |
| Income on COVID-19-related rent concessions (Note 15) | 1,743 | 1,776 |
| Rental income from investment properties | 73 | 165 |
| Sponsorship income | 122 | 32 |
| Sundry income | 156 | 461 |
| | 5,374 | 5,774 |

Note: During the six months ended 30 September 2021, the Group recognised government subsidies of approximately RM1,345,000 (*six months ended 30 September 2020: approximately RM1,789,000*) in respect of COVID-19-related subsidies provided by local government authorities. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these subsidies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

| | Six months ended | |
|---|-------------------------|-------------|
| | 30 September | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| | (unaudited) | (unaudited) |
| Finance costs | | |
| Interest on bank overdrafts | — | 7 |
| Interest on interest-bearing borrowing | 13 | 27 |
| Interest on lease liabilities | 303 | 380 |
| | 316 | 414 |
| Staff costs (including directors' remuneration) | | |
| Salaries, discretionary bonus, allowances and other benefits in kind | 12,351 | 12,857 |
| Contributions to defined contribution plans | 1,220 | 1,218 |
| | 13,571 | 14,075 |
| Other items | | |
| Auditors' remuneration | 516 | 618 |
| Cost of inventories | 11,900 | 15,765 |
| Depreciation of investment properties | 20 | 21 |
| Depreciation of plant and equipment | 1,201 | 1,564 |
| Depreciation of right-of-use assets | 5,712 | 6,720 |
| Direct operating expenses arising from investment properties that generated rental income | — | 4 |
| Exchange (gain)loss, net | (693) | 104 |
| Income on COVID-19-related rent concessions (Note 15) | (1,743) | (1,776) |
| Other rental and related expenses | 1,826 | 1,560 |
| Reversal of impairment loss of trade receivables, net | — | (122) |
| Write down of inventories (included in "Cost of sales") | 990 | 87 |
| Write-off of plant and equipment | 3 | 21 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

7. INCOME TAX EXPENSE

| | Six months ended | |
|--|-------------------------|-------------|
| | 30 September | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| | (unaudited) | (unaudited) |
| Current tax | | |
| Malaysia corporate income tax | 1,873 | 2,060 |
| Deferred tax | | |
| Changes in temporary differences | (17) | — |
| Total income tax expense for the period | 1,856 | 2,060 |

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 2021 and 2020.

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

Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the six months ended 30 September 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

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 | |
|---|--|-------------------------------|
| | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation | 2,864 | 3,988 |

| | Number of shares | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Weighted average number of ordinary shares for basic and diluted earnings per share calculation | 500,000,000 | 489,809,783 |

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 2020.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 September 2021 and 2020.

9. DIVIDENDS

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (*six months ended 30 September 2020: approximately RM8,147,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

10. RIGHT-OF-USE ASSETS

| | Shoplots RM'000 | Motor vehicles RM'000 | Leasehold improvements RM'000 | Total RM'000 |
|--|--------------------|-----------------------------|-------------------------------------|-----------------|
| Reconciliation of carrying amounts — year ended 31 March 2021 (audited) | | | | |
| At 1 April 2020 | 16,671 | 858 | 79 | 17,608 |
| Additions | 10,748 | — | 47 | 10,795 |
| Depreciation | (12,269) | (150) | (80) | (12,499) |
| At 31 March 2021 | 15,150 | 708 | 46 | 15,904 |
| Reconciliation of carrying amounts — six months ended 30 September 2021 (unaudited) | | | | |
| At 1 April 2021 | 15,150 | 708 | 46 | 15,904 |
| Additions | 3,895 | 987 | 17 | 4,899 |
| Depreciation | (5,573) | (120) | (19) | (5,712) |
| At 30 September 2021 | 13,472 | 1,575 | 44 | 15,091 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

10. RIGHT-OF-USE ASSETS (Continued)

| | Shoplots RM'000 | Motor vehicles RM'000 | Leasehold improvements RM'000 | Total RM'000 |
|-----------------------------|--------------------|-----------------------------|-------------------------------------|-----------------|
| At 31 March 2021 | | | | |
| Cost | 29,395 | 1,021 | 998 | 31,414 |
| Accumulated depreciation | (14,245) | (313) | (952) | (15,510) |
| | 15,150 | 708 | 46 | 15,904 |
| At 30 September 2021 | | | | |
| Cost | 29,015 | 2,008 | 1,015 | 32,038 |
| Accumulated depreciation | (15,544) | (432) | (971) | (16,947) |
| | 13,471 | 1,576 | 44 | 15,091 |

The Group leases several assets including shoplots, motor vehicles and leasehold improvements. The leases in respect of shoplots typically run for an initial period of 1 to 3 years (*31 March 2021: 1 to 3 years*) and the lease term of the remaining right-of-use assets are ranging from 4 to 5 years (*31 March 2021: 4 to 5 years*).

Certain leases in respect of shoplots which were entered into by the Group are secured by a corporate guarantee provided by the Company and personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua. (*31 March 2021: secured by a corporate guarantee provided by the Company and personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua.*)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

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 2021 (audited) | | | | | | |
| At 1 April 2020 | 750 | 4,172 | 3,493 | 416 | 505 | 9,336 |
| Additions | 352 | 393 | 1,366 | — | 58 | 2,169 |
| Disposals | (491) | (8) | (392) | (26) | — | (917) |
| Written off | (11) | (70) | (26) | — | (18) | (125) |
| Depreciation | (322) | (1,412) | (948) | (96) | (214) | (2,992) |
| At 31 March 2021 | 278 | 3,075 | 3,493 | 294 | 331 | 7,471 |
| Reconciliation of carrying amounts — six months ended 30 September 2021 (unaudited) | | | | | | |
| At 1 April 2021 | 278 | 3,075 | 3,493 | 294 | 331 | 7,471 |
| Additions | 177 | 317 | 422 | 300 | 31 | 1,247 |
| Disposals | — | — | (32) | (85) | — | (117) |
| Written off | (2) | (1) | — | — | — | (3) |
| Depreciation | (97) | (563) | (423) | (55) | (63) | (1,201) |
| At 30 September 2021 | 356 | 2,828 | 3,460 | 454 | 299 | 7,397 |
| At 31 March 2021 | | | | | | |
| Cost | 1,058 | 11,820 | 8,549 | 788 | 2,176 | 24,391 |
| Accumulated depreciation | (780) | (8,745) | (5,056) | (494) | (1,845) | (16,920) |
| | 278 | 3,075 | 3,493 | 294 | 331 | 7,471 |
| At 30 September 2021 | | | | | | |
| Cost | 1,223 | 12,132 | 8,892 | 812 | 2,207 | 25,266 |
| Accumulated depreciation | (867) | (9,304) | (5,432) | (358) | (1,908) | (17,869) |
| | 356 | 2,828 | 3,460 | 454 | 299 | 7,397 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

12. TRADE AND OTHER RECEIVABLES

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|--|--|--|
| Trade receivables from third parties | 118 | 130 |
| Other receivables | | |
| Prepayments | 592 | 524 |
| Refundable rental and other related deposits | 6,899 | 6,485 |
| Other receivables | 3,941 | 673 |
| | 11,432 | 7,682 |
| | 11,550 | 7,812 |

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

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|----------------|--|--|
| Within 30 days | 75 | 98 |
| 31 to 60 days | 34 | 32 |
| 61 to 90 days | 4 | — |
| Over 90 days | 5 | — |
| | 118 | 130 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

12. TRADE AND OTHER RECEIVABLES (Continued)

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

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|----------------|--|--|
| Not yet due | 75 | 98 |
| Past due: | | |
| Within 30 days | 34 | 32 |
| 31 to 60 days | 4 | — |
| 61 to 90 days | 5 | — |
| | 43 | 32 |
| | 118 | 130 |

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

13. TRADE AND OTHER PAYABLES

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|---|---|---|
| Trade payables to third parties | 4,490 | 4,395 |
| Other payables | | |
| Contract liabilities | 583 | 748 |
| Salaries and allowances payable | 1,606 | 3,314 |
| Accrued charges and other payables | 5,729 | 5,493 |
| Amounts due to minority interests of subsidiaries | 2,883 | 2,371 |
| | 10,801 | 11,926 |
| | 15,291 | 16,321 |

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 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|----------------|---|---|
| Within 30 days | 2,820 | 3,088 |
| 31 to 60 days | 839 | 629 |
| 61 to 90 days | 500 | 360 |
| Over 90 days | 331 | 318 |
| | 4,490 | 4,395 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

14. INTEREST-BEARING BORROWING

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

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|------------------------|--|--|
| Secured bank borrowing | | |
| – Current portion | – | 105 |
| – Non-current portion | – | 1,183 |
| | – | 1,288 |

The secured bank borrowing had been fully settled during the reporting period.

At 31 March 2021, the secured bank borrowing carried weighted average effective interest rate of approximately 3.40% per annum. The interest-bearing borrowing represents floating rate borrowing.

At 31 March 2021, the interest-bearing borrowing is secured by:

- (i) personal guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua; and
- (ii) investment properties with aggregate net carrying amount of approximately RM1,283,000.

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 2021, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

15. LEASE LIABILITIES

| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
|----------------------------------|--|--|
| Analysed for reporting purposes: | | |
| Current liabilities | 12,905 | 12,594 |
| Non-current liabilities | 5,865 | 6,575 |
| | 18,770 | 19,169 |

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 2021, 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 RM1,743,000 (*six months ended 30 September 2020: approximately RM1,776,000*) which was recognised as other income in Note 5.

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

The total cash outflow for leases (including other rental and related expenses in Note 6) for the six months ended 30 September 2021 was approximately RM5,669,000 (*six months ended 30 September 2020: approximately RM5,941,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

15. LEASE LIABILITIES (Continued)

Commitments and present value of lease liabilities:

| | Lease payments | | Present value of lease payments | |
|---|---|---|---|---|
| | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) | At 30 September 2021 RM'000 (unaudited) | At 31 March 2021 RM'000 (audited) |
| Amounts payable: | | | | |
| Within one year | 13,294 | 13,024 | 12,905 | 12,594 |
| More than one year, but not exceeding two years | 4,363 | 5,502 | 4,248 | 5,376 |
| More than two years, but not exceeding five years | 1,663 | 1,218 | 1,617 | 1,199 |
| | 19,320 | 19,744 | 18,770 | 19,169 |
| Future finance charges | (550) | (575) | | |
| Present value of lease liabilities | 18,770 | 19,169 | | |
| Less: Amounts due for settlement within 12 months | | | (12,905) | (12,594) |
| Amounts due for settlement after 12 months | | | 5,865 | 6,575 |

At 30 September 2021, the weighted average effective interest rate for the lease liabilities of the Group was 3.98% (31 March 2021: 4.73%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

16. SHARE CAPITAL

| | Notes | Number of shares | HK\$ | Equivalent to RM'000 |
|---|-------|----------------------|-------------------|----------------------|
| Ordinary share of HK\$0.01 each | | | | |
| At 1 April 2020 (audited), 31 March 2021 (audited) and 30 September 2021 (unaudited) | | 2,000,000,000 | 20,000,000 | 11,194 |
| Issued and fully paid: | | | | |
| At 1 April 2020 (audited) | | 100 | 1 | —* |
| Capitalisation issue | 16(a) | 374,999,900 | 3,749,999 | 2,060 |
| Issuance of shares pursuant to the Share Offer | 16(b) | 125,000,000 | 1,250,000 | 687 |
| At 31 March 2021 (audited) and 30 September 2021 (unaudited) | | 500,000,000 | 5,000,000 | 2,747 |

* Represents amount less than RM1,000.

- (a) Pursuant to the resolutions in writing of the Company's shareholders passed on 23 March 2021, 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 2021.
- (b) 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 share offer of approximately RM7,851,000 were recognised in the share premium account of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

17. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2021 and 2020, 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 | |
|---|-----------------------|----------------------------------|-------------------------------|
| | | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Dato' Ng Kwang Hua and Dato' Ng Chin Kee | Rental expenses | 62 | 15 |

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

| | Six months ended 30 September | |
|--|----------------------------------|-------------------------------|
| | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Salaries, discretionary bonus, allowances and other benefits in kind | 1,658 | 1,013 |
| Contributions to defined contribution plan | 123 | 108 |
| | 1,781 | 1,121 |

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 2021, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RM4,899,000 (*six months ended 30 September 2020: approximately RM5,870,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

19. COMMITMENTS

(a) Commitments under operating leases

The Group as lessor

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

| | Six months ended 30 September | |
|----------------------------|----------------------------------|-------------------------------|
| | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Within one year | 152 | 119 |
| Between one and two years | 56 | 119 |
| Between two and five years | 3 | 23 |
| | 211 | 261 |

(b) Capital expenditure commitment

| | Six months ended 30 September | |
|---|----------------------------------|-------------------------------|
| | 2021 RM'000 (unaudited) | 2020 RM'000 (unaudited) |
| Contracted but not provided, net of deposit paid for the acquisition of plant and equipment | 375 | — |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2021

20. EVENTS AFTER REPORTING PERIOD

On 5 October 2021, the Board has resolved the declaration and payment of a special dividend of HK\$0.02 per ordinary share of the Company, amounting to HK\$10,000,000 in total. 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, 25 October 2021. The special dividend was distributed on 5 November 2021.

MOG EXPERIENCE MOG 體驗



We are dedicated in delivering unparalleled personalised service to our customers. Thus, we will continue to develop and expand our professional and friendly team with the latest eye care technology to serve one purpose - to match the most optimum vision care tools and service to the needs of our patients.

我們致力為客戶提供超越群倫的個性化服務。因此，我們將繼續發展及壯大旗下專業親切的服務團隊，並配以走在前沿的眼檢技術，這只為一個目的——以最佳視檢工具及服務適切地配合患者的需要。

