

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MOG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1942)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of MOG Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021 together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2021

		Six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	<i>RM'000</i>	<i>RM'000</i>
		(unaudited)	(unaudited)
Revenue	4	38,477	47,451
Cost of sales		<u>(11,900)</u>	<u>(15,765)</u>
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		<u>—</u>	<u>(1,409)</u>
Profit before tax	6	5,165	7,626
Income tax expense	7	<u>(1,856)</u>	<u>(2,060)</u>
Profit for the period		3,309	5,566

		Six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	RM'000	RM'000
		(unaudited)	(unaudited)
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		<u>(129)</u>	<u>(202)</u>
Other comprehensive loss for the period		(573)	(202)
Total comprehensive income for the period		<u>2,736</u>	<u>5,364</u>
Profit for the period attributable to:			
Owners of the Company		2,864	3,988
Non-controlling interests		<u>445</u>	<u>1,578</u>
		<u>3,309</u>	<u>5,566</u>
Total comprehensive income attributable to:			
Owners of the Company		2,291	3,786
Non-controlling interests		<u>445</u>	<u>1,578</u>
		<u>2,736</u>	<u>5,364</u>
Earnings per share attributable to owners of the Company			
Basic and diluted	8	<u>0.57 sen</u>	<u>0.81 sen</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

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

		At 30 September 2021 <i>RM'000</i> (unaudited)	At 31 March 2021 <i>RM'000</i> (audited)
Non-current liabilities			
Interest-bearing borrowing	<i>14</i>	—	1,183
Lease liabilities	<i>15</i>	5,865	6,575
Provisions		<u>1,015</u>	<u>998</u>
		<u>6,880</u>	<u>8,756</u>
NET ASSETS		<u>129,488</u>	<u>126,464</u>
Capital and reserves			
Share capital	<i>16</i>	2,747	2,747
Reserves		<u>119,725</u>	<u>117,415</u>
Equity attributable to owners of the Company		122,472	120,162
Non-controlling interests		<u>7,016</u>	<u>6,302</u>
TOTAL EQUITY		<u>129,488</u>	<u>126,464</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2021

	Attributable to owners of the Company								Total equity RM'000
	Share capital RM'000 (Note 16)	Share premium RM'000	Reserves			Accumulated profits RM'000	Total RM'000	Non-controlling interests 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 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

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	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)

		Six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	RM'000	RM'000
		(unaudited)	(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	<i>16(b)</i>	—	68,681
Payment of transactions costs attributable to issue of shares	<i>16(b)</i>	<u>—</u>	<u>(7,851)</u>
Net cash (used in) from financing activities		<u>(4,856)</u>	<u>54,955</u>
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		<u>(584)</u>	<u>(329)</u>
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		<u>53,547</u>	<u>66,724</u>

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.

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.

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

Six months ended 30 September 2020 (unaudited)

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

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 <i>RM'000</i>	Franchise and license management <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
Assets				
Reportable segment assets	<u>160,979</u>	<u>1,054</u>	<u>2,531</u>	<u>164,564</u>
Liabilities				
Reportable segment liabilities	<u>(34,846)</u>	<u>(230)</u>	<u>—</u>	<u>(35,076)</u>
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	—	—	900
Write-off of plant and equipment	3	—	—	3
Additions to right-of-use assets	4,748	151	—	4,899
Additions to plant and equipment	<u>1,247</u>	<u>—</u>	<u>—</u>	<u>1,247</u>

At 31 March 2021 (audited)

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

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

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

Geographical information

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

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	<u>104</u>	<u>182</u>
	<u>38,477</u>	<u>47,451</u>
Timing of revenue recognition		
A point in time	38,460	47,425
Over time	<u>17</u>	<u>26</u>
	<u>38,477</u>	<u>47,451</u>
Type of transaction price		
Fixed price	38,390	47,295
Variable price	<u>87</u>	<u>156</u>
	<u>38,477</u>	<u>47,451</u>

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*).

5. OTHER INCOME

	Six months ended 30 September	
	2021	2020
	RM'000	RM'000
	(unaudited)	(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 (<i>Note</i>)	1,345	1,789
Income on COVID-19-related rent concessions (<i>Note 15</i>)	1,743	1,776
Rental income from investment properties	73	165
Sponsorship income	122	32
Sundry income	<u>156</u>	<u>461</u>
	<u>5,374</u>	<u>5,774</u>

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.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 September	
	2021	2020
	RM'000	RM'000
	(unaudited)	(unaudited)
<i>Finance costs</i>		
Interest on bank overdrafts	—	7
Interest on interest-bearing borrowing	13	27
Interest on lease liabilities	303	380
	<u>316</u>	<u>414</u>
<i>Staff costs (including directors' remuneration)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	12,351	12,857
Contributions to defined contribution plans	1,220	1,218
	<u>13,571</u>	<u>14,075</u>
<i>Other items</i>		
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 (<i>Note 15</i>)	(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
	<u>3</u>	<u>21</u>

7. INCOME TAX EXPENSE

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the 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.

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	2020
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	<u>2,864</u>	<u>3,988</u>
	Number of shares	
	2021	2020
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>500,000,000</u>	<u>489,809,783</u>

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in Note 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*).

10. RIGHT-OF-USE ASSETS

	Shoplots <i>RM'000</i>	Motor vehicles <i>RM'000</i>	Leasehold improvements <i>RM'000</i>	Total <i>RM'000</i>
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	<u>(12,269)</u>	<u>(150)</u>	<u>(80)</u>	<u>(12,499)</u>
At 31 March 2021	<u>15,150</u>	<u>708</u>	<u>46</u>	<u>15,904</u>
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	<u>(5,573)</u>	<u>(120)</u>	<u>(19)</u>	<u>(5,712)</u>
At 30 September 2021	<u>13,472</u>	<u>1,575</u>	<u>44</u>	<u>15,091</u>
At 31 March 2021				
Cost	29,395	1,021	998	31,414
Accumulated depreciation	<u>(14,245)</u>	<u>(313)</u>	<u>(952)</u>	<u>(15,510)</u>
	<u>15,150</u>	<u>708</u>	<u>46</u>	<u>15,904</u>
At 30 September 2021				
Cost	29,015	2,008	1,015	32,038
Accumulated depreciation	<u>(15,544)</u>	<u>(432)</u>	<u>(971)</u>	<u>(16,947)</u>
	<u>13,471</u>	<u>1,576</u>	<u>44</u>	<u>15,091</u>

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.*)

11. PLANT AND EQUIPMENT

	Computers and software	Furniture, fixtures and office equipment	Optical equipment	Motor vehicles	Leasehold improvements	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
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

12. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

13. TRADE AND OTHER PAYABLES

	At 30 September 2021 <i>RM'000</i> (unaudited)	At 31 March 2021 <i>RM'000</i> (audited)
Trade payables to third parties	<u>4,490</u>	<u>4,395</u>
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	<u>2,883</u>	<u>2,371</u>
	<u>10,801</u>	<u>11,926</u>
	<u>15,291</u>	<u>16,321</u>

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	<u>331</u>	<u>318</u>
	<u><u>4,490</u></u>	<u><u>4,395</u></u>

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	<u>—</u>	<u>1,183</u>
	<u><u>—</u></u>	<u><u>1,288</u></u>

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.

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	<u>5,865</u>	<u>6,575</u>
	<u><u>18,770</u></u>	<u><u>19,169</u></u>

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*).

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	At 30 September 2021 <i>RM'000</i> (unaudited)	At 31 March 2021 <i>RM'000</i> (audited)	At 30 September 2021 <i>RM'000</i> (unaudited)	At 31 March 2021 <i>RM'000</i> (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	<u>1,663</u>	<u>1,218</u>	<u>1,617</u>	<u>1,199</u>
	19,320	19,744	18,770	19,169
Future finance charges	<u>(550)</u>	<u>(575)</u>		
Present value of lease liabilities	<u><u>18,770</u></u>	<u><u>19,169</u></u>		
Less: Amounts due for settlement within 12 months			<u>(12,905)</u>	<u>(12,594)</u>
Amounts due for settlement after 12 months			<u><u>5,865</u></u>	<u><u>6,575</u></u>

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.

16. SHARE CAPITAL

	<i>Notes</i>	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)				
		<u>2,000,000,000</u>	<u>20,000,000</u>	<u>11,194</u>
Issued and fully paid:				
At 1 April 2020 (audited)		100	1	—*
Capitalisation issue	<i>16(a)</i>	374,999,900	3,749,999	2,060
Issuance of shares pursuant to the Share Offer	<i>16(b)</i>	<u>125,000,000</u>	<u>1,250,000</u>	<u>687</u>
At 31 March 2021 (audited) and 30 September 2021 (unaudited)				
		<u>500,000,000</u>	<u>5,000,000</u>	<u>2,747</u>

* 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.

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	<u>62</u>	<u>15</u>

(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	<u>123</u>	<u>108</u>
	<u>1,781</u>	<u>1,121</u>

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*).

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	2020
	RM'000	RM'000
	(unaudited)	(unaudited)
Within one year	152	119
Between one and two years	56	119
Between two and five years	3	23
	<u>211</u>	<u>261</u>

(b) Capital expenditure commitment

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

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.

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 7 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.

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.

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.

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. 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 of the Company dated 28 March 2020 (the "**Prospectus**"):

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

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

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.

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.

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*).

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.

Use of Proceeds

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 April 2020 with a total of 500,000,000 offer shares issued based on the final offer price of HKD1.00 per offer share, the aggregate net proceeds, after deducting the related underwriting fee, incentive and estimated expenses paid and payable by the Company in relation to the Listing, received by the Company were approximately HKD91.1 million or RM50.3 million (based on exchange rate of RM0.5517:HKD1).

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at the date of this announcement, the net proceeds had been utilised as follows:

	Net proceeds	Amount Utilised (up to 30 September 2021)	Amount Unutilised (up to 30 September 2021)	Expected time frame for utilization
	<i>RM million</i>	<i>RM million</i>	<i>RM million</i>	<i>(Note 2)</i>
Set up 36 self-owned retail stores <i>(Note 1)</i>	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	<u>2.6</u>	<u>(2.6)</u>	<u>—</u>	Fully utilised
Total	<u>50.3</u>	<u>(4.9)</u>	<u>45.4</u>	

Notes:

1. 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.
2. In view of the uncertainty heightened by the COVID-19 pandemic and the prolonged MCO and National Recover Plan imposed by the Malaysian government, there has been a delay in the utilisation of the net proceeds than the planned schedule of utilisation as disclosed in the Prospectus. Nevertheless, the Group intends to continue to apply the unutilised net proceeds of approximately RM45.4 million as at 30 September 2021 in accordance with the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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

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

CORPORATE GOVERNANCE

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.

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 HK\$0.02 per ordinary share of the Company, amounting to HK\$10,000,000 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 27, 28 and 29 of this announcement in relation to the COVID-19 Pandemic, there was no significant events after the Reporting Period and up to the date of this announcement.

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.

Publication of Interim Results

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the Company’s website at www.mog.com.my. The Company’s 2021 interim report will be despatched to shareholders and published on the aforementioned websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their patronage.

By order of the Board
MOG Holdings Limited
Dato’ Ng Kwang Hua
Chairman and Executive Director

Hong Kong, 29 November 2021

As at the date of this announcement, the Company has three executive Directors, namely Dato’ Ng Kwang Hua (Chairman), Datin Low Lay Choo and Dato’ Ng Chin Kee, and four independent non-executive Directors, namely Mr. Ng Kuan Hua, Mr. Ng Chee Hoong, Ms. Jiao Jie and Puan Sri Datuk Seri Rohani Parkash Binti Abdullah.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.