MOG
EYEWEAR
METRO OPTICAL GROUP

# MOG Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1942

# GLOBAL OFFERING

Sole Sponsor

中泰國際
ZHONGTAI INTERNATIONAL

Sole Global Coordinator and Sole Bookrunner

中泰國際
ZHONGTAI INTERNATIONAL

Joint Lead Managers

中泰國際
ZHONGTAI INTERNATIONAL

利弗莫尔证券
Livermore Holdings Limited

浦銀國際
SPDB INTERNATIONAL

華盛証券
Valuable Capital Limited

***If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.***

# MOG Holdings Limited

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

## GLOBAL OFFERING

| | | |
|---|---|---|
| **Number of Offer Shares under the Global Offering** | : | **125,000,000 Shares (subject to the Over-allotment Option)** |
| **Number of Hong Kong Public Offer Shares** | : | **12,500,000 Shares (subject to reallocation)** |
| **Number of International Placing Shares** | : | **112,500,000 Shares (subject to the Over-allotment Option and reallocation)** |
| **Offer Price** | : | **Not more than HK$1.20 per Offer Share and expected to be not less than HK$1.00 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)** |
| **Nominal value** | : | **HK$0.01 per Share** |
| **Stock code** | : | **1942** |

**Sole Sponsor**

中泰國際 ZHONGTAI INTERNATIONAL

**Sole Global Coordinator and Sole Bookrunner**

中泰國際 ZHONGTAI INTERNATIONAL

**Joint Lead Managers**

中泰國際 ZHONGTAI INTERNATIONAL | 利弗莫尔证券 Livermore Holdings Limited | 浦銀國際 SPDB INTERNATIONAL | 華盛証券 Valuable Capital Limited

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above. Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company on or around Monday, 6 April 2020. If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by Tuesday, 14 April 2020, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$1.20 per Offer Share and is currently expected to be not less than HK$1.00 per Offer Share unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with the consent of the Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How To Apply For the Hong Kong Public Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Public Offer Shares, the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall have the right in certain circumstances, in its sole and absolute discretion, to terminate the Hong Kong Underwriting Agreement by notice in writing to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be Wednesday, 15 April 2020). Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Underwriting arrangements and expenses — The Hong Kong Public Offer — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act.

No information on any website forms part of this prospectus.

28 March 2020

***If there is any change in the following expected timetable, the Company will issue a separate announcement on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.mog.com.my.***

| | **Date and time**[1] |
|---|---|
| Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] | 11:30 a.m. on Monday, 6 April 2020 |
| Application Lists open[2] | 11:45 a.m. on Monday, 6 April 2020 |
| Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[3] | 12:00 noon on Monday, 6 April 2020 |
| Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) | 12:00 noon on Monday, 6 April 2020 |
| Application Lists close[2] | 12:00 noon on Monday, 6 April 2020 |
| Expected Price Determination Date[4] | Monday, 6 April 2020 |
| Announcement of the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Public Offer Shares under the Hong Kong Public Offer to be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** on or before | Tuesday, 14 April 2020 |
| Announcement of results of allocations under the Hong Kong Public Offer, including Hong Kong identity card/passport/ Hong Kong business registration numbers of successful applicants (where applicable) under the Hong Kong Public Offer and the number of the Hong Kong Public Offer Shares successfully applied for, to be available under a variety of channels as described in the section headed "How to Apply for the Hong Kong Public Offer Shares — 11. Publication of results" in this prospectus including the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** from | Tuesday, 14 April 2020 |
| Results of allocations in the Hong Kong Public Offer to be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from | Tuesday, 14 April 2020 |

| | |
|---|---|
| Despatch/collection of share certificates or deposit of share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offer on or before(5, 6 and 8) | Tuesday, 14 April 2020 |
| Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications in the event that the final Offer Price is less than the maximum Offer Price payable on application (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before(6 to 8) | Tuesday, 14 April 2020 |
| Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on | Wednesday, 15 April 2020 |

The application for the Hong Kong Public Offer Shares will commence from Saturday, 28 March 2020 through to Monday, 6 April 2020. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Tuesday, 14 April 2020. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Wednesday, 15 April 2020.

*Notes:*

1. All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

2. You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the Application Lists close.

3. If there is/are a "black" rainstorm warning, a tropical cyclone warning signal number 8 or above and/or extreme conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 April 2020, the Application Lists will not open and close on that day. Further information is set out in the section headed "How to Apply for the Hong Kong Public Offer Shares — 10. Effect of bad weather on the opening of the Application Lists" in this prospectus.

4. Applicants who apply for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for the Hong Kong Public Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

5. The Price Determination Date is expected to be on or around Monday, 6 April 2020, or such other day as may be agreed by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company. If, for any reason, the Offer Price is not agreed by the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) by Tuesday, 14 April 2020, the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse.

6. Share certificates will only become valid certificates of title provided that, no later than 8:00 a.m. on the Listing Date, the Global Offering has become unconditional and none of the Underwriting Agreements has been terminated in accordance with their respective terms.

7. Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020 or such other date as announced by the Company. Applicants being individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

8. Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect their refund cheques (if any) in person but may not elect to collect their share certificates personally, which will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for the Hong Kong Public Offer Shares are the same as those for applicants who apply on **WHITE** Application Forms.

9. Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to that bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

10. Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Hong Kong Public Offer Shares — 13. Refund of application monies and 14. Despatch/collection of share certificates and refund monies" in this prospectus.

**Particulars of the structure of the Global Offering, including the conditions thereto, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.**

*This prospectus is issued by the Company solely in connection with the Hong Kong Public Offer and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to buy any securities in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for the purposes of a public offering and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus to make your investment decision. The Company has not authorised anyone to provide you with different information. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective Directors or any other person or party involved in the Global Offering.*

## CONTENTS

***This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide whether to invest in the Offer Shares.***

## MISSION

The Group's mission is "To Help The World See Better".

## OVERVIEW

The Group is the second largest retailer of optical products in Malaysia in terms of revenue, accounting for approximately 7.1% of the market share in 2018. The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses from (i) International Brands; (ii) the Group's Own Brands; and (iii) Manufacturers' Brands carried by the Group. As at the Latest Practicable Date, the Group's optical product brands portfolio consisted of more than 220 International Brands and Own Brands catering to multiple price points in the eyewear retail market. In 2009 and 2010, the Group commenced its licensing business and franchising business respectively with a view to deepening its penetration in the Malaysian eyewear retail market. In August 2019, the Group launched its online sales platform focusing on the sales of frames from its Own Brands to customers in Malaysia. As at the Latest Practicable Date, the Group's retail network, which comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsular Malaysia. The following table sets out a breakdown of the Group's revenue by its principal business activities:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| | | | | | | | *(unaudited)* | | | |
| Retailing Business | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| Franchising and Licensing Business | 2,626 | 2.6 | 1,489 | 1.3 | 1,632 | 1.2 | 816 | 1.3 | 972 | 1.3 |
| Minority Sales Business*(Note)* | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

*Note:* As at the Latest Practicable Date, the Group has ceased the sale of optical products to the Thai Interested Companies and the Group also acquired a controlling interest in Mido Eyewear and New Success Eyewear during the year ended 31 March 2019.

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. As at the Latest Practicable Date, the Group had 10 retail brands covering the high-end, mid-end and mass-market segments of the Malaysian eyewear retail market. In addition to the aforementioned 10 retail brands, the Group's retail brand portfolio also included a retail brand which focuses on the sales of contact lenses. The Group's retail brands are set out as follows:

*High-end segment* MOG Boutique

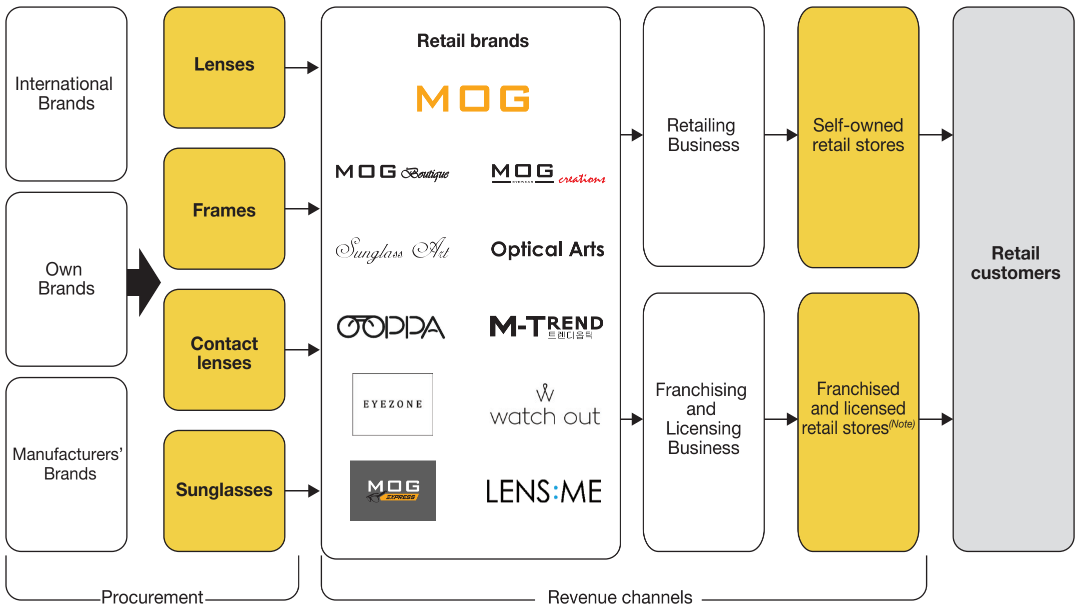
*Mid-end segment* MOG Optical Arts MOG creations Sunglass Art

*Mass-market segment* OPPA M-TREND EYEZONE MOG EXPRESS watch out

*Others* LENS:ME

## BUSINESS AND REVENUE MODEL

The following chart summarises the Group's principal business activities as at the Latest Practicable Date:




*Note:* Under the Group's Franchising and Licensing Business, the Group would franchise and license its retail brands to its respective franchisees and licensees. Franchisees would be required to purchase their inventory from the Group, however licensees are not required to do the same and no inventory was sold to licensees during the Track Record Period.

The Group's revenue during the Track Record Period mainly comprised of sales of optical products to (i) retail customers under its Retailing Business; (ii) franchisees under its Franchising and Licensing Business; and (iii) the Malaysian Interested Companies and the Thai Interested Companies under its Minority Sales Business. The Group also derived a lesser portion of its revenue from franchise and royalty fees under its Franchising and Licensing Business. The following table sets out a breakdown of the Group's total revenue during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| **Sales of optical products** | | | | | | | | | | |
| – Sales to retail customers | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| – Sales to franchisees | 2,081 | 2.0 | 1,050 | 0.9 | 1,209 | 0.9 | 607 | 1.0 | 762 | 1.0 |
| – Sales to Malaysian Interested Companies and Thai Interested Companies | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| | 101,366 | 99.4 | 115,023 | 99.6 | 133,192 | 99.7 | 60,789 | 99.7 | 74,278 | 99.7 |
| **Franchise and royalty fees** | 545 | 0.6 | 439 | 0.4 | 423 | 0.3 | 209 | 0.3 | 210 | 0.3 |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

## OPTICAL PRODUCTS AND OPTICAL PRODUCT BRANDS

### Optical products

The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses. The following table sets out the Group's revenue by optical product categories from the sales of optical products to retail customers, franchisees, the Malaysian Interested Companies and Thai Interested Companies during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Lenses | 34,884 | 34.4 | 42,739 | 37.2 | 53,267 | 40.0 | 24,453 | 40.2 | 31,378 | 42.2 |
| Frames | 25,943 | 25.6 | 27,402 | 23.8 | 30,760 | 23.1 | 14,153 | 23.3 | 16,442 | 22.1 |
| Contact lenses | 23,975 | 23.7 | 28,361 | 24.7 | 32,101 | 24.1 | 14,019 | 23.1 | 17,911 | 24.1 |
| Sunglasses | 15,846 | 15.6 | 15,553 | 13.5 | 16,067 | 12.1 | 7,562 | 12.4 | 7,764 | 10.5 |
| Others[(Note)] | 718 | 0.7 | 968 | 0.8 | 997 | 0.7 | 602 | 1.0 | 783 | 1.1 |
| **Total** | **101,366** | **100.0%** | **115,023** | **100.0%** | **133,192** | **100.0%** | **60,789** | **100.0%** | **74,278** | **100.0%** |

*Note:* Others include optical product accessories such as spectacle and sunglass cases and contact lens solution.

The growth of the Group's revenue from the sales of optical products throughout the Track Record Period was largely attributable to the increasing demand for optical products in Malaysia and the expansion of the Group's retail network. For details, please refer to "Financial Information — Analysis of sales of optical products by product categories" in this prospectus. Sales of lenses was the largest contributor to the Group's revenue from the sales of optical products and grew at a CAGR of approximately 23.6% from the year ended 31 March 2017 to the year ended 31 March 2019. It also increased by approximately 28.2% from the six months ended 30 September 2018 to the six months ended 30 September 2019. Revenue from the sales of frames was also an important contributor to the Group's revenue from the sales of optical products, which grew at a CAGR of approximately 9.0% from the year ended 31 March 2017 to the year ended 31 March 2019. It also increased by approximately 15.5% from the six months ended 30 September 2018 to the six months ended 30 September 2019. The sales of contact lenses gained increasing importance during the Track Record Period and grew at a CAGR of approximately 15.7% from the years ended 31 March 2017 to the year ended 31 March 2019. It continued to grow by approximately 27.9% from the six months ended 30 September 2018 to the six months ended 30 September 2019. Revenue from sale of sunglasses remained fairly stable throughout the Track Record Period.

### Optical product brands

The optical brands portfolio of the Group can generally be categorised into three primary segments, namely (i) International Brands; (ii) the Group's Own Brands; and (iii) Manufacturers' Brands. The brands comprising the Group's International Brands generally include international luxury as well as high-street fashion and optical brands, whilst the Group's Own Brands carry the Group's trademarks, which enable the Group to distinguish its product offerings from those of its competitors. The brands comprising the Manufacturers' Brands are generally fast changing as they may be rebranded based upon market conditions. During the Track Record Period, the sales of optical products from International Brands was the largest contributor to the Group's revenue from the sales of optical products. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, revenue from the International Brands was approximately RM80.5 million, RM89.9 million, RM101.3 million, RM46.3 million and RM56.2 million, accounting for approximately 79.4%, 78.2%, 76.1%, 76.2% and 75.6%, respectively of the Group's revenue from the sales of optical products. The remainder of the Group's revenue from the sales of optical products during the Track Record Period was contributed by the Group's Own Brands, which accounted for approximately 11.6%, 12.6%, 13.6%, 13.5% and 12.4%, respectively, while revenue from the Manufacturers' Brands accounted for approximately 9.0%, 9.2%, 10.3%, 10.3% and 12.0%, respectively. For details regarding the optical product brands, please refer to "Financial Information — Analysis of sales of optical products by product brands" in this prospectus.

### Pricing Policy

The Group generally adopts a cost-plus pricing policy whereby the retail prices of the optical products are determined with reference to the purchase costs and brands of the relevant optical products as well as the target profit margin. In addition, when determining the retail prices of the optical products, the Group will also take into account the relative pricing of its competitors. The Group has also adopted a policy whereby prices for identical models of optical products are generally the same throughout all the retail stores in its retail network.

### Gross profit and gross profit margin of sales of optical products

The gross profit from the Group's sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019 was approximately RM55.7 million, RM67.5 million, RM83.5 million, RM37.5 million and RM47.1 million, respectively. The Group's gross profit margin from the sales of optical products increased from approximately 55.0% for the year ended 31 March 2017 to approximately 62.7% for the year ended 31 March 2019 and also increased from approximately 61.7% for the six months ended 30 September 2018 to approximately 63.4% for the six months ended 30 September 2019. The following table sets out a breakdown of the Group's gross profit and gross profit margin from the sales of optical products during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| **Sales of optical products** | | | | | | | | | | |
| Lenses | 28,499 | 81.7 | 36,075 | 84.4 | 46,160 | 86.7 | 20,713 | 84.7 | 27,109 | 86.4 |
| Frames | 13,815 | 53.3 | 15,122 | 55.2 | 17,688 | 57.5 | 7,925 | 56.0 | 9,376 | 57.0 |
| Contact lenses | 7,829 | 32.7 | 10,484 | 37.0 | 13,381 | 41.7 | 5,960 | 42.5 | 7,433 | 41.5 |
| Sunglasses | 5,484 | 34.6 | 5,707 | 36.7 | 6,231 | 38.8 | 2,879 | 38.1 | 3,051 | 39.3 |
| Others*(Note)* | 80 | 11.1 | 73 | 7.5 | 77 | 7.7 | 53 | 8.8 | 110 | 14.0 |
| | 55,707 | 55.0 | 67,461 | 58.7 | 83,537 | 62.7 | 37,530 | 61.7 | 47,079 | 63.4 |
| **Franchise and royalty fees** | 545 | 100.0 | 439 | 100.0 | 423 | 100.0 | 209 | 100.0 | 210 | 100.0 |
| **Total** | **56,252** | **55.2** | **67,900** | **58.8** | **83,960** | **62.8** | **37,739** | **61.9** | **47,289** | **63.5** |

*Note:* Others include optical product accessories such as spectacle and sunglass cases and contact lens solutions.

In general, the gross profit margin of the lenses sold by the Group was higher than the other optical products sold by the Group as production of a finalised pair of lenses generally requires the efforts of optometrists and opticians as well as complex machineries used for edging and eye examination. The gross profit margins of the contact lenses sold by the Group was generally lower than the other optical products of the Group as the contact lens brands carried by the Group were mainly renowned brands which were commonly sold by other retailers, thus the Group's bargaining power vis-à-vis the supplier and its pricing power vis-à-vis the general public is relatively limited. The Group's gross profit margins in respect of lenses, frames, contact lenses and sunglasses increased throughout the Track Record Period for a variety of reasons. For lenses, such increase was mainly due to the increase in demand for functional lenses such as those with ultraviolet ray protection and anti-blue light as well as transition and progressive lenses, which generally carried a higher gross profit margin. For frames and sunglasses, such increase was mainly due to the increase in sales of frames and sunglasses under the Group's Own Brands and Manufacturers' Brands, which generally carried a higher gross profit margin. As for contact lenses, such increase was largely attributable to the Group's effort in promoting certain International Brands' contact lenses which carried a higher gross profit margin.

The following table sets out a breakdown of the Group's gross profit and gross profit margin of sales of optical products by brand categories during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| International Brands | 40,808 | 50.7 | 49,397 | 55.0 | 59,716 | 58.9 | 26,677 | 57.6 | 33,573 | 59.8 |
| Own Brands | 8,779 | 74.4 | 11,129 | 76.4 | 14,368 | 79.3 | 6,521 | 79.4 | 7,196 | 78.3 |
| Manufacturers' Brands | 6,120 | 67.3 | 6,935 | 65.7 | 9,453 | 68.7 | 4,332 | 69.5 | 6,310 | 70.8 |
| **Total** | **55,707** | **55.0** | **67,461** | **58.7** | **83,537** | **62.7** | **37,530** | **61.7** | **47,079** | **63.4** |

During the Track Record Period, the Group's International Brands generally carried lower gross profit margins as compared to the Group's Own Brands and Manufacturers' Brands as the optical brands comprising the Group's International Brands included, amongst others, many international luxury fashion and eyewear brands which were commonly sold to other retailers, thus limiting the Group's bargaining power vis-à-vis the supplier and its pricing power vis-à-vis the general public. For details, please refer to "Financial Information — Gross profit and gross profit margin" in this prospectus.

## CUSTOMERS

Due to the business nature of the Group, revenue from the Group's Retailing Business accounted for approximately 94.8%, 96.4%, 98.3% and 98.7% of the Group's total revenue during the Track Record Period with the remainder from the Group's Franchising and Licensing Business and Minority Sales Business. None of the Group's customers accounted for 5% or more of its total revenue for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively and the Group did not rely on any single customer during the Track Record Period.

## SUPPLIERS

The Group generally sources its optical products from an internal approved list of suppliers and as at the Latest Practicable Date, the Group had more than 160 approved suppliers included in its internal approved list. To ensure the authenticity of the optical products from International Brands, the Group will only include the authorised distributors or the brand holders themselves in the internal approved list and for the suppliers of the Group's Own Brands and Manufacturers' Brands, the Group requires that they fulfil certain selection criteria before they can be included in the internal approved list. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, purchases from the five largest suppliers of the Group accounted for approximately 55.3%, 50.9%, 54.9% and 57.0% of the Group's total purchases while purchases from the largest supplier of the Group accounted for approximately 18.9%, 13.8%, 15.3% and 19.0%, respectively. As at the Latest Practicable Date, the length of the Group's business relationships with its five largest suppliers ranged from five to 11 years. For details, please refer to "Business — Suppliers" in this prospectus.

## COMPETITIVE STRENGTHS

The Group considers its competitive strengths are as follows:

- established reputation with multi-brand strategy catering to a wide demographic of customers;
- diversified portfolio of optical products;
- solid retail network with strategically located retail stores; and
- experienced management team.

For details, please refer to "Business — Competitive strengths" in this prospectus.

## BUSINESS STRATEGIES

The Group intends to implement and pursue the following business strategies in order to strengthen its market position in the eyewear retail market:

- continue to expand the Group's retail network;
- upgrade and renovate the Group's 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;
- enhance the Group's production capabilities with regards to customised lenses; and
- upgrade the Group's information technology systems and enhance its operational efficiency.

For details, please refer to "Business — Business strategies" in this prospectus.

## SUMMARY OF COMBINED FINANCIAL INFORMATION

The following tables set out a summary of the Group's key financial information during the Track Record Period, and should be read in conjunction with the information set out in "Financial Information" and the Accountants' Report in Appendix I to this prospectus together with the accompanying notes.

### Selected information extracted from combined statements of profit or loss and other comprehensive income

The following table summarises the Group's combined statements of profit or loss and other comprehensive income for the periods indicated:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| Revenue | 101,911 | 100.0 | 115,462 | 100.0 | 133,615 | 100.0 | 60,998 | 100.0 | 74,488 | 100.0 |
| Cost of sales | (45,659) | (44.8) | (47,562) | (41.2) | (49,655) | (37.2) | (23,259) | (38.1) | (27,199) | (36.5) |
| Gross profit | 56,252 | 55.2 | 67,900 | 58.8 | 83,960 | 62.8 | 37,739 | 61.9 | 47,289 | 63.5 |
| Other income | 1,128 | 1.1 | 1,352 | 1.2 | 1,872 | 1.4 | 1,318 | 2.2 | 944 | 1.3 |
| Selling and distribution costs | (35,136) | (34.5) | (40,958) | (35.5) | (46,800) | (35.0) | (21,411) | (35.1) | (27,424) | (36.8) |
| Administrative expenses | (6,182) | (6.1) | (6,983) | (6.1) | (8,474) | (6.3) | (4,115) | (6.8) | (4,649) | (6.3) |
| Reversal of impairment loss of trade receivables, net | 27 | 0.0 | 40 | 0.0 | 38 | 0.0 | — | — | — | — |
| Finance costs | (918) | (0.9) | (1,096) | (0.9) | (1,098) | (0.8) | (530) | (0.9) | (481) | (0.7) |
| Listing expenses | — | — | — | — | — | — | — | — | (4,268) | (5.7) |
| Profit before tax | 15,171 | 14.8 | 20,255 | 17.5 | 29,498 | 22.1 | 13,001 | 21.3 | 11,411 | 15.3 |
| Income tax expense | (3,681) | (3.6) | (4,638) | (4.0) | (6,747) | (5.0) | (2,917) | (4.8) | (3,578) | (4.8) |
| **Profit for the year** | **11,490** | **11.2** | **15,617** | **13.5** | **22,751** | **17.1** | **10,084** | **16.5** | **7,833** | **10.5** |
| **Profit and total comprehensive income for the year/period attributable to:** | | | | | | | | | | |
| Owners of the Company | 10,405 | | 13,186 | | 20,641 | | 8,790 | | 6,168 | |
| Non-controlling interests | 1,085 | | 2,431 | | 2,110 | | 1,294 | | 1,665 | |
| | **11,490** | | **15,617** | | **22,751** | | **10,084** | | **7,833** | |

The growth in the Group's revenue and profit attributable to owners of the Company reflected the increasing demand for optical products in Malaysia and the Group's strategy of expanding its retail network by continuously opening new self-owned retail stores during the Track Record Period. The Group's self-owned retail stores increased from 55 retail stores as at 31 March 2017 to 84 retails stores as at 30 September 2019.

**Selected information extracted from combined statements of financial position**

The following table sets out a breakdown of the Group's assets and liabilities as at the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current assets | 60,728 | 67,362 | 70,585 | 78,920 |
| Current liabilities | 42,752 | 39,328 | 32,905 | 41,281 |
| **Net current assets** | **17,976** | **28,034** | **37,680** | **37,639** |
| Non-current assets | 30,688 | 28,899 | 28,657 | 28,301 |
| Non-current liabilities | 10,430 | 8,904 | 9,295 | 7,600 |
| **Net assets** | **38,234** | **48,029** | **57,042** | **58,340** |

The Group's current assets mainly represented inventories and bank balances and cash, whereas the Group's non-current assets mainly included right-of-use assets in relation to the Group's leased shoplots. The Group's current liabilities mainly represented trade payables due to its suppliers and lease liabilities in relation to the Group's leased shoplots, whereas the Group's non-current liabilities mainly included the lease liabilities in relation to the Group's leased shoplots. The net assets of the Group increased from approximately RM38.2 million as at 31 March 2017 to approximately RM58.3 million as at 30 September 2019; such increase was mainly due to the combined effect of (i) increase in bank balances and cash resulting from the Group's operating activities and (ii) decrease in trade and other payables and amounts due to the Controlling Shareholders. As at 31 January 2020, the Group's current assets and current liabilities was approximately RM83.9 million and RM38.4 million, respectively. For further details, please refer to "Financial Information — Analysis of major components of the combined statements of financial position" in this prospectus.

**Selected information extracted from combined statement of cash flows**

The following table sets out a summary of the Group's combined statements of cash flows for the periods indicated:

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* | RM'000 |
| Operating cash inflows before movements in working capital | 26,669 | 34,412 | 45,150 | 20,086 | 19,622 |
| Changes in working capital | 416 | (641) | (3,051) | (2,919) | 5,120 |
| Cash generated from operations | 27,085 | 33,771 | 42,099 | 17,167 | 24,742 |
| Income tax paid | (3,089) | (5,409) | (6,067) | (2,978) | (2,925) |
| Net cash from operating activities | 23,996 | 28,362 | 36,032 | 14,189 | 21,817 |
| Net cash (used in) from investing activities | (4,309) | (2,823) | 6,518 | 3,686 | (1,274) |
| Net cash used in financing activities | (11,454) | (21,669) | (33,997) | (12,370) | (15,613) |
| **Net increase in cash and cash equivalents** | **8,233** | **3,870** | **8,553** | **5,505** | **4,930** |

During the Track Record Period, the Group recorded steady growth in net cash from its operating activities, which was mainly driven by the increase in sales of optical products through the continuous expansion of the Group's retail network. The Group recorded net cash used in its investing activities for the years ended 31 March 2017 and 2018 which was a result of purchases of optometry equipment for newly opened self-owned retail stores. For the year ended 31 March 2019, the Group recorded a net cash from its investing activities, as the cash inflows arising from proceeds from the disposal of its investment properties and withdrawal of fixed deposits from licensed banks outweighed the cash outflows from the purchase of optometry equipment for its newly opened self-owned retail stores. The Group recorded a net cash used in investing activities for the six months ended 30 September 2019 which was largely attributable to the cash outflows used for the purchase of optometry equipment for the newly opened retail stores and the increase of fixed deposits with licensed banks which outweighed the cash inflows from the disposal of investment properties. During the Track Record Period, the Group recorded increased net cash used in its financing activities. For the year ended 31 March 2017, the Group's net cash used in financing activities mainly represented the repayment of lease liabilities in relation to the Group's shoplots. The Group's net cash used in its financing activities for the years ended 31 March 2018 and 2019 and the six months ended 30 September 2019 mainly represented the repayment of lease liabilities in relation to the Group's self-owned retail stores and payment of dividends to the then equity owners of the entities comprising the Group. For further details, please refer to "Financial Information — Cash flows" in this prospectus.

## KEY FINANCIAL RATIOS

The following table sets out a summary of the Group's key financial ratios during the Track Record Period:

| Key financial ratios | As at/Year ended 31 March | | | As at/ Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| Current ratio (times) | 1.42 | 1.71 | 2.15 | 1.91 |
| Quick ratio (times) | 0.89 | 1.11 | 1.43 | 1.26 |
| Gearing ratio (times) | 0.61 | 0.43 | 0.37 | 0.30 |
| Debt to equity ratio (times) | 0.04 | N/A | N/A | N/A |
| Interest coverage (times) | 17.53 | 19.48 | 27.87 | 24.72 |
| Return on equity (%) | 30.05% | 32.52% | 39.88% | N/A |
| Return on assets (%) | 12.57% | 16.22% | 22.92% | N/A |

For details, please refer to "Financial Information — Key financial ratios" in this prospectus.

## IMPACT FROM THE ADOPTION OF IFRS 9, IFRS 15 AND IFRS 16

The adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" throughout the Track Record Period did not have a significant impact on the Group's financial position and performance when compared to its presentation under IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 18 "Revenue".

During the Track Record Period, the Group's leased properties include self-owned retail stores, office premises and central warehouse. After due and careful consideration and taking into account the significance of the operating leases to the Group amongst other things, the Directors elected to early apply IFRS 16 "Leases" consistently throughout the Track Record Period. Following the early adoption of IFRS 16, leases (except for those with lease term of less than 12 months or of low value) are recognised in the form of an asset (being the right-of-use assets in the combined statements of financial position) together with corresponding financial liabilities (being the lease liabilities in the combined statements of financial position) and in respect of which depreciation expenses and finance costs are charged instead of rental expenses (under selling and distribution costs). For details, please refer to "Financial Information — Impact from the adoption of IFRS 9, IFRS 15 and IFRS 16" in this prospectus.

## MARKET COMPETITION

According to the Ipsos Report, the eyewear retail market in Malaysia is considered a mature market and it is expected that the industry revenue will grow at a CAGR of approximately 5.9% from 2019 to 2023, driven largely by the growing number of people requiring vision correction and the introduction of innovative optical products which attracts higher demand for optical products. Further, the high-end, mid-end and mass-market segments of the eyewear retail market in Malaysia are expected to grow at a CAGR of approximately 4.7%, 6.2% and 6.6%, respectively from 2019 to 2023, with the mid-end segment expected to account for the largest share of the revenue in 2023 at approximately 37.3%. For details, please refer to "Business — Market competition" in this prospectus.

## CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), each of the ultimate Controlling Shareholders, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, acting in concert as a group of Controlling Shareholders and through Alliance Vision (an investment holding company incorporated in the BVI and is wholly owned by Dato' Frankie Ng), Sky Pleasure (an investment holding company incorporated in the BVI and is wholly owned by Dato' Henry Ng) and Delightful Fortune (an investment holding company incorporated in the BVI and is wholly owned by Datin Bernice Low), will indirectly hold in aggregate 75% interest in the Company. For details, please refer to "Relationship with Controlling Shareholders" in this prospectus.

## CONNECTED TRANSACTIONS

The Group has entered into tenancy agreements whereby the Group as lessee has leased certain properties from certain Controlling Shareholders for office use and from a connected person for office use and as a place of residence for its employees. Further, the Group has also entered into licensing agreements whereby the Group as licensor has licensed the use of its trademarks in respect of its retail brands to certain associates of Dato' Frankie Ng, a Controlling Shareholder. Each of the aforementioned agreements are exempted continuing connected transactions under the Listing Rules. For details, please refer to "Connected Transactions" in this prospectus.

## DIVIDENDS

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, subsidiaries of the Group had declared and paid cash dividends of approximately RM0.2 million, RM5.8 million, RM12.7 million and RM8.2 million, respectively to its then shareholders. The Group does not have a fixed dividend policy, however the Directors expect that after the Listing, the Group's dividend payout ratio will not be less than 30.0% of its annual distributable net profit. For details, please refer to "Financial Information — Dividend policy" in this prospectus.

## APPLICATION FOR THE OFFER SHARES

The application for the Hong Kong Public Offer Shares will commence from Saturday, 28 March 2020 through to Monday, 6 April 2020. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Tuesday, 14 April 2020. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Wednesday, 15 April 2020.

## LISTING EXPENSES

During the Track Record Period, the Group incurred and recognised listing expenses of approximately RM4.3 million (equivalent to approximately HK$8.1 million). The Group expects to incur a further RM14.0 million (equivalent to approximately HK$26.7 million) for a total listing expenses of approximately RM18.3 million (equivalent to approximately HK$34.8 million) including the estimated underwriting fee, incentive fee and other expenses (assuming an Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative range of the Offer Price), out of which approximately RM5.3 million (equivalent to approximately HK$10.1 million) will be recognised as expenses in the combined statements of profit or loss and other comprehensive income and approximately RM8.7 million (equivalent to approximately HK$16.6 million) will be charged against equity upon the Listing according to the relevant accounting standards. The total listing expenses represent approximately 33.9% of the net proceeds from the Global Offering which is estimated to be approximately HK$102.7 million based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Offer Price range. Such expense and net proceeds from the Global Offering are current estimates and are for reference only. The final amount to be recognised to the profit or loss of the Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions. **Prospective investors should note that the financial performance of the Group for the year ending 31 March 2020 would be significantly affected by the estimated listing expenses mentioned above.**

## GLOBAL OFFERING STATISTICS

| | Based on the minimum Offer Price of HK$1.00 per Offer Share | Based on the maximum Offer Price of HK$1.20 per Offer Share |
|---|---|---|
| Market capitalisation of the Shares(1) | HK$500,000,000 | HK$600,000,000 |
| Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share(2) | HK$0.40 | HK$0.44 |

*Notes:*

1. The calculation of market capitalisation of the Shares is based on 500,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.
2. For details, please refer to "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus.

## USE OF PROCEEDS

The net proceeds from the issue of the Offer Shares under the Global Offering based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Offer Price range, is estimated to be approximately HK$102.7 million (assuming the Over-allotment Option is not exercised), after deducting the estimated underwriting fee, incentive fee and other expenses in connection with the Global Offering in the aggregate amount of approximately HK$34.8 million, paid and payable by the Company from the gross proceeds of the Global Offering and assuming the Over-allotment Option is not exercised.

The Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately 55.9% or HK$57.4 million will be used to expand the Group's retail network, through setting up 36 self-owned retail stores (which are intended to be wholly owned) in various parts of Malaysia;
- approximately 10.1% or HK$10.4 million will be used to upgrade and renovate the Group's self-owned retail stores;
- approximately 9.3% or HK$9.5 million will be used to promote recognition of the Group's 11 retail brands and to further develop and market the Group's Own Brands optical products through various means of advertising including national marketing campaigns, traditional print media and the use of social media influencers as well as to hire a brand consultant and a product designer;
- approximately 11.0% or HK$11.3 million will be used to enhance the Group's production capabilities with regards to customised lenses by jointly developing an optical lab in Malaysia with an internationally renowned lens manufacturer for the production of customised lenses;
- approximately 8.6% or HK$8.8 million will be used to upgrade the Group's information technology systems and enhance its operational efficiency by acquiring a RMS and upgrading its POS systems; and
- approximately 5.1% or HK$5.3 million will be used for general working capital.

Please refer to "Future Plans and Use of Proceeds" in this prospectus for further details.

## RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

The Group's business model has generally remained unchanged subsequent to the Track Record Period and for the period from 1 October 2019 up to and including the Latest Practicable Date. The number of retail stores in the Group's retail network has remained unchanged at 95 retail stores as the closure of an "OOPPA" self-owned retail store was offset by the addition of a "MOG Eyewear" franchised retail store. The "OOPPA" self-owned retail store had closed as its financial performance had not met the expectations of the Group but was not loss-making prior to its closure. Based on the Group's unaudited financial information, the average spending per transaction and the average number of daily transactions since 1 October 2019 was generally in line with the Group's average spending per transaction and average number of daily transactions during the Track Record Period.

Recently there has been a global outbreak of COVID-19 that has affected many parts of the world including Malaysia and on 16 March 2020, the Malaysian government implemented a movement control order which is effective from 18 March 2020 until 31 March 2020. Pursuant to the movement control order which is made under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967, (i) there is to be a general prohibition of mass movements and gatherings across the country including religious, sports, social and cultural activities; (ii) all Malaysians travelling abroad are required to undergo a health check and quarantine for 14 days upon their return; (iii) all foreigners are prohibited from entering Malaysia; (iv) all primary and secondary schools (whether private or government funded) are to be closed; (v) all higher education institutions are to be closed; and (vi) all government and private premises are to be closed except those involved in essential services such as water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defense, cleaning, retail and food supply. As confirmed by the Malaysian Legal Advisers, the Malaysian government has not in spite of COVID-19 declared a national emergency and the movement control order does not require the closure of eyewear retail stores as they are considered essential services. Further, (i) given the temporary nature of the movement control order as it is in effect for only a limited period of time; (ii) government enunciations; (iii) its impact upon the society and economy of Malaysia as the long term imposition of the movement control order would negatively affect the Malaysian economy and disrupt the movement of people and goods; and (iv) the success of similar measures in limiting the spread of COVID-19 in other countries, the Directors believe that it is unlikely to be in place for a significant period of time and that normal business activities will gradually resume upon its expiry. Nevertheless, according to the Ipsos Report it is expected that COVID-19 will have both a direct and indirect impact upon the Malaysian economy, though the impact is not expected to result in any long-term negative implications as the Malaysian government has announced a series of stimulus measures including a special 15% discount on monthly electricity bills for six categories of businesses including shopping malls.

The Group will closely monitor and adopt the measures suggested by the Malaysian government in response to COVID-19 and has also adopted the following measures: (i) sanitary masks and thermometers will be provided to employees at their workplace; (ii) employees who have travelled to overseas and are subject to quarantine are required to inform the Group's human resources department; (iii) employees who develop any respiratory disease symptoms are required to seek treatment, abstain from attending their workplace and inform their supervisors; (iv) employees will be reminded of the importance of maintaining good personal health and hygiene; (v) the Group will coordinate with the management of the shopping complexes where the retail stores are located to implement their measures in regards to COVID-19; (vi) notwithstanding that the Group's business is not subject to the movement control order, the Group will close all its self-owned retail stores during the period from 18 March 2020 to 31 March 2020 to reduce the risks to its employees and customers. The Directors estimate that the business of the Group's self-owned retail stores for the period from 18 March 2020 to 31 March 2020 will result in a loss of revenue of approximately RM5.7 million (calculated with reference to the Group's average daily sales during the Track Record Period); and (vii) the Group will also review its monthly expenses and review measures to reduce its operating costs.

The Directors consider that even if the scale of the outbreak of COVID-19 in Malaysia increases or there is a long-term imposition of the movement control order which results in the suspension of the Group's revenue-generating business, the Group will still be financially viable for more than five months after taking into account the Group's bank balances and cash as at 29 February 2020 which amounted to approximately RM43.7 million.

During the Track Record Period, to the best knowledge and belief of the Directors, the manufacturers of the optical products supplied to the Group by its five largest suppliers were mainly based in the United States, Costa Rica, the United Kingdom, Republic of Ireland, Italy, Belgium, Malaysia, Singapore, Thailand, Vietnam, the PRC and Japan. The Group has received confirmations from the majority of these suppliers which generally confirmed that (i) the recent outbreak of COVID-19 has not materially affected their supply chain; (ii) they do not anticipate any difficulty in supplying to the Group the International Brands optical products at the Group's historical purchase volumes; and (iii) they do not expect there to be any material fluctuations in the prices at which these International Brands optical products will be supplied. For the supply of the Group's Own Brands and Manufacturers' Brands optical products, to the best knowledge and belief of the Directors, the manufacturers were primarily based in the PRC. Up to the Latest Practicable Date, the Group has not experienced any material difficulties or issues relating to the sourcing of optical products under the Group's Own Brands and Manufacturers' Brands. The Group also does not anticipate that COVID-19 would impact upon the continuous supply of the optical products under the Group's Own Brands and the Manufacturers' Brands given that (i) the Group as a whole has approximately RM30.3 million of inventory on hand as at the Latest Practicable Date which the Directors consider is sufficient for at least three months of operations; (ii) the PRC government has recently begun mandating companies to resume their work activities; and (iii) no export restriction is imposed for the goods manufactured in the PRC. Accordingly, the Directors do not anticipate that COVID-19 will impact upon the Group's supply chain as a whole, also as confirmed by the Malaysian Legal Advisers the movement control order is not applicable to logistics service providers, as such its impact upon the Group's supply chain is likely to be minimal.

Based on the above, the Directors believe that the outbreak of COVID-19 in Malaysia, barring any unforeseen change, will not have any long term material adverse impact upon the Group's business, operations or supply chain. The Directors confirm that since 1 October 2019 and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which the Group operates that materially and adversely affect the financial and operating position; (ii) there was no material adverse change in the trading and financial position or prospect of the Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report in Appendix I to this prospectus.

## RISK FACTORS

There are risks associated with any investment. Some of the relatively material risks relating to the Group include, (i) the financial results of the Group depends on the success of the existing retail stores and new retail stores; (ii) the Group may not be able to secure and renew the lease agreements for the self-owned retail stores in desirable locations or on commercially acceptable terms; (iii) the Group relies on its major suppliers to supply the products and did not generally enter into long-term supply agreements with its suppliers; (iv) the Group's success depends on the strong recognition of its retail brands in the eyewear retail market of Malaysia and any damage to the reputation of its retail brands could materially and adversely affect its business and results of operations; (v) the Group is dependent on its key personnel and business partners; and (vi) the Group may not be able to capture market trends and customer preference in a timely manner.

During the Track Record Period, the Group recorded a relatively limited same-store sales growth. For the year ended 31 March 2018, the Group recorded a negative same-store sales growth rate of approximately 0.9% compared to the year ended 31 March 2017; while for the year ended 31 March 2019, the Group recorded a same-store growth rate of approximately 2.6% compared to the year ended 31 March 2018. Such fluctuation was mainly attributable to various economic and political uncertainties affecting consumer sentiments in Malaysia at that time. Accordingly, the Group's growth in revenue during the Track Record Period was mainly driven by its strategy of expanding its retail network which the Group will continue to heavily rely upon in the long run. Approximately 55.9% of the net proceeds from the Global Offering will be applied to expand the Group's retail network, as such, the success of the expansion will have a material impact on the Group's financial performance.

*Unless the context otherwise requires, the following expressions have the following meanings in this prospectus.*

| | |
|---|---|
| "Accountants' Report" . . | the accountants' report of the Company prepared by the joint reporting accountants as set out in Appendix I to this prospectus |
| "Acting in Concert Confirmation" . . . . . . . | the deed of confirmation dated 20 September 2019 executed by Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, in relation to their confirmation of the existence of certain acting in concert arrangements. For details, please refer to "Relationship with Controlling Shareholders" in this prospectus |
| "affiliate(s)" . . . . . . . . . . | any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "Alliance Vision" . . . . . . . | Alliance Vision Limited (佳聯有限公司), a company incorporated in the BVI with limited liability on 8 May 2019, which is wholly and beneficially owned by Dato' Frankie Ng as at the Latest Practicable Date and a Controlling Shareholder |
| "Application Form(s)" . . . | **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), individually or collectively, where the context so requires, any of them, relating to the Hong Kong Public Offer |
| "Application List(s)" . . . . | the application list(s) used in the Hong Kong Public Offer |
| "App New Success Eyewear" . . . . . . . . . . | App New Success Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 22 February 2017. On 15 August 2018 the Group executed the relevant transfer documents for the acquisition of 52% equity interest in New Success Eyewear, the holding company of App New Success Eyewear and completion was effected on 24 September 2018, accordingly App New Success Eyewear became an indirect non-wholly owned subsidiary of the Company |
| "Articles" or "Articles of Association" . . . . . . . . | the amended and restated articles of association of the Company conditionally adopted by the Shareholders on 23 March 2020 to take effect upon the Listing Date, as amended from time to time |
| "associate(s)" . . . . . . . . . | has the meaning ascribed thereto under the Listing Rules |
| "Bens Eyewear" . . . . . . . | Bens Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 10 March 2015 and an indirect non-wholly owned subsidiary of the Company |
| "Board" or "Board of Directors" . . . . . . . . . . | the board of Directors |

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| "business day(s)" | any day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which licenced banks in Hong Kong are generally open for normal banking business |
| "BVI" | the British Virgin Islands |
| "Capitalisation Issue" | the issue of 374,999,900 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company as referred to in the section headed "Statutory and General Information — A. Further information about the Company — 3. Written resolutions of all the Shareholders passed on 23 March 2020" in Appendix IV to this prospectus |
| "Caxia Eyewear" | Caxia Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 30 September 2015 and an indirect non-wholly owned subsidiary of the Company |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "CCASS Clearing Participant" | a person admitted to participate in CCASS as a direct clearing participant or general clearing participant |
| "CCASS Custodian Participant" | a person admitted to participate in CCASS as a custodian participant |
| "CCASS Investor Participant" | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| "CCASS Operational Procedures" | the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force |
| "CCASS Participant" | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| "Central Peninsular Malaysia" | Central Peninsular Malaysia includes the Federal Territories of Kuala Lumpur, Putrajaya and Selangor |
| "China" or "PRC" | the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan |
| "close associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Companies Law" or "Cayman Companies Law" | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which took effect from 3 March 2014, as amended, supplemented or otherwise modified from time to time |

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| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| "Company" | MOG Holdings Limited, a company incorporated in the Cayman Islands on 4 June 2019 as an exempted company with limited liability |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "connected transaction(s)" | has the meaning ascribed to it under the Listing Rules |
| "Controlling Shareholder(s)" | has the meaning ascribed thereto under the Listing Rules and unless the context requires others, refers to Alliance Vision, Sky Pleasure, Delightful Fortune, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low |
| "core connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "COVID-19" | coronavirus disease 2019 |
| "Dato' Frankie Ng" | Dato' Ng Kwang Hua, an executive Director and a Controlling Shareholder, the husband of Datin Bernice Low and the brother of Dato' Henry Ng |
| "Dato' Henry Ng" | Dato' Ng Chin Kee, an executive Director and a Controlling Shareholder, the brother of Dato' Frankie Ng and the brother-in-law of Datin Bernice Low |
| "Datin Bernice Low" | Datin Low Lay Choo, an executive Director and a Controlling Shareholder, the wife of Dato' Frankie Ng and the sister-in-law of Dato' Henry Ng |
| "Deed of Indemnity" | the deed of indemnity dated 23 March 2020 entered into by the Controlling Shareholders in favour of the Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in "Statutory and General Information — E. Other information — (1) Estate duty, tax and other indemnities" in Appendix IV to this prospectus |
| "Delightful Fortune" | Delightful Fortune Limited (佳福有限公司), a company incorporated in the BVI with limited liability on 8 May 2019, which is wholly and beneficially owned by Datin Bernice Low as at the Latest Practicable Date and a Controlling Shareholder |
| "Director General of Industrial Relations" | the person appointed under Industrial Relations Act 1967 who shall have the general direction, control and supervision of all matters relating to industrial relations |
| "Director(s)" | the director(s) of the Company |

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| "Dr Optic" | Dr Optic Sdn. Bhd., a company incorporated in Malaysia with limited liability on 20 February 2017 and an indirect non-wholly owned subsidiary of the Company |
| "DS Optique" | DS Optique Sdn. Bhd., a company incorporated in Malaysia with limited liability on 5 May 2017 and an indirect non-wholly owned subsidiary of the Company |
| "East Malaysia" | East Malaysia includes Labuan, Sabah and Sarawak |
| "Eastern Peninsular Malaysia" | Eastern Peninsular Malaysia includes Terengganu, Kelantan and Pahang |
| "EBIT" | Earnings before interest and tax |
| "EBITDA" | Earnings before interest, tax, depreciation and amortisation |
| "electronic application instruction(s)" | instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Public Offer Shares |
| "Evershine Eyewear" | Evershine Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 April 2014 and an indirect non-wholly owned subsidiary of the Company |
| "Evershine Optical" | Evershine Optical Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 October 2016 and an indirect non-wholly owned subsidiary of the Company |
| "Exon Eyewear" | Exon Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 September 2017 and an indirect non-wholly owned subsidiary of the Company |
| "Exon Eyewear (R&F)" | Exon Eyewear (R&F) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 29 October 2018. On 28 March 2019, the Group executed the relevant transfer documents for the acquisition of 51% equity interest in Exon Eyewear (R&F) and completion was effected on 3 April 2019, accordingly Exon Eyewear (R&F) became an indirect non-wholly owned subsidiary of the Company |
| "Exon Optical House" | Exon Optical House Sdn. Bhd., a company incorporated in Malaysia with limited liability on 15 October 2015 and an indirect non-wholly owned subsidiary of the Company |
| "Exotika Icon" | Exotika Icon Sdn. Bhd., a company incorporated in Malaysia with limited liability on 6 November 2004 and an indirect wholly owned subsidiary of the Company |
| "Eyes Founder" | Eyes Founder Sdn. Bhd. (formerly known as Metro Kep Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 2 September 2011 and an indirect non-wholly owned subsidiary of the Company |

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| "Eye Saver" . . . . . . . . . . | Eye Saver Sdn. Bhd., a company incorporated in Malaysia with limited liability on 29 June 2018 and an indirect wholly owned subsidiary of the Company |
| "E Zone Eyewear" . . . . . | E Zone Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 15 October 2015. On 15 August 2018 the Group executed the relevant transfer documents for the acquisition of 52% equity interest in New Success Eyewear, the holding company of E Zone Eyewear and completion was effected on 24 September 2018 accordingly E Zone Eyewear became an indirect non-wholly owned subsidiary of the Company |
| "Fabulous Project Management" . . . . . . . | Fabulous Project Management Sdn. Bhd., a company incorporated in Malaysia with limited liability on 21 May 2012 and an indirect non-wholly owned subsidiary of the Company |
| "Franchising and Licensing Business" . . | the franchising and licensing of the Group's retail brands to franchisees and licensees. For details, please refer to "Business — Franchising and Licensing Business" in this prospectus |
| "General Rules of CCASS" . . . . . . . . . . . | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures |
| "Global Offering" . . . . . . | the Hong Kong Public Offer and the International Placing |
| "**GREEN** Application Form(s)" . . . . . . . . . . . | the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited |
| "Group" . . . . . . . . . . . . . | the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require) or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their respective predecessors |
| "Harvest Eyewear" . . . . . | Harvest Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 12 August 2016 and an indirect non-wholly owned subsidiary of the Company |
| "HK$", "Hong Kong dollar(s)" . . . . . . . . . . . | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "HKSCC" . . . . . . . . . . . . | Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| "HKSCC Nominees" . . . . | HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC |
| "Hong Kong" or "HK" . . . | the Hong Kong Special Administrative Region of the PRC |

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| "Hong Kong Branch Share Registrar" | Computershare Hong Kong Investor Services Limited |
| "Hong Kong Public Offer" | the offer by the Company of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong as described in "Structure and Conditions of the Global Offering — The Hong Kong Public Offer" in this prospectus at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto |
| "Hong Kong Public Offer Shares" | the 12,500,000 new Shares being offered for subscription by the Company at the Offer Price under the Hong Kong Public Offer (subject to reallocation as described in "Structure and Conditions of the Global Offering — The Hong Kong Public Offer — Reallocation" in this prospectus) |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offer named in "Underwriting — Hong Kong Underwriters" in this prospectus |
| "Hong Kong Underwriting Agreement" | the conditional underwriting agreement dated 27 March 2020 relating to the Hong Kong Public Offer entered into by, among others, the Company and the Hong Kong Underwriters, particulars of which are summarised in the section headed "Underwriting — Underwriting arrangements and expenses" in this prospectus |
| "IASB" | International Accounting Standards Board |
| "IAS(s)" | International Accounting Standards issued by the IASB |
| "IFRS(s)" | International Financial Reporting Standards issued by the IASB |
| "Independent Third Party(ies)" | an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made reasonable enquiries, is/are not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder of the Company, its subsidiaries or any of their respective associates |
| "insignificant subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "Intelligent Spec Saver" | Intelligent Spec Saver Sdn. Bhd., a company incorporated in Malaysia with limited liability on 6 September 2011 and an indirect non-wholly owned subsidiary of the Company |
| "International Brands" | 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. For details, please refer to "Business — International Brands" in this prospectus |

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| "International Placing" . . . | the conditional placing by the International Underwriters of the International Placing Shares at the Offer Price plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, details of which are described in "Structure and Conditions of the Global Offering — The International Placing" in this prospectus |
| "International Placing Share(s)" . . . . . . . . . . . | the 112,500,000 new Shares, initially being offered for subscription by the Company at the Offer Price under the International Placing (subject to the Over-allotment Option and reallocation as described in "Structure and Conditions of the Global Offering — The International Placing — Reallocation" in this prospectus) |
| "International Underwriters" . . . . . . . | the group of underwriters led by the Sole Global Coordinator, who are expected to enter into the International Underwriting Agreement |
| "International Underwriting Agreement" . . . . . . . . . | the conditional underwriting agreement relating to the International Placing and expected to be entered into by, among others, the Sole Global Coordinator, the International Underwriters and the Company on or about the Price Determination Date |
| "Ipsos" . . . . . . . . . . . . . | Ipsos Limited, an independent industry consultant engaged by the Company |
| "Ipsos Report" . . . . . . . . | the Ipsos Report provided by Ipsos, which was commissioned by the Company in relation to, among other things, the eyewear retail market in Malaysia |
| "Joint Lead Managers" . . | Zhongtai International Securities Limited, Livermore Holdings Limited, SPDB International Capital Limited and Valuable Capital Limited |
| "Latest Practicable Date" | 19 March 2020, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus prior to its publication |
| "Listing" . . . . . . . . . . . . . | the listing of the Shares on the Main Board of the Stock Exchange |
| "Listing Committee" . . . . | the Listing Committee of the Stock Exchange |
| "Listing Date" . . . . . . . . . | the date, currently expected to be Wednesday, 15 April 2020, on which dealings of the Shares on the Main Board first commence |
| "Listing Rules" . . . . . . . . | the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time |
| "Lux Optical" . . . . . . . . . | Lux Optical Sdn. Bhd., a company incorporated in Malaysia with limited liability on 20 August 2013 and an indirect non-wholly owned subsidiary of the Company |
| "Luxshine Eyewear" . . . . | Luxshine Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 27 October 2016 and an indirect non-wholly owned subsidiary of the Company |

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| "Main Board" | the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operating in parallel with GEM of the Stock Exchange |
| "Malaysian Interested Companies" | App New Success Eyewear, E Zone Eyewear, New Success Eyewear and Mido Eyewear |
| "Malaysian Legal Advisers" | David Lai & Tan, the legal advisers to the Company as to Malaysian laws |
| "Malaysian Optical Council" | a corporate body established pursuant to the Optical Act 1991 which is responsible in monitoring the optometry services and practices through the enforcement of relevant laws |
| "Manufacturers' Brands" | the brands of optical products which are designed and manufactured by third party manufacturers. For details, please refer to "Business — Manufacturers' Brands" in this prospectus |
| "Memorandum" or "Memorandum of Association" | the amended and restated memorandum of association of the Company as amended from time to time |
| "Metro Designer Eyewear" | Metro Designer Eyewear Sdn. Bhd. (formerly known as Metro Mobile Sales & Service Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 23 June 1997 and an indirect non-wholly owned subsidiary of the Company |
| "Metro Eyewear Holdings" | Metro Eyewear Holdings Sdn. Bhd. (formerly known as Yong Hua Chinese Medicine & Health Care Sdn. Bhd., Speed Optical Trading Sdn. Bhd. and Metro Eyewear Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 28 March 1998 and an indirect wholly owned subsidiary of the Company |
| "Metro RWG" | Metro RWG Sdn. Bhd. (formerly known as City Look Eyewear Sdn. Bhd. and MOG Bumi Entrepreneur Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 25 March 2010 and an indirect non-wholly owned subsidiary of the Company |
| "Metro (SPY)" | Metro (SPY) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 13 June 2011 and an indirect non-wholly owned subsidiary of the Company |
| "Mido Eyewear" | Mido Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 30 January 2013. On 21 March 2019 the Group executed the relevant transfer documents for the acquisition of 100% equity interest in Mido Eyewear and completion was effected on 27 March 2019 accordingly Mido Eyewear became an indirect wholly owned subsidiary of the Company |
| "Minority Sales Business" | the sales of optical products to the Malaysian Interested Companies and the Thai Interested Companies. For details, please refer to "Business — Minority Sales Business" in this prospectus |

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| "Modern Pride" . . . . . . . | Modern Pride Sdn. Bhd., a company incorporated in Malaysia with limited liability on 22 March 2010 and an indirect non-wholly owned subsidiary of the Company |
| "MOG Bangkok" . . . . . . . | MOG Bangkok Company Limited, a company incorporated in Thailand on 8 March 2017 and of which 49% of its equity interest is held by Dato' Frankie Ng of the Company |
| "MOG (BVI)" . . . . . . . . . . | MOG (BVI) Limited, a company incorporated in the BVI with limited liability on 14 June 2019 and a direct wholly owned subsidiary of the Company |
| "MOG Eyecity" . . . . . . . . | MOG Eyecity Sdn. Bhd., a company incorporated in Malaysia with limited liability on 21 November 2017 and an indirect wholly owned subsidiary of the Company |
| "MOG Eyewear" . . . . . . . | MOG Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 19 January 2005 and an indirect wholly owned subsidiary of the Company |
| "MOG Eyewear Boutique" . . . . . . . . . . | MOG Eyewear Boutique Sdn. Bhd., a company incorporated in Malaysia with limited liability on 12 October 2007 and an indirect non-wholly owned subsidiary of the Company |
| "MOG Eyewear Distribution" . . . . . . . . | MOG Eyewear Distribution Sdn. Bhd., a company incorporated in Malaysia with limited liability on 5 January 2010 and an indirect wholly owned subsidiary of the Company |
| "MOG Eyewear Holdings (M)" . . . . . . . . . . . . . | MOG Eyewear Holdings (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 October 2001 and an indirect wholly owned subsidiary of the Company |
| "MOG Eyewear (Kempas)" . . . . . . . . . . | MOG Eyewear (Kempas) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 13 April 2017 and an indirect non-wholly owned subsidiary of the Company |
| "MOG (Hong Kong)" . . . . | MOG (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 15 June 2018 and an indirect wholly owned subsidiary of the Company |
| "MOG Management" . . . . | MOG Management Sdn. Bhd. (formerly known as Mega MKT. & Property Holding Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 6 October 2008 and an indirect wholly owned subsidiary of the Company |
| "MOG Optometry" . . . . . | MOG Optometry Sdn. Bhd., a company incorporated in Malaysia with limited liability on 19 May 2006 and an indirect wholly owned subsidiary of the Company |

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| "MOG Optometry (HK)" . . | MOG Optometry (HK) Sdn. Bhd. (formerly known as Gallery Optical World Trade (M) Sdn. Bhd. and Jardine Optometry (HK) Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 21 April 2003 and an indirect wholly owned subsidiary of the Company |
| "MOG (QBM)" . . . . . . . . | MOG (QBM) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 23 August 2011 and an indirect non-wholly owned subsidiary of the Company |
| "MOG Thailand" . . . . . . . | MOG Holdings Company Limited, a company incorporated in Thailand on 28 November 2017 and of which 34% of its equity interest is held by Dato' Frankie Ng |
| "MOG (TPU)" . . . . . . . . . | MOG (TPU) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 August 2011 and an indirect non-wholly owned subsidiary of the Company |
| "M Optical" . . . . . . . . . . | M Optical Sdn. Bhd. (formerly known as Metro Eyewear (Paragon) Sdn. Bhd. and Metro Eyewear (Maju Junction) Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 29 January 2002 and an indirect non-wholly owned subsidiary of the Company |
| "M Optic Project & Event" . . . . . . . . . . . . | M Optic Project & Event Sdn. Bhd. (formerly known as Biz Medic Optical Sdn. Bhd. and Kota Damai Simfoni Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 10 March 2008 and an indirect wholly owned subsidiary of the Company |
| "MyIPO" . . . . . . . . . . . . | the Intellectual Property Corporation of Malaysia |
| "New Success Distribution" . . . . . . . . | New Success Distribution Sdn. Bhd., a company incorporated in Malaysia with limited liability on 17 October 2014 an indirect non-wholly owned subsidiary of the Company |
| "New Success Eyewear" . | New Success Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 10 October 2014. On 15 August 2018 the Group executed the relevant transfer documents for the acquisition of 52% equity interest in New Success Eyewear and completion was effected on 24 September 2018, accordingly New Success Eyewear became an indirect non-wholly owned subsidiary of the Company |
| "New Success (EkoCheras)" . . . . . . . . | New Success (EkoCheras) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 9 August 2018. On 15 August 2018 the Group executed the relevant transfer documents for the acquisition of 52% equity interest in New Success Eyewear, the holding company of New Success (EkoCheras) and completion was effected on 24 September 2018, accordingly New Success (EkoCheras) became an indirect non-wholly owned subsidiary of the Company |
| "Northern Peninsular Malaysia" . . . . . . . . . . | Northern Peninsular Malaysia includes Perlis, Kedah, Penang and Perak |

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| "Offer Price" | the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$1.20 and expected to be not less than HK$1.00, at which the Offer Shares are to be subscribed for and issued, or purchased and sold and which is to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company on the Price Determination Date, as described in "Structure and Conditions of the Global Offering — Pricing of the Global Offering" in this prospectus |
| "Offer Share(s)" | the Hong Kong Public Offer Shares and the International Placing Shares (subject to the Over-allotment Option and reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus) |
| "Oppa Eyewear" | Oppa Eyewear Company Limited, a company incorporated in Thailand on 22 May 2017 and of which 24% of its equity interest is held by Dato' Frankie Ng |
| "Optical Arts" | Optical Arts Sdn. Bhd., a company incorporated in Malaysia with limited liability on 7 May 2008 and an indirect wholly owned subsidiary of the Company |
| "Over-allotment Option" | The option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which the Company may be required to allot and issue up to an aggregate of 18,750,000 additional new Shares at the Offer Price, representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things, cover the over-allocations (if any) in the International Placing, as described in "Structure and conditions of the Global Offering" in this prospectus |
| "Own Brand(s)" | the brands of optical products which carry the Group's trademarks and are manufactured by third party manufacturers. For details, please refer to "Business — Own Brands" in this prospectus |
| "Peninsular Malaysia" | comprises Central Peninsular Malaysia, Northern Peninsular Malaysia, Southern Peninsular Malaysia and Eastern Peninsular Malaysia |
| "Prestige Eyewear" | Prestige Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 7 September 2017 and an indirect non-wholly owned subsidiary of the Company |
| "Price Determination Date" | the date, expected to be on or around Monday, 6 April 2020 and in any event no later than Tuesday, 14 April 2020, on which the Offer Price is fixed for the purpose of the Global Offering |
| "Pro Optic" | Pro Optic Sdn. Bhd., a company incorporated in Malaysia with limited liability on 9 September 2011 and an indirect non-wholly owned subsidiary of the Company |

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| "Real Eyes" | Real Eyes Sdn. Bhd., a company incorporated in Malaysia with limited liability on 9 July 2010 and an indirect wholly owned subsidiary of the Company |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Reorganisation" | the corporate reorganisation of the Group in preparation for the Listing as described in "History, Reorganisation and Corporate Structure — Corporate Reorganisation" in this prospectus |
| "Repurchase Mandate" | the general unconditional mandate to repurchase Shares given to the Directors by the Shareholders. For details, please refer to "Statutory and General Information — A. Further information about the Company — 3. Written resolutions of all the Shareholders passed on 23 March 2020" in Appendix IV to this prospectus |
| "Retailing Business" | the sales of optical products through the self-owned retail stores and online sales platform of the Group to retail customers. For details, please refer to "Business — Retailing Business" in this prospectus |
| "Right View Optic" | Right View Optic Sdn. Bhd., a company incorporated in Malaysia with limited liability on 14 March 2017 and an indirect non-wholly owned subsidiary of the Company |
| "RM" | Malaysian Ringgit, the lawful currency of the Malaysia |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary shares of HK$0.01 each in the share capital of the Company |
| "Shareholder(s)" | the holder(s) of the Shares |
| "Share Option Scheme" | the share option scheme conditionally approved and adopted by the Company on 23 March 2020, the principal terms of which are summarised in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus |
| "Sky Pleasure" | Sky Pleasure Limited (天樂有限公司), a company incorporated in the BVI with limited liability on 8 May 2019, which is wholly and beneficially owned by Dato' Henry Ng as at the Latest Practicable Date and a Controlling Shareholder |
| "Smart Vision House" | Smart Vision House Sdn. Bhd., a company incorporated in Malaysia with limited liability on 30 September 2014 and an indirect wholly owned subsidiary of the Company |

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| "Sole Global Coordinator" or "Sole Bookrunner" . . | Zhongtai International Securities Limited, a corporation licenced to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the Sole Global Coordinator, Sole Bookrunner and one of the Joint Lead Managers for the Global Offering |
| "Sole Sponsor" . . . . . . . | Zhongtai International Capital Limited, a corporation licenced to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO, being the Sole Sponsor for the Listing |
| "Southern Peninsular Malaysia" . . . . . . . . . . | Southern Peninsular Malaysia includes Johor, Melaka and Negeri Sembilan |
| "Specs Gallery" . . . . . . . | Specs Gallery Sdn. Bhd. (formerly known as T & T Theme Park Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 27 December 2017. On 27 March 2019 the Group executed the relevant transfer documents for the acquisition of 60% equity interest in Specs Gallery and completion was effected on 3 April 2019 accordingly Specs Gallery became an indirect non-wholly owned subsidiary of the Company |
| "Specs Saver" . . . . . . . . | Specs Saver Sdn. Bhd., a company incorporated in Malaysia with limited liability on 20 March 2019 and an indirect wholly owned subsidiary of the Company |
| "Spec Trend" . . . . . . . . . | Spec Trend Sdn. Bhd., a company incorporated in Malaysia with limited liability on 10 November 2016 and an indirect non-wholly owned subsidiary of the Company |
| "Stabilising Manager" . . . | Zhongtai International Securities Limited |
| "Stock Borrowing Agreement" . . . . . . . . . | the stock borrowing agreement which may be entered into between Alliance Vision and the Stabilising Manager on or about the Price Determination Date |
| "Stock Exchange" . . . . . | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" . . . . . . . | has the meaning ascribed to it under the Listing Rules |
| "substantial shareholder(s)" . . . . . . | has the meaning ascribed to it under the Listing Rules |
| "Success Optic" . . . . . . . | Success Optic Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 August 2010 and an indirect non-wholly owned subsidiary of the Company |
| "Takeovers Code" . . . . . | the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time |

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| "Thai Interested Companies" . . . . . . . . | MOG Thailand, MOG Bangkok and Oppa Eyewear |
| "Track Record Period" . . | the three years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 |
| "Underwriters" . . . . . . . . | the Hong Kong Underwriters and the International Underwriters |
| "Underwriting Agreements" . . . . . . . . | the Hong Kong Underwriting Agreement and the International Underwriting Agreement |
| "Unique Eyewear" . . . . . . | Unique Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 November 2016 and an indirect wholly owned subsidiary of the Company |
| "United States", "US" or "U.S." . . . . . . . . . . . . . | the United States of America |
| "U.S. Securities Act" . . . . | the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder |
| "USD" or "US$" . . . . . . . | United States dollars, the lawful currency of the United States |
| "Victory Eyewear" . . . . . . | Victory Eyewear Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 November 2016 and an indirect wholly owned subsidiary of the Company |
| "Vivo Vision" . . . . . . . . . | Vivo Vision Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 August 2016 and an indirect non-wholly owned subsidiary of the Company |
| "**WHITE** Application Form(s)" . . . . . . . . . . . | the application form(s) for use by the public who require(s) such Hong Kong Public Offer Shares to be issued in the applicant's or applicants' own name(s) |
| "**White Form eIPO**" . . . . | the application of Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk** |
| "**White Form eIPO** Service Provider" . . . . . | Computershare Hong Kong Investor Services Limited |
| "**YELLOW** Application Form(s)" . . . . . . . . . . . | the application form(s) for use by the public who require(s) such Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS |
| "%" . . . . . . . . . . . . . . . . | per cent. |
| "฿" . . . . . . . . . . . . . . . . | Thai Baht, the lawful currency of Thailand |

*Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.*

*Unless otherwise specified, all references to any shareholding in the Company in this prospectus assume the Over-allotment Option is not exercised and does not take into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.*

*If there is any inconsistency between the English translations and the Chinese or Malay names of entities or enterprises established in Hong Kong, the PRC or Malaysia (as the case may be) or qualifications awarded in Hong Kong, the PRC or Malaysia (as the case may be), the Chinese or Malay names shall prevail. The English translation of names of entities or enterprises or qualifications in Chinese or Malay marked with "*" is for identification purpose only.*

***This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.***

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| "breakeven" . . . . . . . . . . | in respect a retail store, the first point at which its monthly revenue is at least equal to its monthly costs |
| "breakeven period" . . . . . | the period commencing on the date when the retail store begins operations and ending on the date when it achieves breakeven |
| "CAGR" . . . . . . . . . . . . . | compound annual growth rate, calculated by subtracting one from the result of dividing the ending value by its beginning value raised to the power of one divided by the period length |
| "fast fashion eyewear" . . | optical products that are produced quickly in response to the latest fashion trends and styles and are normally targeted at the mass-market and mid-end segments of the eyewear retail market |
| "GDP" . . . . . . . . . . . . . . | gross domestic product |
| "high-end segment" . . . . | in relation to the Malaysian eyewear retail market, the market segment in which optical products are generally priced above RM1,200.0 and are from luxury fashion houses or eyewear brands and targets retail customers with strong purchasing powers |
| "investment payback" . . . | in respect of a retail store, the point at which the Group has recouped its initial investment (being amongst others, the renovation and equipment costs incurred) |
| "investment payback period" . . . . . . . . . . . . | the period commencing on the date when the retail store begins operation and ending when it achieves its investment payback |
| "mass-market segment" . | in relation to the Malaysian eyewear retail market, the market segment in which optical products are generally priced below RM300.0 and have a mass appeal due to their relatively low pricing |
| "mid-end segment" . . . . . | in relation to the Malaysian eyewear retail market, the market segment in which optical products which are generally priced between RM301.0 and RM1,200.0 and are from high-street fashion and eyewear brands |
| "ODM" . . . . . . . . . . . . . . | original design manufacturer |
| "OEM" . . . . . . . . . . . . . . | original equipment manufacturer |
| "POS" . . . . . . . . . . . . . . | point of sale |
| "RMS" . . . . . . . . . . . . . . | retail management system |
| "sq.ft." . . . . . . . . . . . . . . | square feet |

This prospectus contains forward-looking statements relating to the plans, intentions, beliefs, objectives, expectations and predictions of the Group, which are, by their nature, subject to significant risks and uncertainties and may not represent the Group's overall performance for the periods of time to which such statements relate. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. Important factors that could cause the actual performance or achievements of the Group to differ materially from those in the forward-looking statements include, without limitation, the following:

- its operations and business prospects;
- the amount and nature of, potential for and future development of its business;
- future developments, trends and conditions, competition for its business activities and future development in the industry and the geographical markets in which the Group operates;
- its strategies, plans and objectives and its various measures to implement or achieve such strategies, plans and objectives;
- its ability to meet the changing needs of its customers;
- its dividend distribution plans or dividend policy;
- its financial condition and performance;
- its needs for capital;
- changes in the laws, rules and regulations in the countries in which the Group operates and the rules, regulations and policies of the relevant government authorities relating to all aspects of its business, including changes in tax policy and environmental regulations;
- general political and economic conditions in Hong Kong, Malaysia and overseas;
- the general economic trends and conditions;
- changes in competitive conditions and its ability to compete under these conditions;
- its ability to recruit and retain employees and personnel;
- the general economic trends, market and business conditions in the countries or regions in which the Group operates;
- change or volatility in prices, volumes, operations, margins, overall market trends, risk management, interest rates and exchange rates;
- other statements in this prospectus that are not historical facts;
- realisation of the benefits or its future plans and strategies; and
- other factors beyond its control.

When used in this prospectus, the words "aim", "anticipate", "believe", "can", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "predict", "project", "propose", "potential", "seek", "shall", "should", "will", "would", "with a view to" and the negatives of these terminologies and similar expressions are intended to identify forward-looking statements. The Company makes these forward-looking statements based on current plans and estimates and they speak only as at the date they were made. These forward-looking statements are not a guarantee of future performance. Actual outcomes could be caused to differ materially from those expressed in any forward-looking statements by, including without limitation, the risk factors set forth under "Risk Factors" in this prospectus.

Although the Directors believe that the Company's current views as reflected in these forward-looking statements based on currently available information are fair and reasonable and that the Directors confirm that these forward-looking statements are made after due and careful consideration, the Company can give no assurance that these views will prove to be correct. You are strongly cautioned that reliance on any forward-looking statements in this prospectus involves known and unknown risks and uncertainties. The risks and uncertainties in this regard include, but are not limited to, those identified in "Risk Factors" in this prospectus, many of which are not within the control of the Group. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by the Company or the Directors that its plans or objectives will be achieved.

Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, the financial condition of the Group may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

The information and assumptions contained in the forward-looking statements have not been independently verified by the Company, the Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any other party involved in the Global Offering or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of the Group to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this prospectus.

Subject to the requirements of applicable laws, rules (including the Listing Rules) and regulations, the Company does not have any and undertakes no obligation to update or otherwise revise any forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances contained in this prospectus might not occur in the way the Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or reference to the Group's intentions or that of any of the Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

***Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in the Company before making any investment decision in relation to the Global Offering. The occurrence of any of the following risks may have an adverse effect on the business, results of operations, financial conditions and prospects of the Group.***

***This prospectus contains certain forward-looking statements regarding plans, objectives, expectations and intentions of the Group which involve risks and uncertainties. The Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.***

There are certain risks relating to an investment in the Shares. These risks can be broadly categorised into: (i) risks relating to the Group's business; (ii) risks relating to the industry; (iii) risks relating to conducting business in Malaysia; (iv) risks relating to the Global Offering; and (v) risks relating to information contained in this prospectus.

## RISKS RELATING TO THE GROUP'S BUSINESS

### The financial results of the Group depends on the success of the existing retail stores and new retail stores

The financial results of the Group depends upon its ability to increase sales and efficiently manage the costs in its self-owned retail stores as well as to successfully expand its retail network, as the expansion of its retail network was the main driver of the Group's growth in revenue during the Track Record Period. There is no guarantee that the performance of the existing self-owned retail stores will remain stable and that the performance of the new self-owned retail stores will be in line with the Group's expectation. For the year ended 31 March 2018, the Group recorded a negative same-store sales growth rate of approximately 0.9% as compared to the year ended 31 March 2017 while for the year ended 31 March 2019, the Group recorded a same-store sales growth rate of approximately 2.6% as compared to the year ended 31 March 2018. The fluctuation in the Group's same-store sales growth rate during the Track Record Period was mainly attributable to various economic and political uncertainties affecting consumer sentiments in Malaysia at that time and there is no guarantee that these economic and political uncertainties or other factors which are beyond the Group's control may not arise in the future and impact the Group's business, financial conditions and results of operations. Nonetheless, the Group's same-store sales growth rate during the Track Record Period was relatively limited, as such the Group is heavily reliant upon the opening and success of new self-owned retail stores to drive its growth in revenue in the long run. For both the Group's new and existing self-owned retail stores, they also are susceptible to various other factors that are beyond the Group's control and which may materially and adversely impact retail customer visits and spending including, without limitation:

- increasing competition in the eyewear retail market;
- changes in market trends and customer preferences;
- customer sensitivity to the rising product price;

- the Group's reputation and customers' perception of its retail brands, Own Brands and offerings in terms of quality, price and service; and
- retail customers' experiences from shopping in the retail stores.

The profitability of the self-owned retail stores is also subject to cost increases that are either wholly or partially beyond the Group's control, including, without limitation:

- rental expenses for the existing and new self-owned retail stores;
- procurement cost at which the Group purchases its optical products from its suppliers;
- staff costs; and
- information technology and other logistics costs.

If these factors materialise and the Group is unable to adopt appropriate measures to mitigate the negative impact of such factors, the profitability of the existing self-owned retail stores, and the overall financial position and performance of the Group can be materially and adversely affected. The failure of the existing retail stores or new retail stores to perform as expected could have a significant negative impact on the business, financial condition and results of operations of the Group.

**The Group may not be able to secure and renew the lease agreements for the self-owned retail stores in desirable locations or on commercially acceptable terms**

As at the Latest Practicable Date, the Group's retail store network comprised 95 retail stores which are primarily concentrated in shopping complexes located across Central, Southern, Northern and Eastern Peninsular Malaysia. Of these 95 retail stores, 83 are self-owned and the premises where they are located are all leased from Independent Third Parties. The Directors believe that the strategic locations of the retail stores of the Group in Malaysia help promote brand image and awareness of the Group's 11 retail brands. However, with the intense competition in the eyewear retail market in Malaysia, any attractive location will likely be subject to high demand from, among others, other eyewear retail stores operators that compete with the Group for the same location. As such, there can be no assurance that the Group would be able to find suitable premises that are commercially attractive for its retail stores with reasonable commercial terms when the Group has a need for relocation or expansion. In the event that leases for suitable locations cannot be entered into, the Group may need to settle for locations which are less commercially attractive such as those with lower pedestrian flow or with harsher commercial terms which may impact upon the Group's business plans for relocation or expansion and result in a material adverse effect on the Group's results of operation and financial conditions.

As at the Latest Practicable Date, 71 out of the Group's 83 lease agreements relating to the self-owned retail stores are set to expire in the next 24 months. If the Group is unable to renew its lease agreements on terms commercially acceptable to the Group, or if the lease agreements are terminated for any reason prior to their expiration, the Group will need to close or relocate the relevant self-owned retail stores. Such closures or relocations will cause disruptions to the business of the Group, including loss of revenue during the period of closure of business, and may incur additional expenses such as renovation cost and payment of rental deposits. In addition, the Group cannot assure you that the relocated retail stores can generate the same or more revenue and profit than previously generated from the closed retail stores.

During the Track Record Period, Rental Expenses (as defined in the section headed "Financial Information" in this prospectus) constituted a significant portion of the operating expenses of the Group. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the Rental Expenses of the Group amounted to approximately RM12.0 million, RM14.6 million, RM16.4 million and RM9.3 million, accounting for approximately 11.8%, 12.6%, 12.3% and 12.5% of the Group's total revenue, respectively. Any increase in the Rental Expenses, which may be due to factors beyond the Group's control, will increase the costs of operation and thereby materially and adversely affect the results of operation and financial position of the Group if the Group is unable to pass on the increased costs to its customers.

**The Group relies on its major suppliers to supply its optical products and did not generally enter into long-term supply agreements with its suppliers**

During the Track Record Period, the Group did not generally enter into long-term supply agreements with its suppliers but rather, entered into annual master supply agreements. Purchases of optical products by the Group during the Track Record Period amounted to approximately RM60.2 million, RM58.9 million, RM58.7 million and RM35.6 million, respectively. As the Group did not generally enter into long-term supply agreements with its suppliers during the Track Record 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. In addition, set out in the annual master supply agreements are certain clauses entitling the Group to discounts on the optical products supplied. Where the Group is unable to fulfil the terms of these agreements or where the suppliers choose not to renew these agreements, the Group's purchase costs may also increase accordingly.

During the Track Record Period, purchases of optical products by the Group from its five largest suppliers accounted for approximately 55.3%, 50.9%, 54.9% and 57.0%, respectively, of the Group's total purchases. Even though the Group enters into annual master supply agreements or long-term master supply agreements with its five largest suppliers for the supply of optical products, if the Group is unable to renew these agreements or those with other suppliers, its suppliers may cease or reduce their supply of optical products to the Group. There can be no guarantee that where there is a cessation or reduction in the supply of optical products to the Group, alternative suppliers can be found in a timely manner or at all. In addition, the Group cannot assure you that the optical products supplied to the Group will not be defective or of a sub-standard. Any delay in the delivery of or defect in the optical products supplied to the Group may affect the availability of products to its customers. Alternatively, if the Group cannot secure optical products of similar quality and at prices and terms acceptable to the Group from other suppliers, the Group may experience shortage of supply of optical products. As a result, the Group may lose customers' confidence, and the results of operations and financial condition of the Group may be materially and adversely affected.

**The Group's success depends on the strong recognition of its retail brands in the eyewear retail market of Malaysia and any damage to the reputation of its retail brands could materially and adversely affect its business and results of operations**

The Directors believe that the Group's success is attributable to its well-established brand positioning in providing quality optical products under its retail brands, which as at the Latest Practicable Date comprised 11 retail brands, namely "MOG Eyewear", "MOG Boutique", "MOG Creations", "Optical Arts", "Sunglass Art", "M-Trend", "Eyezone", "OOPPA", "Watch Out", "MOG Express" and "Lens:Me" in the eyewear retail market in Malaysia. According to the Ipsos Report, the eyewear retail market relies on customers loyalty to remain competitive and therefore it is important to build a sound brand image and reputation to attract new customers and to retain existing customers. The Group recognises the importance of brand recognition and awareness in attracting potential customers and retain existing customers. Any incident or news that damages the customers' trust and confidence in the Group's optical products may damage the brand recognition of the Group, which would in turn materially and adversely affect the implementation of the expansion plan of the Group.

Furthermore, any factor adversely affecting the scale and effectiveness of the Group's marketing and promotional strategies may also have a material adverse effect on the brand building and maintenance and affect the Group's brand awareness in the public. As the Group continues to expand its business by opening additional retail stores, maintaining quality consistency in the Group's optical products and consistency of the brand image of the Group may become increasingly difficult and the Group cannot assure you it can maintain customers' confidence in its retail brands.

**The Group faces risks associated with the obsolescence of its inventory**

The Group's inventories during the Track Record Period mainly consisted of optical products which are used as merchandise and the Directors believe that maintaining an appropriate inventory level enables the Group to meet market demands in a timely manner. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group's inventory was approximately RM22.6 million, RM23.8 million, RM23.5 million and RM27.0 million, respectively and the Group's inventory turnover days were approximately 167 days, 178 days, 174 days and 170 days, respectively. If there are unexpected material changes in the demand of optical products, specifically where there are unexpected material changes in retail customer purchasing preferences which may lead to a decreased demand for the Group's existing optical products and/or overstocking of its inventory or significant inventory write-down or write-off, the business and results of operations of the Group will be materially and adversely affected.

**The Group is dependent on its key personnel and its business partners**

The Group's future success depends on the ability of its key personnel to work together and successfully implement its growth strategy while maintaining the strength of the retail brands of the Group. The Group's future success also depends heavily upon the continuing services and performance of its key personnel, in particular the executive Directors namely, Dato' Frankie Ng (who founded the Group), Dato' Henry Ng and Datin Bernice Low and members of the senior management namely, Mr. Ooi Guan Hoe, Mr. Lee Ben Keong, Ms. Seow Ai Ting and Ms. Goh Seat Yuin who are either responsible for the development of the Group or its key departments. Accordingly, the Group must continue to attract, retain and motivate a sufficient number of qualified key personnel in order to maintain consistency in the quality of its services and support its growth. If the key personnel of the Group are unable or unwilling to continue their present positions, the Group may not be able to recruit new members of comparable experience and knowledge, which may cause a significant disruption to the business, financial condition and operations of the Group. The Group may have to incur additional and potentially significant expenses to recruit new key personnel, which may in turn increase the costs of operations of the Group and materially and adversely affect its profitability.

Furthermore, the Group is also largely dependent upon its business partners of its non-wholly owned retail stores to expand its business. As at the Latest Practicable Date, amongst the 95 retail stores in the Group's retail network, 52 were non-wholly owned, 10 were franchised and two were licensed retail stores. The Group cannot assure you that its business partners, including the franchisees and the licensees, will continue to work with the Group or will not be subject to insolvency or liquidation proceedings. If the business partners, franchisees and licensees of the Group are unable or unwilling to continue to work with the Group, it will materially and adversely affect the operations, revenue and financial results of the Group.

**The Group may not be able to capture market trends and customer preference in a timely manner**

During the Track Record Period, revenue generated from the International Brands optical products carried by the Group accounted for approximately 79.4%, 78.2%, 76.1% and 75.6% of the Group's revenue derived from the sales of optical products, respectively. According to the Ipsos Report, the market trend and customers preferences change frequently in the eyewear retail market. Therefore, the success of the Group's business is largely dependent on its ability to identify new market trends and accordingly source such optical products to meet the changing market trends and customer preferences. As the Group is generally reliant on optical products designed by the suppliers of its International Brands, there is no assurance that the existing and future optical products offered will be able to satisfy such frequent changes in market trends and customer preferences. Even if the suppliers of the Group are able to anticipate and respond to such changes, the Group cannot assure you that the new optical products will be introduced in a timely manner or are able to be sourced sufficiently to meet the changing market trends and customer preferences. If the Group is not able to accurately anticipate the market trends and respond to the changes in customer preferences in a timely manner, it could result in lower sales volume, lower selling prices, obsolete inventory and lower profit, and may materially and adversely affect the market share and operational results and business prospects of the Group.

**The Group may not be able to successfully manage its expansion plans, or obtain sufficient funding for its expansion plans, or achieve the anticipated results**

One of the Group's main business strategies involves the opening of additional self-owned retail stores in Malaysia. For details, please refer to "Business — Business strategies" and "Future Plans and Use of Proceeds" in this prospectus. If the Group's business strategies are wholly or partially unsuccessful or the Group cannot properly manage the additional self-owned retail stores, the cash flow and profitability of the Group may be materially and adversely affected. Further, the Group may need to obtain additional financing in the event that its internal resources are insufficient to fulfil its cash needs. Incurring indebtedness may increase the Group's finance costs and could result in imposition of operating and financing covenants that may, among other things, restrict its expansion plans and operations, and/or its ability to pay dividends. Further, as the Group's ability to obtain additional capital on acceptable terms is subject to factors that may be beyond its control, the Group cannot assure you that future financing will be available in amounts or on terms acceptable and/or favourable to the Group, or at all. If the Group cannot obtain financing on terms acceptable to it, or at all, the business, financial condition, results of operations and growth prospects of the Group may be materially and adversely affected.

In addition, the implementation of expansion plans of the Group may put a strain on its operational, technological, financial and other resources. To manage and support its growth, the Group may need to (i) improve its existing operational and administrative systems; (ii) improve its financial and management controls; (iii) enhance its ability to recruit, train and retain existing and/or additional qualified key personnel, registered optometrists and/or opticians and other retail staff, administrative, sales and marketing staff; and (iv) continue to manage its relationships with its suppliers and customers. All of these endeavours will require substantial attention and time from the members of the senior management of the Group and may incur significant additional expenditure. The Group cannot assure you that it will be able to manage any future growth effectively and efficiently, and its ability to capitalise on new business opportunities may be materially and adversely affected if it fails to do so, which would in turn materially and adversely affect its business, financial condition, results of operations and prospects.

**The Group's business development and results of operations may be materially and adversely affected by customers' habit to shop online and the increase in competition from online/e-commerce optical product retailers**

According to the Ipsos Report, the prevalence of online shopping has increased in recent years in Malaysia largely due to the convenience and cost savings associated with online shopping. As the Group primarily relies on its retail stores to generate its revenue, it may not be able to attract new retail customers who prefer online shopping or existing retail customers who opt for online shopping. The change in customer preferences may materially and adversely affect the business development and results of operations of the Group.

In addition, while the Group's current competitors are primarily existing retail chain operators in Malaysia, the Group may also be exposed to competition from various online retailers due to the increasing popularity of online shopping. Some of these online retailers are globally renowned and may have access to greater resources than the Group which may enable them to offer optical products at more competitive pricing. Further, the Group may also face additional competition from its existing competitors in Malaysia who successfully develop their online platforms. Accordingly, the Group's future profitability may be affected by competition from other online/e-commerce optical product retailers.

**The Group's operations may be adversely affected by the disruption of logistics services provided by third parties**

The Group does not have its own logistics team and primarily relies on Independent Third Party logistics service providers to deliver optical products from the Group's central warehouses to the retail stores.

The operation and delivery efficiency of the Group depends on the service quality of its logistics service providers and their ability to fulfil obligations in accordance with the terms of the service contracts. Any failure to provide on-time delivery or failure to comply with the logistics arrangements or other requirements may affect the availability of products to customers, which may in turn have a material adverse impact on the business operation of the Group. If any of the logistics service providers fails to discharge its delivery obligations, the Group may not be able to find other suitable companies or agents to provide comparable services at similar costs on a timely basis and this could reduce the distribution capacity and materially and adversely affect the Group's business operations. Furthermore, the Group may not be able to seek full recourse against the logistics service providers in default or successfully enforce any judgement against the logistics service providers.

**Any failure to properly handle customers' personal information may constitute a breach under the Personal Data Protection Act in Malaysia and harm the business reputation and customers' confidence in the Group**

During the course of its business, the Group may collect the personal information of its customers and the collection, holding, processing and use of such personal information by the Group is regulated by Personal Data Protection Act 2010 ("**PDPA 2010**"). The Group cannot assure you that its internal system or guidelines in protecting customers' personal data is always sufficient or effective. Any improper handling of the customers' personal information by the Group's employees or any information leakage due to external factors, such as unauthorised access to the customers' database by hackers, may harm the reputation of the Group and customers' confidence in the Group and may constitute a breach under PDPA 2010.

**Minimum wage requirements in Malaysia may further increase and impact the staff costs of the Group in the future**

Salary level of employees in the eyewear retail market in Malaysia has been increasing in recent years. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the staff costs of the Group amounted to approximately RM22.0 million, RM25.3 million, RM30.3 million and RM17.0 million, representing approximately 21.6%, 21.9%, 22.7% and 22.8% of the total revenue of the Group, respectively. The operations of the Group in Malaysia are required to comply with the statutory minimum wage requirements, which came into force on 1 January 2013. The initial statutory minimum wage rate was RM900 per month and this rate has been regularly reviewed and increased in the past. With effect from 1 January 2019, the statutory minimum wage rate increased to RM1,100 per month and further increased to RM1,200 for certain types of employment with effect from 1 February 2020. If there is any further increase in the statutory minimum wage rate, the staff costs of the Group would likely to increase as a result and the Group may not necessarily be able to pass these increased staff costs onto its customers, in which case the business and results of operations of the Group will be materially and adversely affected.

**The Group could be exposed to liability by litigation or legal proceedings which may divert its resources and adversely impact its reputation and business**

The operational and financial stability of the Group may be adversely affected by litigation or legal proceedings. During the ordinary course of business operations, the Group may be exposed to liability arising from labour disputes, contractual claims with customers and suppliers, intellectual property infringement claims, and other potential third party disputes.

The Group may also be subject to product liability claims or product recalls associated with defective optical products. Optical products may be defective due to defects arising during various stages of production, procurement, transportation or storage processes. Moreover, the Group is not involved in the production of any of the optical products sold by it and is not privy to the quality control measures of its suppliers. In the event there are safety or quality issues relating to the optical products, the Group may be involved in legal or other proceedings initiated in relation to product liability. The Group cannot assure you that the internal control measures on quality control adopted by the Group will be effective and/or the Group will not be subject to any product recall or product liability claims due to deficiencies in product quality, product contamination or other safety issues in the future.

If the Group is subject to any litigation or legal proceedings, whether the claim is ultimately successful or not, the negative publicity associated with such claims could adversely affect the Group's reputation. Management's attention may also be diverted from the Group's business and operations. If the claim is successful, the resulting financial liability may also have material adverse effect upon the Group's business, results of operations and financial conditions.

**The Group may not have sufficient insurance coverage**

During the Track Record Period, the Group maintained certain insurance policies, details of which are illustrated in "Business — Insurance" in this prospectus. However, the Group does not maintain insurance policies against all risks associated with the eyewear retail market, either because the Directors have deemed it commercially unfeasible to do so, or the risk is minimal, or because the insurers have carved certain risks out of their standard policies. These risks include, without limitation, events such as the loss of business arising from increased competition, or the loss of any business resulting from negative effects on changes in customers' tastes and preferences. In addition, the Group cannot guarantee that it can renew its insurance policies on similar or other acceptable terms or at all. If an incident occurs in relation to which the Group has inadequate insurance coverage, the business, financial position and operating results of the Group could be materially and adversely affected.

**The Group may not be able to adequately protect its intellectual property rights and the Group may also be involved in any claims initiated by third parties alleging possible infringement of their intellectual property rights**

The Directors believe the Group's 11 retail brands and 16 Own Brands are essential to the success and competitive position of the Group. Please refer to "Business — Intellectual property" in this prospectus and "B. Further information about the Group's business — 2. Intellectual property rights of the Group" in Appendix IV to this prospectus for further details of the Group's trademarks. The Group's effort to maintain and protect the above-mentioned intellectual property rights may be inadequate in preventing any possible infringement by third parties, or any possible leakage of confidential information relating to these intellectual property rights by its staff who have access to such information. The Group may, from time to time, be required to initiate litigation to protect and enforce its trademarks and other intellectual property rights if necessary. Such litigation could incur substantial costs and lead to a diversion of resources, which could negatively affect the operational results, profitability and business prospects of the Group. Moreover, even if such litigation is resolved in favour of the Group, it may not be able to successfully enforce the judgment and remedies awarded by the court and such remedies may not be adequate to compensate the Group for its actual or anticipated related losses, whether tangible or intangible. Any negative publicity and complaints regarding any infringing party's unauthorised uses of the trademarks, brands and logos similar to the Group's retail brands and Own Brands could confuse, dilute or tarnish, directly or indirectly, the brands' appeal of the Group, which could materially and adversely affect the business of the Group.

Further, in respect of the optical products under the Group's Own Brands, the Group had typically relied upon the designs provided by its suppliers. The Group cannot assure you that these designs provided by the Group's suppliers will not infringe any third party's intellectual property rights. The Group may be required to compensate the owner of the intellectual property right for the damages suffered as a result of the infringement or to pay a fine for such infringement. There is no assurance that the Group will not face such claims in future. In such event, the business, financial condition and results of operations of the Group may be materially and adversely affected.

**The Group may not be able to detect, deter and prevent all instances of fraud or other misconduct committed by its employees, suppliers or other third parties**

The Group's self-owned retail stores handle cash on a daily basis. Therefore, the Group is susceptible to misappropriation of cash by its employees. The Group cannot assure you that all of its employees will fully comply with the internal control procedures and systems of the Group when performing their duties. In addition, the Group may also be affected by misconduct of third parties such as its suppliers and customers. Although there are internal control procedures and system in place, the Group may not be able to detect, deter or prevent all instances of fraud, theft, dishonesty or other misconduct committed by its employees, suppliers or other third parties. Any such misconduct committed against the Group or its interests may go undetected and may have a material adverse impact on the business, results of operations and financial conditions of the Group.

**The historical financial and operating results of the Group may not be indicative of future performance, and the Group may not be able to achieve and sustain the historical level of revenue and profitability**

The historical results of the Group may not be indicative of its future performance. The financial and operating results of the Group may not meet the expectations of public market analysts or investors, which could cause the price of the Shares to decline in future. The revenue, expenses and operating results of the Group may vary from period to period in response to a variety of factors which are beyond the control of the Group, including general economic conditions, special events, regulations or actions pertaining to the Group's retail stores in Malaysia and its ability to control costs and operating expenses. Investors should not rely on the historical results of the Group to predict the future performance of the Shares.

**System failure of the POS system, accounting system or the inventory management system of the Group could interrupt its operations and adversely affect its business operations**

The Group relies on its existing information technology systems, such as the POS system, the accounting system and the inventory management system for exchange of information between the office, central warehouse and individual retail stores to record certain sales and transaction data, manage the purchases from suppliers and sales to customers, monitor and control the inventory level. The Group cannot assure you that its recovery and back-up systems will be adequate to support its operations in the event of any material breakdown of its primary information technology systems, or that the back-up systems will not breakdown simultaneously with the primary systems, in which events, the business operations of the Group will be materially and adversely affected.

**The adoption of IFRS 16 affected the Group's combined statements of financial position, combined statements of profit or loss and other comprehensive income and certain key ratios due to the operating lease arrangements**

As at the Latest Practicable Date, the Group's leased properties include self-owned retail stores, office premises and central warehouse. The Group also leased certain furniture, fixtures and equipment, and motor vehicles under hire purchase. Under IFRS 16, which the Group has adopted since and throughout the entire Track Record Period, leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group's current accounting policy for such leases is set out in note 3 of the Accountants' Report in Appendix I to this prospectus. As at 30 September 2019 and 31 January 2020, the Group's total lease liabilities amounted to approximately RM16.2 million and RM17.3 million (unaudited), respectively.

During the Track Record Period, the Group's future operating lease commitments have been discounted and recognised as "lease liabilities" in the combined statements of financial position. IFRS 16 provides new provisions for the accounting treatment of leases and no longer allows lessees to recognise certain leases outside of the combined statement of financial position. Instead, for all leases with a term of more than 12 months, unless the underlying asset is of low value, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The adoption of IFRS 16 affected virtually all commonly used financial ratios and performance metrics, such as total debt to equity ratio, gearing ratio, current ratio, quick ratio, interest coverage, return on assets, return on equity, EBIT, EBITDA, earnings per share, operating cash flows and cash flows from financing activities. The recognition of right-of-use assets and lease liabilities expanded the Group's combined statements of financial position and materially affected its related financial ratios, resulting in an increase in gearing ratio and a decrease in net current assets, current ratio and quick ratio. For details of the impact to the Group's financial position, profit for the year/period, current liabilities and certain key financial ratios, please refer to "Summary — Summary of combined financial information" in this prospectus. In the combined statements of profit or loss and other comprehensive income, the adoption of IFRS 16 gave rise to recognition of depreciation of the right-of-use assets, instead of recognition of lease payments as rental expenses. Depreciation expense associated with the right-of-use assets is charged over the shorter of period of lease term and expected useful life of the underlying lease on a straight-line basis. Interest expenses on the lease liability are recorded under finance costs with reference to the incremental borrowing rate of the lessee and is expected to reduce over the life of the leases as lease payments are made. As a result, the rental expenses under otherwise identical circumstances decreased, while depreciation and interest expense increased and led to an increase in gearing ratio and decrease in interest coverage ratio. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability resulted in a change of expenses recognition pattern, in particular, a higher total charge to the combined statements of profit or loss and other comprehensive income in the initial years of the lease, and decreasing expenses during the latter part of the lease term, and it led to a decrease in profit before tax in the initial years of the lease as a result. In particular, (i) the Group's current ratio and quick ratio are reduced as a result of the recognition of the current portion of the lease liabilities; (ii) the Group's gearing ratio is increased as a result of the recognition of current and non-current portion of the lease liabilities; (iii) the Group's interest coverage ratio is reduced as a result of the increase in interest expenses on lease liabilities; (iv) the Group's return on assets is reduced as a result of the recognition of right-of-use assets. For further information on the effects of the adoption of IFRS 16, please refer to "Financial Information — Basis of presentation and preparation" in this prospectus.

## RISKS RELATING TO THE INDUSTRY

### The Group operates in a competitive industry

The Group faces intense competition from other optical product retailers in the eyewear retail market in Malaysia, who target the same or similar group of customers. There are numerous retail stores in Malaysia that offer similar optical products which compete against the Group in terms of, among other things, product quality, price and customer service. Some of the competitors of the Group may have longer operating history, larger customer bases, better brand recognition and reputation, and better financial position, marketing strategies and public relations resources. The Group faces competition from other competitors as well as new market entrants. Failure to stay competitive in terms of pricing or any deterioration in the quality of the products and services may materially and adversely affect the business and results of operations of the Group.

As the Group intends to expand its retail network, it has to compete with other similar operators and retailers for space and experienced employees. The competition for prime locations may increase the bargaining power of landlords and thus leading to potentially high rents for prime locations. Consequently, the Group may not be able to secure these prime locations on terms comparable to those offered to the existing retail stores, or its competitors may offer better terms than those offered by the Group. The Group may also have to offer experienced staff higher wages in order to recruit or retain them. Such instances will increase the operating costs, thereby affecting the financial performance of the Group.

**Increasing popularity of new medical procedures for vision correction could materially and adversely affect the Group's business and results of operations**

According to the Ipsos Report, the demand for optical products such as prescription glasses and contact lenses in Malaysia is expected to increase. However, the increasing prevalence of new technology to correct vision impairment permanently may reduce the demand for prescription glasses, frames and contact lenses. According to the Ipsos Report, although the current adoption rate of such new medical procedures is relatively low in Malaysia despite the relatively inexpensive cost, these new medical procedures are expected to become more popular in the future as they gain better recognition from the public in offering a permanent solution to consumers with vision impairment. Accordingly, a decrease in demand for prescription glasses, frames and contact lenses may lead to decrease in the demand for the Group's optical products and may materially and adversely affect the Group's business, results of operations and financial condition.

**Labour shortage, increase in labour cost or other factors affecting labour supply may materially and adversely affect the business operations of the Group**

The eyewear retail market is, in general, highly service-oriented and therefore, the Group's success is dependent upon its ability to motivate and retain sufficient number of qualified employees, including store managers, registered optometrists and/or opticians and retail employees, all of whom are necessary for the daily operations of the retail stores, and attract experienced employees to assist in the Group's expansion plans. There is no assurance that the Group will not experience difficulty in recruiting key personnel in the future. According to the Ipsos Report, individuals with sufficient experience in the eyewear retail market are in short supply and competition for these employees is intense. Any inability to recruit qualified individuals in the future may delay the planned opening of the new retail stores and any inability to retain qualified individuals may materially and adversely affect the daily operations of the existing retail stores which in turn could have a material adverse effect on the business and results of operations of the Group.

In addition, competition for employees could also requires the Group to pay higher wages which could result in higher labour costs. As at the Latest Practicable Date, the Group employed a total of 554 employees at its offices and self-owned retail stores. It is expected that the labour costs will increase as a result of the expected expansion of the business and the recent increase in salary level of employees in the eyewear retail market in Malaysia. The failure to attract experienced key personnel at a desirable level of labour costs could materially and adversely affect the business, financial condition and results of operations of the Group. Due to the intense competition from other chain operators in the eyewear retail market, the Group may be unable to pass on the increased labour costs to its customers by correspondingly increasing the product prices, in which case the Group's profit margins would be negatively affected.

## RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA

**Social, political, regulatory, economic and legal developments, as well as any changes in Malaysian government policies, could materially and adversely affect the Group's business and results of operations**

The Group's business, prospects, financial conditions and results of operations are subject to social, political, regulatory, economic and legal developments in Malaysia. Uncertainties in these areas include, but are not limited to, diseases and epidemics, the risks of war, regional conflicts, terrorism, extremism, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in political leadership or government cabinet and/or changes in regulatory or government policies or introduction of new rules or regulations. If

Malaysia experiences any adverse economic, political or regulatory changes due to these uncertainties, the Group's business and results of operations could be materially and adversely affected.

The business and operations of the Group are subject to a wide range of laws and regulations such as those relating to pricing, customer protection, quality of goods and product safety. Government authorities may inspect, examine or enquire on the Group's compliance with the relevant statutory and regulatory requirements from time to time. If the Group fails to comply with any applicable laws and regulations, it may face penalties, fines, suspension or revocation of its licenses or permits to conduct business, administrative sanctions and litigation.

If any sanctions, fines and other penalties, which are material, are imposed on the Group for non-compliance with the applicable requirements, guidelines, laws or regulations, or if the Malaysian government imposes higher regulatory requirements or adopts more stringent measures such as price control, the business, reputation, results of operations and financial conditions of the Group may be materially and adversely affected. For more information, please refer to "Regulatory Overview" in this prospectus.

**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**

In recent years, there have been outbreaks of various contagious diseases as well as other serious public health concerns that had a significant adverse impact upon the countries in which such outbreaks occurred. In 2003, there was an outbreak of SARS in Hong Kong, the PRC and other Asian countries. There have also been sporadic outbreaks of the H5N1 influenza or avian influenza A among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been outbreaks among humans of the H1N1 human swine flu, also known globally as influenza A (H1N1). In 2019, there was an outbreak of COVID-19 in the PRC which subsequently spread to multiple countries globally, including Malaysia. Where there is a significant outbreak of these diseases or any other contagious diseases or occurrence of any other serious public health concerns in Malaysia, it can negatively impact upon the Malaysian economy as it may affect customer sentiments, traffic and spending patterns as well as tourism in general where the government imposes restrictions on travel and/or imposes quarantines and/or any policies aimed at limiting public gatherings such as the cancellation of public events and the closure of public areas and schools. Similarly, if the shopping complexes at which the retail stores in the Group's retail network operate implement any measures such as limiting their operating hours, customers sentiments, traffic and spending patterns may also be negatively affected. On 16 March 2020, the Malaysian government implemented a movement control order which is to be effective from 18 March 2020 until 31 March 2020. Pursuant to the movement control order which is made under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967, (i) there is to be a general prohibition of mass movements and gatherings across the country including religious, sports, social and cultural activities; (ii) all Malaysians travelling abroad are required to undergo a health check and quarantine for 14 days upon their return; (iii) all foreigners are prohibited from entering Malaysia; (iv) all primary and second schools (whether private or government funded) are to be closed; (v) all higher education institutions are to be closed; and (vi) all government and private premises are to be closed except those involved in essential services such as water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defense, cleaning, retail and food supply. Although the movement control order is temporary in nature, if the outbreak of COVID-19 in Malaysia is intensified or prolonged, such order may be extended and as a result, the Group may be unable to carry on its business activities or 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 Directors cannot assure you that the customer traffic will resume to the level prior to the outbreak of COVID-19. Accordingly, the Group's business, financial condition, results of operations, performance and prospects would be materially and adversely affected.

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. In particular, if the outbreak of COVID-19 in the PRC is prolonged, the Group's supply of Own Brands and Manufacturers' Brands optical products may be affected as to the best knowledge and belief of the Directors, the manufacturers for such products during the Track Record Period were primarily based in the PRC. 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.

**The principal operating subsidiaries are incorporated in Malaysia and a significant portion of assets of the Group are located in Malaysia. It could be difficult to enforce a foreign judgement against the Malaysian subsidiaries or the Directors of the Company**

The principal operating subsidiaries of the Group are incorporated under the laws of Malaysia. The majority of the Directors are residents of Malaysia and a substantial portion of the Group's assets and the assets of the Directors are located in Malaysia. Enforceability of certain foreign judgements in Malaysia is by virtue of the Reciprocal Enforcement of Judgements Act 1958, in which a foreign judgement permitted by the said Act must be registered before it can be enforceable. As a result, it could be difficult to enforce a foreign judgement against the Malaysian subsidiaries or the Directors of the Company.

**Currency conversion and exchange rate risks**

Since a substantial amount of income and profit of the Group is denominated in RM, any fluctuations in the value of RM may materially and adversely affect the amount of dividends, if any, payable to the Shares in RM to its Shareholders. The Central Bank of Malaysia had, in the past, intervened in the foreign exchange market to stabilise the RM, and it pegged the RM to the US$ in September 1998. On 21 July 2005, the Central Bank of Malaysia adopted a managed float system which benchmarked the RM to a currency market to ensure that the RM remains close to its fair value. The Group cannot assure you that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government's conduct of its domestic monetary policy and increased exposure of the Malaysian economy to the potential risks and vulnerability of external developments in the international markets. Fluctuations in the RM's value against other currencies will create foreign currency translation gains or losses and may materially and adversely affect the Group's business, financial conditions and results of operations. Any imposition, variation or removal of foreign exchange controls may have a material adverse effect on the value, translated or converted into RM, of the Group's net assets, the Group's earnings or any declared dividends by the Company. Consequently, this may materially and adversely affect the Company's ability to pay dividends or satisfy other foreign exchange requirements.

Furthermore, although pursuant to the Financial Service Act 2013, the subsidiaries of the Company in Malaysia are free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit the dividends or distribution to the Company and could adversely affect the Group's financial condition.

For further details on laws and regulations on foreign exchange control, please refer to "Regulatory Overview — F. Laws and regulations relating to foreign exchange control" in this prospectus.

**The Group may be subject to tax audit and investigation in Malaysia**

The Malaysian tax regime is based on a self-assessment system. Persons chargeable, including companies in Malaysia, are required to make self-assessment on the tax payable and file necessary tax returns annually with their remittance of tax. The Malaysian Inland Revenue Board ("**MIRB**") is empowered by the Income Tax Act 1967 ("**ITA**") to carry out audit and investigation on persons chargeable to determine, *inter alia*, whether their tax returns are accurate and complete. The ITA also empowers the MIRB to impose additional tax on persons chargeable if the MIRB determines that the persons chargeable are in fact subject to more tax payables than are reported in the self-assessed tax returns. The Group calculates the amount of its taxes and makes payment of taxes in accordance with the applicable tax laws. The Group may be subject to additional taxes if the MIRB determines or assesses an amount different from the Group's self-assessed tax payables in its filed tax returns. As the Group may be subject to tax audit and investigation by the MIRB from time to time, in the event that the MIRB imposes additional taxes or penalties on the Group, the profit margin of the Group may decrease and consequently its financial results may be materially and adversely affected.

**RISKS RELATING TO THE GLOBAL OFFERING**

**There has been no prior public market for the Shares. The trading volume and market price of the Shares following the Global Offering may be volatile**

Prior to the Global Offering, there was no public market for the Shares of the Group. The initial Offer Price range to the public for the Shares was the result of negotiations between the Group and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. The Group has applied for the listing of and permission to deal in the Shares on the Stock Exchange. However, the Global Offering does not guarantee that an active liquid public trading market for the Shares will develop. In addition, the price and trading volumes of the Shares may be volatile. Factors such as variations in the revenue, earnings and cash flows or any other developments of the Group may affect the volume and price at which the Shares will be traded.

**The Controlling Shareholders will have substantial control over the Group and the Controlling Shareholders' interest may not be aligned with the interest of the other Shareholders**

Immediately upon completion of the Global Offering, the Controlling Shareholders will in aggregate own approximately 75% of the enlarged share capital. Therefore, the Controlling Shareholders will have substantial control or influence over the business of the Group in matters that are significant to the Group and the other Shareholders, including but not limited to, mergers, consolidations and the sale of all or substantially all of the Group's assets, election of the Directors, declaration of dividends, other significant corporate actions. The Controlling Shareholders may take actions and exercise influence that favours their interest over the interest of the Group or the other Shareholders. The Group cannot assure you the Controlling Shareholders will not cause the Group to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interest of the other Shareholders. If the interests of the Controlling Shareholders conflict with the Group's interests or your interests, or if the Controlling Shareholders choose to cause the Group to pursue strategic objects that conflict with the Group's interests or your interests, Shareholders, including you, may be disadvantages as a result.

**Purchasers of the Shares will experience immediate dilution and may experience further dilution if the Group issue additional Shares in the future**

The Offer Price of the Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering, Reorganisation and the Capitalisation Issue. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in the unaudited pro forma adjusted combined net tangible assets value of HK$0.44 per Share, based on the maximum Offer Price of HK$1.20 per Offer Share.

In order to expand its business, the Group may consider offering and issuing additional Shares in the future. Purchasers of the Shares may experience dilution in the net tangible assets value per Share if the Group issues additional Shares in the future to investors at a price which is lower than the then net tangible assets value per Share.

**There will be a considerable gap of time between the pricing of the Shares/closing of the Application Lists and the trading of the Shares, further the application period for the Hong Kong Public Offer is longer than the normal market price and the price of the Shares could fall during the period before the trading of the Shares begin**

The Shares will not commence trading on the Stock Exchange until they are delivered and it is expected that there will be a considerable gap of time between the pricing of the Shares/ closing of the Application Lists and the commencement of trading. Further, the application for the Hong Kong Public Offer Shares will commence from Saturday, 28 March 2020 through to Monday, 6 April 2020, which is longer than the normal market practice of 3.5 days. Investors may not be able to sell or otherwise deal in the Shares until the commencement of trading and accordingly, holders of the Shares are subject to the risk that the price of their Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

**Historical dividends are not indicative of the Company's future dividends**

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, subsidiaries of the Group had declared and paid cash dividends of approximately RM0.2 million, RM5.8 million, RM12.7 million and RM8.2 million, respectively to their then shareholders. The value of dividends declared and distributed in the previous years should not be relied on by potential investors as a guide to the future dividend policy of the Company or as a reference or basis to determine the amount of dividends payable in the future. The future payments of dividends by the Company will be subject to, among other things, the discretion of the Board. The Directors may declare dividends after taking into account, among others, the results of operations, available cash flows and financial condition, operating and capital requirements, the Articles of Association, the Companies Law, applicable laws and regulations and other factors that the Directors deem relevant. In any event, the Group cannot assure you when or whether it will pay or declare any dividends in the future.

**Issue of new Shares pursuant to any options granted under the Share Option Scheme may dilute the Shareholders' equity interests**

The Group has conditionally adopted the Share Option Scheme. Following any issue of new Shares upon exercise of any options which may be granted under the Share Option Scheme, there will be an increase in the number of issued Shares. As such, there may be a dilution or reduction of shareholding of the Shareholders which results in a dilution or reduction of the earnings per Share or net asset value per Share. In addition, the fair value of the options to be granted to the eligible participants under the Share Option Scheme will be charged to the Group's consolidated statements of profit and loss and other comprehensive income statements over the vesting periods, if any, of the options. The determination of the fair value of the options will take place on the date of granting of the options. Accordingly, this may materially and adversely affect the financial results and profitability of the Group.

**Shareholder rights under Cayman Islands law differ from those under the laws of Hong Kong**

The corporate affairs of the Group are governed by the Memorandum of Association and Articles, the Cayman Companies Law, and the laws of the Cayman Islands. The laws of the Cayman Islands relating to protection of interests of minority shareholders could differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections from that they would have under the laws of Hong Kong. For detailed information, please refer to "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

## RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

**Investors should not place undue reliance on facts, forecasts and other statistics in this prospectus relating to the economy and the industry in which the Group operates its business obtained from public or official sources**

The prospectus contains facts, forecasts and other statistics and information relating to the economy and the industry in which the Group operates its business that have been derived from various publications and industry-related sources prepared by government officials or Independent Third Parties. There is no assurance or the Group cannot make any representation as to the accuracy or completeness of such information. Such information has not been independently verified, as to their accuracy or completeness by the Group's respective affiliates or advisers, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, or any of their affiliates or advisers, nor any other party involved in the Global Offering and no representation is given as to its accuracy. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from various public or official sources used in this prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts, statistics and information while making investment decisions.

**Investors should not rely on any information contained in press articles or other media regarding the Group and the Global Offering**

Prior to the publication of this prospectus, there may be press and media coverage regarding the Company and the Global Offering. Such press and media coverage may include references to certain events or information that do not appear in this prospectus, including certain operating and financial information and projections, valuations, views and opinions regarding the Shares and the Global Offering. The Group has not authorised the disclosure of any such information in the press or media and do not accept responsibility for any such press or media coverage or the accuracy or completeness of any such information. The Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, the Group disclaims responsibility for them. Accordingly, prospective investors should not rely on any such information and should only rely on information included in this prospectus, the Application Forms and any formal announcements made by the Group in making any investment decision as to whether to purchase the Shares.

**Forward-looking statements contained in this prospectus are subject to risks and uncertainties**

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "may", "ought to", "should", or "will" or similar terms. Those statements include, among other things, the discussion of the Group's growth strategy and expectations concerning the future operations, liquidity and capital resources of the Group. Investors are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within the control of the Group. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by the Company that the plans or objectives of the Group will be achieved and investors should not place undue reliance on such forward-looking statements. The Company does not undertake any obligations to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to "Forward-looking Statements" in this prospectus for further details.

## MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which means in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Given that the Group's principal business operations are located, managed and conducted in Malaysia, all executive Directors and senior management of the Group reside in Malaysia. Due to the business requirements of the Group, the Company does not and, for the foreseeable future, will not have sufficient management presence in Hong Kong. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with the requirement of Rule 8.12 of the Listing Rules, subject to the following conditions:

(i) Dato' Frankie Ng, an executive Director, and Mr. Lau Wai Piu Patrick, the company secretary of the Company, are appointed as the Company's authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal channel of communication with the Stock Exchange. Mr. Lau Wai Piu Patrick is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail. Each of the authorised representatives is authorised to communicate on behalf of the Company with the Stock Exchange;

(ii) all the authorised representatives have means to contact all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. To enhance communication between the Stock Exchange, (a) each Director has provided his/her mobile phone number, office phone number, fax number and e-mail address to the authorised representatives and the Stock Exchange; and (b) in the event that a Director expects to travel or otherwise be out of office, he/she will provide valid phone numbers or means of communication to the authorised representatives;

(iii) each of the Directors who is not ordinarily resident in Hong Kong possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time;

(iv) the Company has, in accordance with Rule 3A.19 of the Listing Rules, appointed Zhongtai International Capital Limited as its compliance adviser, who will also serve as its additional communication channel with the Stock Exchange from the Listing Date to the date when the Company publishes its annual report for the first full financial year immediately after the Listing Date; and

(v) meetings between the Stock Exchange and the Directors could be arranged through the authorised representatives or the Company's compliance adviser, or directly with the Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the Company's authorised representatives and compliance adviser.

## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

## INFORMATION AND REPRESENTATION

The Company has not authorised anyone to provide any information or to make any representation not contained in this prospectus and the related Application Forms. You should not rely on any information or representation not contained in this prospectus and the related Application Forms as having been authorised by the Company, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Sole Sponsor, the Underwriters or any of their respective directors, officers or representatives or any other person involved in the Global Offering. No representation is made that there has been no change or development reasonably likely to involve a change in the Group's affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

## PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in the Shares (or exercising rights attaching to them).

It is emphasised that none of the Company, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of their respective directors, agents, advisers, employees, personnel or any other persons or parties involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding or disposing of, dealing in the Shares, or the exercise of any rights attaching to the Shares.

Issuer . . . . . . . . . . . . . . . . . . . . MOG Holdings Limited

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| The Global Offering . . . . . . . . . . | The Global Offering of (i) initially 12,500,000 new Shares for subscription by the public in Hong Kong (subject to reallocation) and (ii) initially 112,500,000 new Shares for subscription under the International Placing (subject to reallocation and the Over-allotment Option).<br><br>If the Over-allotment Option is exercised, the Company will be issuing up to 143,750,000 new Shares.<br><br>For further details regarding the structure of the Global Offering, please refer to "Structure and Conditions of the Global Offering" in this prospectus. |
| Offer Price range . . . . . . . . . . . . | Not more than HK$1.20 and not less than HK$1.00 per Offer Share |
| Over-allotment Option and Stabilisation . . . . . . . . . . . . . . | Up to 18,750,000 additional new Shares to be issued by the Company. For further details of the arrangements relating to the Over-allotment Option and Stabilisation, please refer to "Structure and Conditions of the Global Offering" in this prospectus. |
| Procedure for application for the Hong Kong Public Offer Shares . . . . . . . . . . . . . . | Please refer to "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms. |
| Conditions of the Hong Kong Public Offer . . . . . . . . . . . . . . | Details of the conditions of the Hong Kong Public Offer are set out in "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus. |
| Underwriting . . . . . . . . . . . . . . . | The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing is expected to be fully underwritten by the International Underwriters pursuant to the International Underwriting Agreement to be entered into by the Company and the International Underwriters, among other parties. For further details relating to the underwriting arrangements, please refer to "Underwriting" in this prospectus. |
| Lock-up undertakings by the Company and the Controlling Shareholders . . | Please refer to "Underwriting — Underwriting arrangements and expenses — Lock-up undertakings to the Stock Exchange" and "Underwriting — Underwriting arrangements and expenses — Lock-up undertakings to the Hong Kong Underwriters" in this prospectus. |
| Register of members . . . . . . . . . | The principal register of members will be maintained by the principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and the branch register of members will be maintained by the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. |

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| Stamp duty . . . . . . . . . . . . . . . . | Dealings in the Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.<br><br>Transfers of the Shares registered on the Company's principal register of members in Cayman Islands will not be subject to Cayman Islands stamp duty unless the Company holds an interest in land in the Cayman Islands. |
| Application for listing on the Stock Exchange . . . . . . . . | Application has been made to the Listing Committee for the granting of approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme). No part of the Shares or the loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. |
| Restrictions on offers and offers for sale . . . . . . . . . . . . . | No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. |
| Eligibility for CCASS . . . . . . . . . | Subject to the granting of the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance of the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.<br><br>Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests. |

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| | All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. |
| Exchange rate conversion . . . . . | For the purpose of illustration only and unless otherwise specified in this prospectus, the translation of (i) US$ into HK$ have been made at the rate of US$1.00 to HK$7.80; (ii) RM into HK$ have been made at the rate of RM1.00 to HK$1.90; and (iii) ฿ into HK$ have been made at the rate of ฿1.00 to HK$0.26. No representation is made that each of the US$, RM and ฿ amounts could have been, or could be, converted into HK$ of such rates or any other rates. |
| Language . . . . . . . . . . . . . . . . . | If there is any inconsistency between the English version and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. |
| Rounding of figures . . . . . . . . . . | Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them. |
| Commencement of dealing in the Shares . . . . . . . . . . . . . . . | Dealings in the Shares on the Main Board are expected to commence at 9:00 a.m. (Hong Kong time) on Wednesday, 15 April 2020. Shares will be traded in board lots of 2,000 Shares each. |

## DIRECTORS

| Name | Residential Address | Nationality |
|---|---|---|
| ***Executive Directors*** | | |
| Dato' Ng Kwang Hua | No. 9, Jalan Bukit Mewah 9/10B<br>Taman Bukit Mewah Fasa 10<br>43000 Kajang<br>Selangor, Malaysia | Malaysian |
| Dato' Ng Chin Kee | No. 38A, Jalan Bukit Mewah 9/10<br>Taman Bukit Mewah<br>43000 Kajang<br>Selangor, Malaysia | Malaysian |
| Datin Low Lay Choo | No. 9, Jalan Bukit Mewah 9/10B<br>Taman Bukit Mewah Fasa 10<br>43000 Kajang<br>Selangor, Malaysia | Malaysian |
| ***Independent non-executive Directors*** | | |
| Mr. Ng Kuan Hua | No. 12, Jalan BSL 3/3<br>Bukit Sungai Long<br>43000, Kajang<br>Selangor, Malaysia | Malaysian |
| Mr. Ng Chee Hoong | No. 22A, Jalan Putra Indah 9/23<br>Putra Heights, Seksyen 9<br>47650 Subang Jaya<br>Selangor, Malaysia | Malaysian |
| Ms. Jiao Jie (焦捷) | Flat 15, 20/F<br>Harbour Plaza Hotel<br>665 King's Road<br>North Point, Hong Kong | Chinese |

For further information on the profile and background of the Directors, please refer to "Directors and Senior Management" in this prospectus.

## PARTIES INVOLVED IN THE GLOBAL OFFERING

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| **Sole Sponsor** | **Zhongtai International Capital Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO*<br>19/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Central, Hong Kong |
| **Sole Global Coordinator and Sole Bookrunner** | **Zhongtai International Securities Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO*<br>19/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Central, Hong Kong |
| **Joint Lead Managers** | **Zhongtai International Securities Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO*<br>19/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Central, Hong Kong<br><br>**Livermore Holdings Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO*<br>Unit 1214A, 12/F Tower II<br>Cheung Sha Wan Plaza<br>833 Cheung Sha Wan Road<br>Kowloon, Hong Kong<br><br>**SPDB International Capital Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO*<br>33/F, SPD Bank Tower<br>One Hennessy<br>1 Hennessy Road<br>Hong Kong<br><br>**Valuable Capital Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO*<br>Room 2808, 28/F<br>China Merchants Tower, Shun Tak Centre<br>168–200 Connaught Road<br>Central, Hong Kong |

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| **Legal advisers to the Company** | *As to Hong Kong Law*<br>**Squire Patton Boggs**<br>29th Floor<br>Edinburgh Tower<br>The Landmark<br>15 Queen's Road Central<br>Central, Hong Kong |
| | *As to Malaysian Law*<br>**David Lai & Tan**<br>Level 8-3 & 8-4<br>Wisma Miramas<br>No. 1, Jalan 2/109E<br>Taman Desa, Jalan Klang Lama<br>58100 Kuala Lumpur |
| | *As to Cayman Islands Law*<br>**Conyers Dill & Pearman**<br>Cricket Square<br>Hutchins Drive<br>PO Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands |
| **Legal advisers to the Sole Sponsor and the Underwriters** | *As to Hong Kong Law*<br>**Holman Fenwick Willan**<br>15th Floor, Tower One<br>Lippo Centre<br>89 Queensway<br>Admiralty, Hong Kong |
| **Joint auditors and reporting accountants*** | **Mazars CPA Limited**<br>*Certified Public Accountants*<br>42nd Floor<br>Central Plaza<br>18 Harbour Road<br>Wanchai, Hong Kong |
| | **Grant Thornton Malaysia PLT**<br>*Chartered Accountants*<br>Level 11<br>Sheraton Imperial Court<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur |
| **Industry consultants** | **Ipsos Limited**<br>Room 602, 6/F.<br>China Life Centre Tower A<br>One Harbour Gate<br>18 Hung Luen Road<br>Kowloon, Hong Kong |

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| **Compliance adviser** . . . . . . . . . | **Zhongtai International Capital Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO*<br>19/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Central, Hong Kong |
| **Receiving bank** . . . . . . . . . . . . | **Bank of China (Hong Kong) Limited**<br>1 Garden Road<br>Hong Kong |

* *Mazars CPA Limited and Grant Thornton Malaysia PLT have been appointed as the joint auditors of the Group upon Listing until the conclusion of the first annual general meeting of the Company.*

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| **Registered office** | Cricket Square<br>Hutchins Drive<br>PO Box 2681, Grand Cayman<br>KY1-1111, Cayman Islands |
| **Headquarters and principal place of business in Malaysia** | No. 1–2, 2nd Floor<br>Jalan Kajang Indah 1<br>Taman Kajang Indah<br>Sg Chua, 43000 Kajang<br>Selengor, Malaysia |
| **Principal place of business in Hong Kong** | Unit B, 13th Floor<br>Winsan Tower<br>98 Thomson Road<br>Wanchai, Hong Kong |
| **Company's website** | **www.mog.com.my**<br>*(information contained in this website does not form part of the prospectus)* |
| **Compliance advisor** | **Zhongtai International Capital Limited**<br>*A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO*<br>19/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Central, Hong Kong |
| **Company secretary** | Mr. Lau Wai Piu Patrick (劉偉彪)<br>*(Fellow member of the Hong Kong Institute of Certified Public Accountants)*<br>Unit B, 13th Floor<br>Winsan Tower<br>98 Thomson Road<br>Wanchai, Hong Kong |
| **Authorised representatives** | Dato' Frankie Ng<br>No. 9, Jalan Bukit Mewah 9/10 B<br>Taman Bukit Mewah Fasa 10<br>43000 Kajang, Selangor<br>Malaysia<br><br>Mr. Lau Wai Piu Patrick (劉偉彪)<br>*(Fellow member of the Hong Kong Institute of Certified Public Accountants)*<br>Unit B, 13th Floor Winsan Tower<br>98 Thomson Road<br>Wanchai, Hong Kong |
| **Audit committee** | Mr. Ng Chee Hoong *(Chairman)*<br>Mr. Ng Kuan Hua<br>Ms. Jiao Jie (焦捷) |

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| **Remuneration committee** | Mr. Ng Kuan Hua *(Chairman)*<br>Dato' Frankie Ng<br>Mr. Ng Chee Hoong |
| **Nomination committee** | Dato' Frankie Ng *(Chairman)*<br>Mr. Ng Kuan Hua<br>Mr. Ng Chee Hoong |
| **Principal share registrar and transfer office in the Cayman Islands** | **Conyers Trust Company (Cayman) Limited**<br>Cricket Square<br>Hutchins Drive<br>PO Box 2681, Grand Cayman<br>KY1-1111, Cayman Islands |
| **Hong Kong Branch Share Registrar** | **Computershare Hong Kong Investor Services Limited**<br>Shops 1712–1716, 17th Floor<br>Hopewell Centre<br>183 Queen's Road East<br>Wanchai<br>Hong Kong |
| **Principal bankers** | **CIMB Islamic Bank Berhad**<br>1A & 2B Wisma Dewan Perniagaan<br>Melayu Negeri Sembilan<br>Jalan Dato' Bandar Tunggal<br>70000 Seremban<br>Negeri Sembilan, Malaysia<br><br>**Maybank**<br>Ground & Mezzanine Floor<br>No. 28–30, Jalan Tukang<br>43000 Kajang<br>Selengor, Malaysia |

***The information in the section below has been partly derived from various publicly available government sources, market data providers and other Independent Third Party sources. In addition, this section and elsewhere in the prospectus contains information extracted from the Ipsos Report, for the inclusion in this prospectus. The Group has no reason to believe that such information is false or misleading in any material respects or that any fact has been omitted that would render such information false or misleading in any material respects. The information has not been independently verified by the Group, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of the Group or its respective affiliates, directors or advisers or any other persons or parties involved in the Global Offering, other than Ipsos with respect to the information contained in the Ipsos Report and no representation is given as to its fairness, correctness and accuracy. Accordingly, you should not place undue reliance on such information or statistics.***

***The information extracted from the Ipsos Report reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to Ipsos should not be considered as the opinion of Ipsos as to the value of any security or the advisability of investing in the Group. The Directors believe that the sources of information extracted from the Ipsos Report are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.***

## SOURCE AND RELIABILITY OF THE INFORMATION

The Group commissioned Ipsos, an independent market research company, to analyse and report on the industry development and competitive landscape of the eyewear retail market in Malaysia for the period from 2014 to 2023 at a fee of HK$350,000. Ipsos is an independent market research company and is one of the largest research companies in the world, employing approximately 16,000 personnel worldwide across 88 countries. Ipsos conducts research on market profiles, analysis on market size, share and segmentation, distribution and value analysis, competitor tracking and corporate intelligence. In compiling the Ipsos Report, Ipsos obtained and gathered data and intelligence by: (a) conducting desk research covering government and regulatory statistics, Ipsos Reports and analyst reports, industry associations, industry journals and other online sources and data from the research database of Ipsos; (b) performing client consultation to obtain background information of the Group; and (c) conducting primary research by interviewing key stakeholders and industry experts. The information and data gathered by Ipsos have been analysed, assessed and validated using Ipsos' in-house analysis models and techniques. The methodology used by Ipsos is based on information sourced from multiple levels, which allows such information to be cross-referenced for accuracy. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Ipsos Report, various official government publications and other publications.

## OVERVIEW OF THE MACROECONOMIC ENVIRONMENT IN MALAYSIA

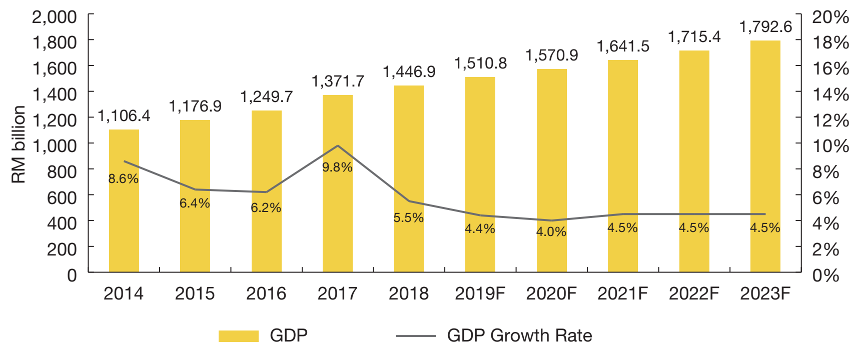
GDP in Malaysia experienced a stable growth from 2014 to 2018. From 2014 to 2018, the economy grew from approximately RM1,106.4 billion to approximately RM1,446.9 billion, at a CAGR of approximately 6.9%. Malaysia's economic competitiveness is strengthened by its favourable judicial framework, solid infrastructure, skilled workforce, stable political climate and favourable tax systems. In 2018, the economy slowed to approximately 5.5% in year-on-year growth compared to 2017 mainly impacted by one-off factors such as government spending rationalisation and post-election policy uncertainty. Malaysia's GDP is forecasted to grow at a CAGR of approximately 4.4% from approximately RM1,510.8 billion in 2019 to approximately RM1,792.6 billion by the end of 2023. Beyond 2019, Malaysia's economy is expected to remain resilient, reflecting a well-diversified and open economy that has successfully cushioned the impact of external shocks over the years.

Given the recent outbreak of COVID-19 globally, the Malaysian government announced to implement travel restrictions with strict nationwide controls locking down all travel in or out of the country, which poses short-term challenges on the economy in Malaysia. The GDP growth rate in 2020 is expected to slightly decrease by 0.1–0.3% as COVID-19 will likely affect domestic growth particularly in the first and second quarters of 2020. It is expected the impact from COVID-19 on global economy will continue to spill over to Malaysia in the first half of 2020 through lower tourism flows, household spending and varying degrees of supply chain disruptions.

Despite the potential adverse impact brought by COVID-19 on the economic growth, the domestic economy in Malaysia is foreseen to recover in the second half of 2020 with the implementation of the Economic Stimulus Package 2020 by the Malaysian government. It is noted that a special discount of 15% on monthly electricity bills will be given to six categories of businesses including shopping malls for a period of six months from 1 April 2020 to 30 September 2020 to further cushion the adverse impact of COVID-19. The domestic economy so thus the retail industry in Malaysia are anticipated to rebound and remain positive during 2021 to 2023.

As a precautionary measure taken to minimise the risk of additional imported cases of COVID-19, the Singapore government has introduced a Stay-Home Notice (SHN) to be issued to returning citizens with travel history within the last 14 days to the list of countries including Malaysia, effective from 16 March 2020. As Malaysia announced to lock down all travel in or out of the country including Singapore, there will be a drop in the number of the tourists from Singapore in the first half of 2020, which may have marginal impact on the retail industry in Malaysia, especially in Southern Peninsular Malaysia.

The following chart sets out the GDP and GDP growth rate in Malaysia from 2014 to 2023:

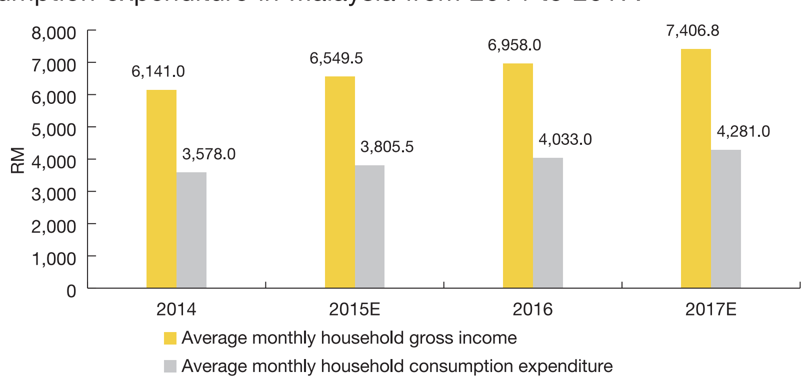



*Sources:* Department of Statistics Malaysia; Ipsos research and analysis

*Note:* The above figures are updated based on the latest publication of the "World Economic Outlook Database October 2019", which has yet taken into account the potential impact of the outbreak of COVID-19.

In line with Malaysia's GDP growth, the average monthly household gross income also experienced steady growth from 2014 to 2017. The average monthly household gross income in Malaysia grew from RM6,141.0 in 2014 to approximately RM7,406.8 in 2017 at a CAGR of approximately 6.4%. Meanwhile, the average monthly household consumption expenditure in Malaysia grew at a CAGR of approximately 6.2% from approximately RM3,578.0 in 2014 to approximately RM4,281.0 in 2017. The growth of average monthly household gross income continues to encourage higher consumption of goods and services as households have stronger purchasing power.

The following chart sets out the (i) average monthly household gross income and (ii) average household consumption expenditure in Malaysia from 2014 to 2017:




*Sources:* Department of Statistics Malaysia; Ipsos research and analysis

*Notes:*

1. 2014 and 2016 were actual figure published by the Department of Statistics Malaysia. Due to the data unavailability, 2015 and 2017 were estimated by Ipsos. "E" denotes estimation by Ipsos.
2. 2018 data is currently unavailable and will be updated once such information is released in June 2020.

## OVERVIEW OF THE EYEWEAR RETAIL MARKET IN MALAYSIA

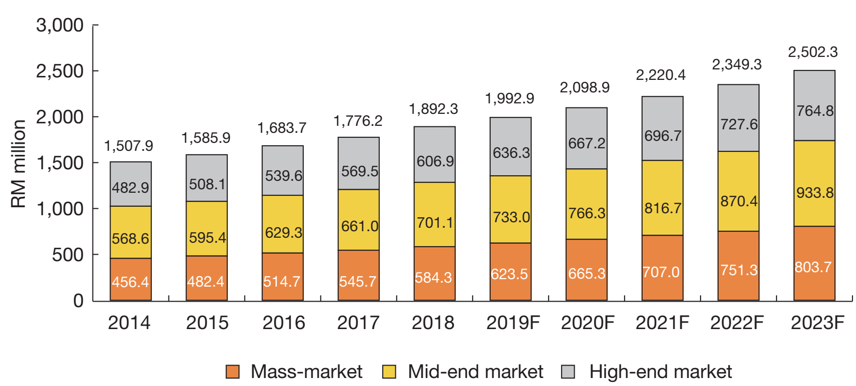
The eyewear retail market consists of specialised eyewear retail stores offering vision care services through the sales of various optical products and prescription of customised optical products to the customers with vision impairments, such as myopia, hyperopia and astigmatism. Along with the rising awareness of eye health and demand for protective optical products, sunglasses have also been one of the major products offered by retailers of optical products. Retailers of optical products in Malaysia generally offer eye examination and prescription services and sell products such as frames, sunglasses, lenses as well as contact lenses to customers.

### Market size of the eyewear retail market in Malaysia

The market size of the eyewear retail market in Malaysia increased from RM1,507.9 million in 2014 to RM1,892.3 million in 2018 at a CAGR of approximately 5.8%. The growth of the economy in Malaysia, coupled with the rising awareness of eye health and demand for protective optical products have also promoted the development of the eyewear retail market in Malaysia. As such, the demand for optical products particularly prescription glasses and contact lenses which are viewed as necessities is expected to continue growing. The rising rate of myopia and hyperopia in the country also contributed to the steady growth of the eyewear retail market from 2014 to 2018. Together with the rising fashion consciousness due to some reputable international fashion brands setting up their exclusive stores in the country, optical products have become trendy and fashionable.

During the forecast period from 2019 to 2023, the market size is expected to grow at a similar pace at a CAGR of approximately 5.9%. The eyewear retail market in Malaysia is forecasted to continue its growth during the forecast period as the population continues to experience an increase in visual impairment conditions from the high usage of technological devices, such as smartphones, tablets and computers. Apart from that, the introduction of innovative optical products such as functional lenses like ultraviolet ray protection, anti-blue light, as well as transition and progressive lenses is expected to increase the demand for optical products. Together with the growing population requiring vision correction, the expected increase in the demand due to the appearance of innovative optical products will continue to drive the eyewear retail market in Malaysia.

The following chart sets out the market size of the eyewear retail market in Malaysia, breakdown by types of market segment from 2014 to 2018 and forecast from 2019 to 2023:




*Source:* Ipsos research and analysis

*High-end segment*

The growth of high-end optical products was mainly driven by the increasing prices of high-end optical products which are mainly imported from overseas and increasingly sophisticated preferences of the population which opts for known luxury brands. In the forecast period, the high-end segment is estimated to increase at the slowest pace. The slowdown in growth rate can be explained by the expectation of volatility of Malaysian Ringgit due to the trade dispute between the US and China, potentially driving the prices of premium products upwards which may affect the demand for the products of the high-end segment.

*Mid-end segment*

Regarding the mid-end segment, the market development lagged behind both the mass-segment and high-end segment from 2014 to 2018 largely due to the changing consumer preference. On one hand, some of the consumers are more interested in buying OEM/ ODM optical products due to the lower product prices. On the other hand, the growing Malaysian middle class indicates that some of the consumers who have a stronger purchasing power are more interested in purchasing optical products from luxury brands. The growth of the mid-end segment is expected to remain as the largest contributor to the industry revenue by accounting a share of approximately 37.3% in 2023. The stable growth is expected to be driven by the growing middle-income population in Malaysia. As the average household income continues to grow, a larger majority of the population is more willing to opt for more premium and branded optical products, contributing to a more stable demand for optical products in the mid-end segment.

*Mass-market segment*

The growth of the mass-market segment can be explained by the increasing effort of retailers of optical products to offer numerous OEM optical products to the market, generally at a lower price compared to other branded products. The mass-market segment is expected to record the strongest growth in revenue among the three market segments at a CAGR of approximately 6.6%. Meanwhile, the mid-end segment and high-end segment is expected to grow at the CAGRs of approximately 6.2% and approximately 4.7%, respectively.

**Market size by types of products**

The following table sets out the breakdown of market size of the eyewear retail market in Malaysia by types of products from 2014 to 2023:

| | Lenses | | Frames | | Contact lenses | | Sunglasses | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Amount | % to total revenue | Amount | % to total revenue | Amount | % to total revenue | Amount | % to total revenue | Amount | % to total revenue |
| | RM million | % | RM million | % | RM million | % | RM million | % | RM million | % |
| 2014 | 534.2 | 35.4 | 385.8 | 25.6 | 261.3 | 17.3 | 326.5 | 21.7 | 1,507.9 | 100.0 |
| 2015 | 561.3 | 35.4 | 401.7 | 25.3 | 282.9 | 17.8 | 339.9 | 21.4 | 1,585.9 | 100.0 |
| 2016 | 588.4 | 34.9 | 417.2 | 24.8 | 307.2 | 18.2 | 370.8 | 22.0 | 1,683.7 | 100.0 |
| 2017 | 623.7 | 35.1 | 438.1 | 24.7 | 328.8 | 18.5 | 385.6 | 21.7 | 1,776.2 | 100.0 |
| 2018 | 667.4 | 35.3 | 464.4 | 24.5 | 351.8 | 18.6 | 408.7 | 21.6 | 1,892.3 | 100.0 |
| CAGR 2014–2018 (%) | 5.7% | | 4.7% | | 7.7% | | 5.8% | | 5.8% | |
| 2019F | 703.7 | 35.3 | 483.7 | 24.3 | 373.0 | 18.7 | 432.5 | 21.7 | 1,992.9 | 100.0 |
| 2020F | 742.0 | 35.4 | 503.7 | 24.0 | 395.6 | 18.8 | 457.6 | 21.8 | 2,098.9 | 100.0 |
| 2021F | 782.4 | 35.2 | 527.2 | 23.7 | 426.7 | 19.2 | 484.1 | 21.8 | 2,220.4 | 100.0 |
| 2022F | 825.0 | 35.1 | 551.8 | 23.5 | 460.2 | 19.6 | 512.2 | 21.8 | 2,349.3 | 100.0 |
| 2023F | 879.9 | 35.2 | 577.5 | 23.1 | 499.2 | 20.0 | 545.7 | 21.8 | 2,502.3 | 100.0 |
| CAGR 2019F–2023F (%) | 5.7% | | 4.5% | | 7.6% | | 6.0% | | 5.9% | |

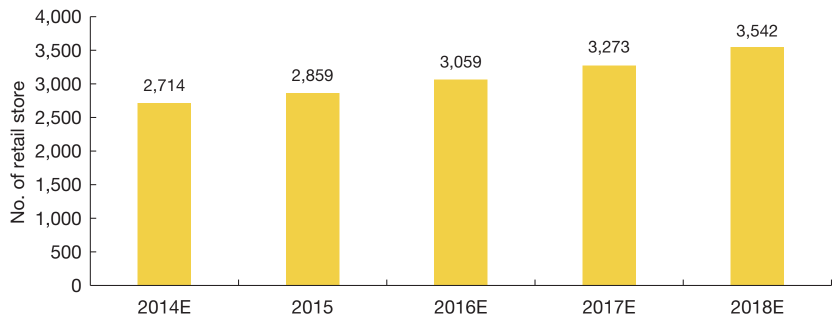
*Source:* Ipsos research and analysis

From 2014 to 2018, contact lenses recorded the strongest growth while frames experienced the lowest growth among the types of optical products. The growth in sales value of lenses can be attributed to the additional function of lenses, such as ultraviolet ray protection and anti-blue light. In addition, increasing visual impairment and ageing population also drove the growth in the revenue for both lenses and frames as more people require spectacles. Meanwhile, the growth of sales value of contact lenses was largely due to the introduction of advanced lenses with better features, such as breathable lenses which provide more comfort to consumers and addresses pain points, such as dry eyes and redness from prolonged usage. Regarding the sunglasses products, the growth of sales value was mainly driven by the increasing awareness of ultraviolet ray protection in Malaysia, increasing the demand for and the sales value of sunglasses.

Moving forward, contact lenses is expected to continue to record the strongest growth while frames will experience the lowest growth among the types of optical products from 2019 to 2023. Tracking closely to the growth of the overall eyewear retail market, the growth in such value of lenses and frames can be attributed to the continuously increasing visual impairment conditions of the population as well as the ageing population. Apart from that, the additional function of lenses such as ultraviolet ray protection, anti-blue light and transition lenses will increase the sales value of the lenses. Also, contact lenses will continue to be driven by newer and higher value products with features that address pain points of consumers such as dry eyes and redness from prolonged usage. Also, the expected growth of the sales value of sunglasses can be explained by the increasing awareness of ultraviolet ray protection, together with the growth of online retailing platforms selling sunglasses.

***Number of eyewear retail stores in Malaysia***

Currently, approximately 80% of eyewear retail stores are located in Peninsular Malaysia where the majority of the Malaysian population is based, while the remaining 20% of eyewear retail stores are located in East Malaysia. The following chart sets out the number of eyewear retail stores in Malaysia from 2014 to 2018:




*Sources:* Department of Statistics Malaysia; Ipsos research and analysis

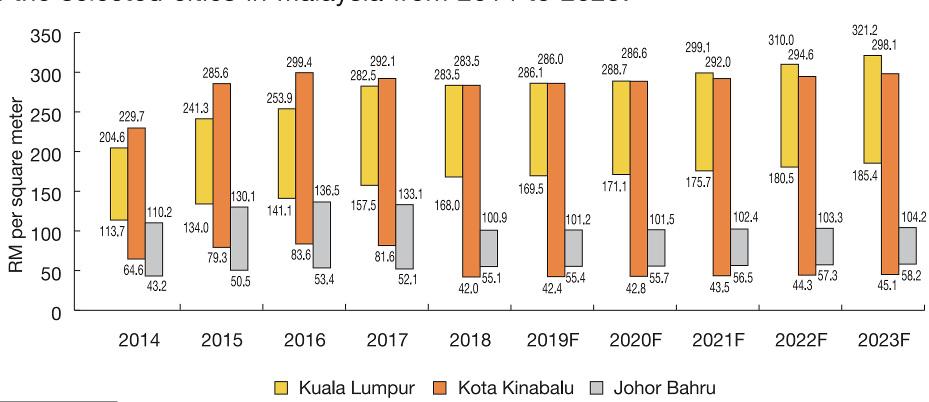
*Note:* The number of eyewear retail stores in Malaysia is reported every five years in the Economic Census conducted by the Department of Statistics Malaysia. The figures of 2014, 2016, 2017 and 2018 were estimated by Ipsos's in-house calculation based on the historical data of the eyewear retail market. "E" denotes estimation by Ipsos.

The number of eyewear retail stores in Malaysia grew at a CAGR of approximately 6.9% from approximately 2,714 stores in 2014 to approximately 3,542 stores in 2018. The growth in the number of eyewear retail stores is primarily attributed to the growth of the eyewear retail market, mainly due to the expansion of their retail network through the launch of new stores in order to cater to the growing consumer base and the demand for optical products. The increasing number of new shopping malls from 2014 to 2018 also provided opportunity for the retailers of optical products to set up eyewear retail stores in the newly-launched malls. Newly-launched malls often offer discounted rental for the first year to attract tenants and increase the occupancy rate. During the forecast period from 2019 to 2023, it is estimated that the number of eyewear retail stores will grow at a CAGR of approximately 5.6%. While the economic uncertainty resulted by the US-China trade war and the lower consumer sentiment are expected to slightly dampen the growth momentum, the opening of several large new shopping malls in major cities as well as the expected downward pressure on rental of private commercial premises will act as the key drivers for major retailers of optical products to continue their retail network expansion, increasing the number eyewear retail stores in the near future.

**Cost analysis of the eyewear retail market in Malaysia**

***Rental of private commercial premises in Malaysia***

The following chart sets out the minimum and maximum rental of private commercial premises in the selected cities in Malaysia from 2014 to 2023:



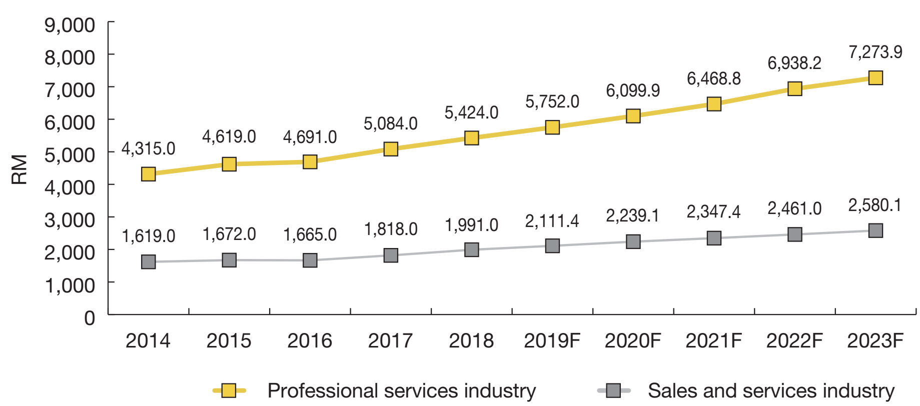

*Source:* Ipsos research and analysis

The minimum rental per square metre in Kuala Lumpur grew from approximately RM113.7 in 2014 to approximately RM168.0 in 2018 at a CAGR of approximately 10.3%. However, the maximum rental per square metre in Kuala Lumpur experienced a slower growth at a CAGR of approximately 8.5% from approximately RM204.6 in 2014 to approximately RM283.5 in 2018. Meanwhile in Kota Kinabalu, the minimum rental per square metre declined at a CAGR of approximately -10.2% from approximately RM64.6 in 2014 to approximately RM42.0 in 2018. The maximum rental per square metre in Kota Kinabalu, however, grew at a CAGR of approximately 5.4% from approximately RM229.7 in 2014 to approximately RM283.5 in 2018. In Johor Bahru, the minimum rental per square metre grew at a CAGR of approximately 6.3% from approximately RM43.2 in 2014 to approximately RM55.1 in 2018 while its maximum rental per square metre declined at a CAGR of approximately -2.2% from approximately RM110.2 in 2014 to approximately RM100.9 in 2018. The decline and slowdown of rental growth in 2018 are largely due to an increase in supply following a large number of new launches and the existing oversupply.

During the forecast period, minimum rental per square metre in Kuala Lumpur is forecast to grow slowly at a CAGR of approximately 2.3% from approximately RM169.5 in 2019 to approximately RM185.4 in 2023. Meanwhile, maximum rental per square metre in Kuala Lumpur is expected to grow slightly faster from approximately RM286.1 in 2019 to approximately RM321.2 in 2023 at a CAGR of approximately 2.9%. In Kota Kinabalu, the minimum rental per square metre is expected to grow from approximately RM42.4 in 2019 to approximately RM45.1 in 2023 at a CAGR of approximately 1.6% while the maximum rental per square metre is expected to grow at a CAGR of approximately 1.0% from approximately RM286.0 in 2019 to approximately RM298.1 in 2023. Meanwhile, in Johor Bahru, the minimum rental per square metre is forecasted to grow at a CAGR of approximately 1.2% from approximately RM55.4 in 2019 to approximately RM58.2 in 2023. The maximum rental per square metre is expected to grow from approximately RM101.2 in 2018 to approximately RM104.2 in 2023 at a CAGR of approximately 0.7%. Moving forward, the growth of rental of private commercial premises in Malaysia is expected to slow down as a high supply is expected to continue to outstrip the demand. The completion of new malls and commercial developments, as well as the expansion of existing properties, are expected to increase downward pressure on rental. However, the annual upwards rental revision and the completion of high-end shopping malls yielding higher rental rates are expected to offset the price pressure on rental, leading to the mild growth of the rental of private commercial premises in Malaysia in the future.

***Average monthly wage of the employees engaged in the eyewear retail market in Malaysia***

Employees in the eyewear retail market in Malaysia are mainly made up of professionals and sales and services personnel. The following chart sets out average monthly wage of the (i) employees engaged in professional services industry, and (ii) employees engaged in sales and services industry in Malaysia from 2014 to 2023:




*Source:* Department of Statistics Malaysia; Ipsos research and analysis

*Notes:*

1. Average monthly wage is grouped according to the Malaysian Standard Classification of Occupations (MASCO) 2013.

2. Service and sales workers include those who demonstrate and sell goods in wholesale or retail shops and similar establishments as well as at stalls and markets. Professionals include those who apply scientific concepts and theories. Optometrist and opticians are classified under other health professionals minor group.

From 2014 to 2018, the average monthly wage of employees engaged in professional services grew at a CAGR of approximately 5.9% while that of the employees engaged in the sales and services industry grew at a lower CAGR of approximately 5.3%. During the forecast period from 2019 to 2023, it is expected that the average monthly wage of employees engaged in professional services will grow at a faster pace at a CAGR of 6.0% while the average monthly wage of employees engaged in the sales and services industry will increase at a CAGR of 5.1%.

The higher growth rate of the monthly wage of professionals was largely due to an increasing demand for professional services. Opticians and optometrists continue to be in demand as only licensed optometrists and opticians are allowed to undertake eye diagnostic tests, prescribe and dispense optical products. Moving forward, the average wage of employees engaged in professional services is expected to continue its growth and remain above the national average, driven up by the increasing demand for professionals.

In comparison, the employees engaged in the sales and services industry have a lower barrier of entry and minimal education or qualification requirements, thus translating into a lower average monthly wage. As the government continues its effort to increase national average wage through policy implementation such as minimum wages, the average monthly wage of employees engaged in the sales and services industry is also expected to grow.

## COMPETITIVE ANALYSIS OF THE EYEWEAR RETAIL MARKET IN MALAYSIA

In 2018, there were 1,106 retailers of optical products in Malaysia and approximately 3,542 eyewear retail stores throughout the country. It is expected that the eyewear retail market in Malaysia will continue to be driven by the steady economic growth in Malaysia, the growing number of the population requiring vision correction and the introduction of innovative optical products which attracts higher demand for optical products. The market size of eyewear retail market will grow at a CAGR of approximately 5.9% from 2019 to 2023.

The eyewear retail market in Malaysia is fairly consolidated and dominated by large eyewear retail chains. In 2018, the top five retailers of optical products collectively accounted for the market share of approximately 26.1% to the market size of the eyewear retail market. The large eyewear retail chains operate numerous stores nationwide under several brand names. By establishing an extensive retail network throughout the country, these retailers of optical products are able to enjoy economies of scale and benefit from discounts when purchasing bulk orders from distributors and brand owners.

While the industry is dominated by the large eyewear retail chains who have a strong brand identity and extensive retail network, the rest of the retailers of optical products are generally operating in a small scale with a less developed retail network. These retailers of optical products usually operate with one to two standalone stores and have a very small fraction of the entire market size of the eyewear retail market, forming a fragmented market. These retailers of optical products also have a limited customer base as they focused on catering to the population in the local vicinity of their respective stores.

For the year ended 31 March 2019, the Group recorded a revenue of approximately RM133.6 million. As at the Latest Practicable Date, the Group's retail network comprised 83 self-owned retail stores, 10 franchised retail stores and two licensed retail stores in Malaysia. The Group is the second largest eyewear retail company in Malaysia which accounted for approximately 7.1% of the market share in the eyewear retail market in 2018.

The following table sets out the top five retailers of optical products in Malaysia in 2018:

| Rank | Company | Retail amount in 2018 | Market share |
|---|---|---|---|
| | | (RM million) | (%) |
| 1 | Company A | 159.8 | 8.4 |
| 2 | The Group | 133.6 | 7.1 |
| 3 | Company B | 116.8 | 6.2 |
| 4 | Company C | 48.5 | 2.5 |
| 5 | Company D | 35.7 | 1.9 |
| | Others | 1,397.9 | 73.9 |
| | **Total** | **1,892.3** | **100.0%** |

*Source:* Ipsos research and analysis, Companies Commission Malaysia

*Notes:*

1. Some totals may not correspond with the sum of the separate figures due to rounding.
2. Competitive analysis is based on the financial information of the latest calendar year available for majority of retailers of optical products.
3. Revenue of the Group is extracted from the Group's audited financial information for the year ended 31 March 2019.

## Factors of competition

### *Brand name and reputation*

The brand name and reputation of retailers of optical products remain to be the important factor particularly in specialised retail and services industry such as the eyewear retail market. Consumers are often concerned about the authenticity of products, accuracy of prescription glasses, warranty claims, range of optical products availability and quality of service. As social media and the internet continue to be of importance, reviews of eyewear retail brands are easily accessible. Therefore, an established brand name and reputation will play an important role in the decision-making process for consumers. A strong brand name and reputation will also increase brand loyalty and repeated purchase from consumers.

### *Store location and accessibility*

The eyewear retail market is highly dependent on consumer sales. Therefore, a strategic store location in areas with high pedestrian traffic and footfall such as major shopping malls is an added advantage. Strategic locations and ease of access will increase the visibility of eyewear retail stores allowing information on new optical products, rebates and promotions to be easily visible to consumers. As prescription glasses can only be prescribed and dispensed by licensed optometrists or opticians, eyewear retail stores in a strategic location will increase the accessibility for consumers who require prescription glasses.

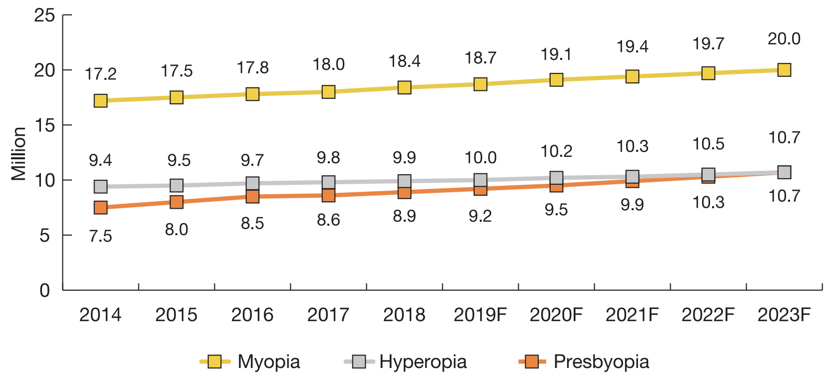
### *Availability of optical products*

Eyewear retail stores with wide options of optical products have an advantage over other eyewear retail stores. The availability of a wide range of optical products increases chances of meeting consumers' preferences and needs. A wide range of optical products in terms of price and brands will allow eyewear retail stores to cater to a larger pool of consumers with different economic status. The availability of premium international optical products would allow eyewear retail stores to meet the demands of higher income consumers. In addition, the exclusive distribution rights of popular optical products will be an added advantage for retailers of optical products.

## Key drivers and opportunities

### *An increasing number of population with visual impairments*

The increase in the population with visual impairments, 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. Additionally, the ageing population in Malaysia is also another key factor driving up the number of visual impairment in the population. The Malaysian population is forecast to be an ageing population in 2020 when more than 7.0% of its population is over the age of 65 years old. By 2040, the Malaysian population who are above 65 years old is expected to grow to approximately 14.5% and pushing the median age of the Malaysian population to approximately 38.3 years old. The ageing population is more likely to experience vision impairments and therefore, has a higher demand for more optical products particularly prescription glasses and contact lenses to correct their vision. In addition, the high prevalence of cataract in an older population may require surgical intervention and increase demand for sunglasses post-operation. The growing number of the population with visual impairments has been driving the demand for prescriptive optical product in the Malaysian eyewear retail market. The following chart sets out the number of (i) myopia, (ii) hyperopia, and (iii) presbyopia population in Malaysia from 2014 to 2023:




*Source:* Ipsos research and analysis

***Fashion trends***

The emergence of new popular culture such as the Korean pop culture is seen to have influenced the preferences of consumers in recent years. New trends are expected to drive the demand for optical products as consumers are inclined to purchase new optical products which are up to date with the latest fashion trends. Fast moving fashion trends are expected to drive the growth of the eyewear retail market as the aesthetic value of optical products is a crucial decision-making factor for consumers.

***Increasing awareness of eye care***

The increasing awareness of eye care has consistently driven the market development of the eyewear retail market in Malaysia. With the Malaysian economy becoming more developed, people in Malaysia are chasing for a higher quality of life and are more aware of their eyes health. The increase in the monthly household gross income at a CAGR of 6.4% from 2014 to 2017 serves as an indicator that people in Malaysia are now having stronger purchasing power, encouraging a higher consumption of goods and services including optical products. In addition, the provision of more comprehensive eye examination services by some of the leading retailers of optical products in the market also makes eye tests more accessible to the public, helping raise the awareness of the importance of conducting regular eye tests and maintaining eye health. As a result, the increasing awareness of eye care would, drive higher demand for optical products, acting as one of the market drivers of the eyewear retail market in Malaysia.

**Threats and challenges**

***New medical procedures***

The emergence of new technology to correct vision impairments is expected to adversely affect the eyewear retail market as the new technology will slow down the demand for prescription glasses, frames and contact lenses. New technology includes LASIK (laser-assisted in situ keratomileusis), LASEK (laser sub-epithelial keratomileusis), PRK (photorefractive keratectomy) and Epi-LASIK (epithelial laser-assisted in situ keratomileusis). These new surgical procedures are capable of permanently correcting vision impairments and thus, reducing the needs for prescription glasses and contact lenses. In addition, the cost of such medical procedures is inexpensive in Malaysia. Although the adoption rate of such new medical procedures is relatively low at present, these new medical procedures are expected to gain traction in the future as it gains better recognition and offers a permanent solution to those consumers with vision impairments.

***Dependency on optometrists***

An eyewear retail store needs to satisfy the relevant laws and regulations on the requirements of practising licensed optometrists, who are able to prescribe and dispense glasses and contact lenses. Failure to do so might result in loss of business as the eyewear retail store could not sell prescription glasses and contact lenses. There has been an increasing demand for licensed optometrists. The shortage of optometrist and high dependency results in higher salary for such professionals also due to the rising number of persons suffering from visual impairments and the increasing number of retail stores selling optical products.

***Counterfeit products***

The rise of counterfeit products poses a threat to the eyewear retail market resulting in the loss of sales for retailers of optical products who stock original premium products. The lower price of counterfeit optical products, particularly counterfeit branded sunglasses and spectacle frames are attractive to many consumers who are ignorant about the authenticity of optical products. With the rise of online retail platforms, the sale of counterfeit products has become increasingly far-reaching and accessible to many consumers. Counterfeit products pose health threats to consumers as these products may be made from harmful materials and causes irritation when worn. This impacts the credibility of the eyewear retail market as counterfeit products could be mixed with original products.

**Entry barriers**

***Initial capital investment***

The eyewear retail market in Malaysia is primarily made up of physical stores. The setting up of an eyewear retail store requires a high initial capital investment. Setting up of a new store would require investment such as initial deposit for rental of store or cost of purchasing a commercial premise, renovation costs, procurement of optical products for sale as well as optical equipment for eye tests. The high initial capital investment required for setting up a store would deter new entrants entering into the eyewear retail market in Malaysia.

***Optometrists and Opticians***

In Malaysia, the prescription and dispensing of glasses and contact lenses can only be carried out by a licensed optometrist. Although opticians who passed the examination organised by the Malaysian Optical Council will be awarded the privilege to prescribe glasses and contact lenses, they are few in number. Thus, a majority of eyewear retail stores are highly dependent on licensed optometrists. The current low ratio of licensed optometrists per capita further increases the difficulty in hiring a licensed optometrist. New entrants in the eyewear retail market may face difficulties in employing licensed optometrists, as existing sizable retailers of optical products are viewed as more established employers.

***Reliance on imports***

As a majority of optical products such as spectacle lenses, contact lenses and premium products such as branded spectacle frames and sunglasses are imported, the eyewear retail market in Malaysia is highly reliant on imports. In addition, there are a small number of suppliers and distributors of optical products in Malaysia which have dominated the import of optical products. Therefore, new entrants without a credible track record may face difficulty in establishing relationship and purchasing stock from these suppliers and distributors. The reliance on imported optical products also exposes the eyewear retail market to the vulnerability of international trade such as, fluctuation of exchanges rates and trade embargos.

**Competitive advantages of the Group**

Please refer to "Business — Competitive strengths" in this prospectus for a detailed discussion of the Group's competitive strengths.

## OVERVIEW OF MALAYSIAN LAWS AND REGULATIONS

As at the Latest Practicable Date, the following is an overview of the material laws and regulations that are relevant to the Group's business:

### A. Laws and Regulations relating to the operation of the Group's Business

#### (a) *Optical Act 1991*

Under the Optical Act 1991 ("**OA 1991**"), no person shall practise optometry unless he is a registered person with the Malaysian Optical Council. A person who (i) practises as an optician or optometrist without a valid annual practising certificate; or (ii) is in partnership with a person who practises as an optician or optometrist without a valid annual practising certificate; or (iii) employs a person who practises as an optician or optometrist without a valid annual practising certificate, commits an offence.

Notwithstanding anything to the contrary, a registered person may practise as an optician or optometrist without an annual practising certificate up to 31st December of the year in which he is first registered as an optician or optometrist and, for the purpose of OA 1991, he shall be deemed to have an annual practising certificate for that period. An annual practising certificate and an application for an annual practising certificate shall contain the address of the principal place of practice and all other places of practice of the applicant, and any change in any such address shall be notified by the registered person to the Registrar, who, for the purpose of OA 1991, means the Director General of Health, Malaysia.

A certificate under the hand of the Registrar that any person is or is not the holder of an annual practising certificate or was or was not any time a holder of an annual practising certificate shall be conclusive evidence of the matters referred to therein. A person who commits an offence under OA 1991, for which no specific penalty is provided shall be liable on conviction in respect of a first offence, to a fine not exceeding RM1,000 and in respect of second or subsequent offence, to fine not exceeding RM2,000 or to imprisonment for a term not exceeding 6 months or to both. In case of continuing offence, a person convicted under OA 1991 shall be liable to a further fine of RM50 for each day the offence continues after conviction addition to the penalties as stipulated above.

A person or a firm commits an offence if in the course of a business carried on by the person or firm (i) any person employed by the person or firm; or (ii) any member of the firm practises optometry without being registered under OA 1991. Any person commits an offence, shall on conviction be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years or to both. Where a body corporate commits an offence under OA 1991, every director and manager thereof shall, unless he proves that the offence is committed without his knowledge, be guilty of that offence.

#### (b) *Local Government Act 1976*

Local Government Act 1976 ("**LGA 1976**") consolidates the laws relating to local government and shall apply only to Peninsular Malaysia. LGA 1976 confers the power to the local authority to make by-laws which provide that no person shall use any premise within the jurisdiction of respective Municipal Council to carry out any form of trade or business without a license issued by respective Municipal Council.

The Group conducts business operation across Peninsular Malaysia. Hence, it is required to obtain a business license for each operating premise from the relevant local authority. The validity of the business license granted by the local authority shall be valid for a period not exceeding 3 years and subject to renewal. Every person to whom a license has been granted shall exhibit its license at all times in some prominent place on the licensed premises and shall produce such license if required to do so by any officer of the local authority authorised to demand the same. It is provided under LGA 1976 that any person who fails to exhibit or to produce such license shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

**(c)** ***Franchise Act 1998***

The Group has a few stores that are operating under a franchise arrangement, which the Group acts as a franchisor. The Franchise Act 1998 ("**FA 1998**") regulates the franchising industry as it does not only control the terms of any franchise agreement but also implements a systematic scheme of registration for the franchisor, franchisee, franchise consultants and franchise brokers.

Pursuant to the FA 1998, a franchise means a contract or an agreement, either expressed or implied, whether oral or written, between two or more persons by which:

(i) the franchisor grants to the franchisee the right to operate a business according to the franchise system as determined by the franchisor during a term to be determined by the franchisor;

(ii) the franchisor grants to the franchisee the right to use a mark, or a trade secret, or any confidential information or intellectual property, owned by the franchisor or relating to the franchisor, and includes a situation where the franchisor, who is the registered user of, or is licensed by another person to use, any intellectual property, grants such right that he possesses to permit the franchisee to use the intellectual property;

(iii) the franchisor possesses the right to administer continuous control during the franchise term over the franchisee's business operations in accordance with the franchise system;

(iv) the franchisor has the responsibility to provide assistance to the franchisee to operate his business including such assistance as the provision or supply of materials and services, training, marketing, and business or technical assistance;

(v) in return for the grant of rights, the franchisee may be required to pay a fee or other form of consideration; and

(vi) the franchisee operates the business separately from the franchisor, and the relationship of the franchisee with the franchisor shall not at any time be regarded as a partnership, service contract or agency.

Under FA 1998, a franchisor shall register his franchise with the Registrar of Franchises, Ministry of Domestic Trade Co-operatives and Consumerism ("**MDTCC**") before he can operate a franchise business or make an offer to sell the franchise to any person. Furthermore, a franchisor is required to register his trademark or service mark relevant to his franchise in accordance with the Trade Marks Act 1976 (if they are registrable under the Act) before applying for the registration of the franchise.

A franchisor who fails to comply with this section commits an offence and shall on conviction, be liable if such person is a body corporate, to a fine not exceeding RM250,000 and for a second or subsequent offence, to a fine not exceeding RM500,000.

The FA 1998 provides that all the franchise agreement shall be in writing and shall contain all the information listed under Section 18(2) of the FA 1998. Failure to comply the same shall render the franchise agreement null and void. All franchise agreements shall also contain a cooling off period not less than seven working days, during which, the franchisee has the option to terminate the agreement. FA 1998 also provided the permission to collect and impose fees, which includes the franchisee fee, royalty and promotion fee as deemed necessary by the franchisor and the guaranteed of the fixed franchise term of not less than five years for every franchise agreement.

**B. Laws and Regulations relating to Consumer Protection**

**(a) *Consumer Protection Act 1999***

The Consumer Protection Act 1999 ("**CPA 1999**") is an act enacted to provide greater protection for the consumer. Under the CPA 1999, no person shall engage in conduct that:

(i) in relation to goods, is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, manufacturing process, characteristics, suitability for a purpose, availability or quantity, of the goods; or

(ii) in relation to services, is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, characteristics, suitability for a purpose, availability or quantity, of the services.

No person shall make a false or misleading representation that:

(i) the goods are of a particular kind, standard, quality, grade, quantity, composition, style or model;

(ii) the goods have had a particular history or particular previous use;

(iii) the services are of a particular kind, standard, quality or quantity;

(iv) the services are supplied by any particular person or by any person of a particular trade, qualification or skill;

(v) a particular person has agreed to acquire the goods or services;

(vi) the goods are new or reconditioned;

(vii) the goods were manufactured, produced, processed or reconditioned at a particular time;

(viii) the goods or services have any sponsorship, approval, endorsement, performance characteristics, accessories, uses or benefits;

(ix) the person has any sponsorship, approval, endorsement or affiliation;

(x) concerns the need for any goods or services;

(xi) concerns the existence, exclusion or effect of any condition, guarantee, right or remedy; or

(xii) concerns the place of origin of the goods.

Under CPA 1999, a person commits an offence:

(i) if he gives to a consumer an indication which is misleading as to the price at which any goods or services are available; or

(ii) if an indication given by him to a consumer as to the price at which any goods or services are available becomes misleading and he fails to take reasonable steps to prevent the consumer from relying on the indication.

There is an implied guarantee that all the goods supplied are of an acceptable quality. The goods shall be deemed to be of acceptable quality if they are fit for all purposes for which goods of the type in question are commonly supplied; acceptable in appearance and finish; free from minor defects; safe and durable. A reasonable consumer fully acquainted with the state and condition of the goods, including any hidden defects, would regard the goods as acceptable having regard to:

(i) the nature of the goods;

(ii) the price;

(iii) any statements made about the goods on any packaging or label on the goods;

(iv) any representation made about the goods by the supplier or the manufacturer; and

(v) all other relevant circumstances of the supply of the goods.

Failure to comply the same will on conviction be liable, if such person is a body corporate, to a fine not exceeding RM100,000, and for a second or subsequent offence, to a fine not exceeding RM200,000.

**(b) *Sales of Goods Act 1957***

The Sale of Goods Act 1957 ("**SOGA 1957**") governs the law on the sale of goods in Malaysia. The formation of a contract for sale takes place when there is a transfer in the property of the goods for a price.

Pursuant to the SOGA 1957, it is the duty of the seller to deliver the goods and of the buyer to accept and pay for them in accordance with the terms of the contract of sale. Unless otherwise agreed, delivery of the goods and payment of the price are concurrent condition, that is to say, the seller shall be ready and willing to give possession of the goods to the buyer in exchange for the price, and the buyer shall be ready and willing to pay the price in exchange for possession of the goods.

Where goods are delivered to the buyer which he has not previously examined, he is not deemed to have accepted them unless and until he has had a reasonable opportunity of examining them for the purpose of ascertaining whether they are in conformity with the contract. Unless otherwise agreed, when the seller tenders delivery of goods to the buyer, he is bound, on request to afford the buyer a reasonable opportunity of examining the goods for the purpose of ascertaining whether they are in conformity with the contract.

## C. Laws and Regulations governing the Sales and Promotion of Goods

### (a) *Trade Description Act 2011*

The Trade Description Act 2011 ("**TDA 2011**") is an act enacted to promote good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practises in relation to the supply of goods and services and to provide for matters connected therewith or incidental thereto.

Pursuant to the TDA 2011, any person who applies a false trade description to any goods, supplies or offers to supply any goods to which a false trade description is applied or exposes for supply or has in this possession, custody or control for supply any goods to which a false trade description is applied, commits an offence and shall, on conviction, be liable, if such person is a body corporate to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

### (b) *Trade Description (Cheap Sale Price) Regulations 1997 and Trade Descriptions (Cheap Sale Price) (Amendment) Regulations 2016*

The Trade Description (Cheap Sale Price) Regulations 1997 ("**Cheap Sale Price Regulations**") regulates the supply of goods at a cheap sale price. According to Regulation 14 of the Cheap Sale Price Regulations, the regulation itself shall not apply to the following person who, in the course of trade or business:

(i) reduces the price of goods where such reduction of price does not in any way indicate any comparison with any other prices;

(ii) reduces the price of goods where the indication or expression relating to such reduction in price is made in compliance with any specific condition relating to the purchase of such goods;

(iii) reduces the price of goods where the indication or expression relating to such reduction in price is made orally within the premises where the sale is made; or

(iv) reduces the price of goods where the indication or expression in relating to such reduction in price is made on perishable goods and made three hours before the closing time for that particular business for that day.

Pursuant to Regulation 3 of the Cheap Sale Price Regulations, a person which is in the course of trade or business, supply or offer to supply goods of any description at cheap sale price shall serve a notice in writing to the Ministry of Domestic Trade and Consumer Affairs not later than 14 days immediately prior to the date of commencement of the supply or offer to supply goods at cheap sale price. In the case where there is more than one place of business, a copy of the notice of each place of business shall be submitted to the Ministry of Domestic Trade and Consumer Affairs in the area in which the goods are supplied or offered to be supplied at cheap sale price.

Where a goods of any description at cheap sale price are being supplied by any person who in the course of trade or business supplies, the person shall supply or offer to supply at least 50% of all goods displayed for sale in his business premises at cheap sale price. Furthermore, this regulation regulates the advertising of goods at a cheap sale price. The person shall state in the advertisement the cheap sale registration number, the duration of the sale and shall not advertise the amount of reduction in price at cheap sale price.

## D. Laws and Regulations relating to Employment

### (a) *Industrial Relations Act 1967*

The Industrial Relations Act 1967 ("**IRA 1967**") provides the legal framework and procedures for employees who have been unfairly dismissed and/or constructively dismissed by their employers. The IRA 1967 provides an avenue to seek redress via the Malaysian Industrial Court, which specialises in handling industrial relation matters only. Where a workman, irrespective of whether he is a member of a trade union of workmen or otherwise, considers that he has been dismissed without just cause or excuse by his employer, he may make representations in writing to the Director General of Industrial Relations to be reinstated in this former employment.

### (b) *Employment Act 1955*

The Employment Act 1955 ("**EA 1955**") regulates all labour relations including the rights and welfare benefits and other terms and conditions for different categories of workers which all employers are required to comply with, and the EA 1955 only applies to Peninsular Malaysia.

For the purpose of the EA 1955, Employment (Amendment) Act 2012 ("**EAA 2012**") provides that 'employee' means any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person's wages do not exceed RM2,000 a month. Under the EA 1955, "contract of service" means any agreement whether oral or in writing and whether express or implied, whereby one person agrees to employ another as an employee and that other agrees to serve his employer as an employee and includes an apprenticeship contract.

A contract of service for a specified period of time exceeding one month or for the performance of a specified piece of work, where the time reasonably required for the completion of the work exceeds or may exceed one month, shall be in writing. In every written contract of service, a clause shall be included setting out the manner in which such contract may be terminated by either party in accordance to the EA 1955.

Furthermore, a contract of service for a specified period of time or for the performance of a specified piece of work shall, unless otherwise terminated in accordance with EA 1955, terminate when the period of time for which such contract was made has expired of when the piece of work specified in such contract has been completed. On the other hand, a contract of service for an unspecified period of time shall continue in force until terminated in accordance with the EA 1955. The employer shall also pay to each of his employees their wages not later than the seventh day after the last day of any wage period, less lawful deductions earned by such employee during such wage period.

The length of notice of termination shall be the same for both employer and employee and shall be determined by a provision made in writing for such notice in the terms of the contract of service, or in the absence of such provision in writing, shall not be less than:

(i) 4 weeks' notice if the employee has been so employed for less than 2 years on the date on which the notice is given;

(ii) 6 weeks' notice if he has been so employed for 2 years or more but less than 5 years on such date; and

(iii) 8 weeks' notice if he has been so employed for 5 years or more on such date, Provided that this section shall not be taken to prevent either party from waiving his right to a notice under this subsection.

### (c) *Occupational Safety and Health Act 1994*

The Occupational Safety and Health Act 1994 ("**OSHA 1994**") provides a legislative framework to promote standards for safety and health at work. The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

OSHA 1994 and the Occupational Safety and Health (Safety and Health Committee) Regulations 1994 ("**the 1994 Regulations**") provides that every employer shall establish a safety and health committee at the place of work if (a) there are 40 or more persons employed at the place of work; or (b) the Director General of Occupational Safety and Health directs the establishment of such a committee at the place of work. The committee's main function is to review the safety and health measures and investigate any matters arising thereof. Failure to comply will attract a fine of not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

### (d) *Minimum Wages Order (Amendment) 2018 and Minimum Wages Order 2020 ("MWO 2020")*

Pursuant to the Minimum Wages Order (Amendment) 2018, the minimum wages rates for employees in Malaysia is RM1,100 per month. In relation to an employee who is not paid basic wages but is paid wages based only on piece rate, tonnage, task, trip or commission, the rate of monthly wages payable to the employee shall not be less than RM1,100.

With effect from 1 February 2020, the minimum wages of the employees revised to RM1,200 per month, or RM5.77 per hour for the employee who works in a place of employment in any City Council or Municipal Council areas as specified in the Schedule of MWO 2020.

Under the National Wages Consultative Council Act 2011 any party who fails to comply with this act, if convicted, can be fined up to RM10,000 for each offence and RM1,000 per day for a continuing offence. Repeat offenders may face penalties of up to RM20,000 or to imprisonment for a term not exceeding 5 years, or both.

## E. Laws and Regulations relating to Taxation

### (a) *Income Tax Act 1967*

Pursuant to the Income Tax Act 1967 ("**ITA 1967**"), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. In normal circumstances, the place where the directors' meetings are held concerning management and control of the company will be considered in determining where the management and control is exercised.

Resident companies with a paid-up capital of RM2,500,000 or more and non-resident companies are subject to a tax rate of 24% for the year of assessment 2017–2019. In cases of resident companies with a paid-up capital of RM2,500,000 or less such as the subsidiaries of the Company in Malaysia, they are taxed at the rate of 18% for the first RM500,000 and 24% for any sum in excess of RM500,000 for the year of assessment 2017–2018. On 2 November 2018, the Finance Minister of Malaysia in the 2019 Budget Malaysia proposed to reduce the corporate tax rate from 18% to 17% for the resident small and medium sized companies. Such proposal is effective from year of assessment 2019.

**(b)** ***Goods and Services Tax Act 2014, Sales Tax Act 2018 and Service Tax Act 2018***

The Goods and Services Tax Act 2014 ("**GSTA 2014**") was implemented on 1 April 2015 with the standard rate of goods and services tax ("**GST**") fixed at 6%. GST is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person.

A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs Department. The Group's subsidiaries in Malaysia, where eligible were registered as a taxable person and as at the Latest Practicable Date, there is no outstanding GST payments by the Group to the Royal Malaysian Customs Department.

Further, pursuant to the Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 which came into operation on 1 June 2018, the rate of tax was revised from 6% to 0%.

With effect from 1 September 2018, GSTA 2014 was repealed and replaced by Sales Tax Act 2018 and Service Tax Act 2018.

As the Group did not involve any manufacturing activities nor is rendering any services as specified in the Service Tax Regulations 2018, the Sales Tax Act 2018 and Service Tax Act 2018 is not applicable to the Group.

## F. Laws and Regulations relating to Foreign Exchange Control

**(a)** ***Financial Service Act 2013***

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The Financial Service Act 2013 provides regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

The Foreign Exchange Administration provides for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

The foreign exchange administration rules allow non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

Based on the aforementioned, the subsidiaries of the Company in Malaysia are free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit the dividends or distribution to the Company and could adversely affect the Group's financial condition.

## G. Laws and Regulations relating to Intellectual Properties Rights

### (a) *Trademarks Act 2019*

On 27 December 2019, the Trademarks Act 2019 ("**TA 2019**") which was gazetted on 9 December 2019 came into force, repealing the previous Trade Marks Act 1976. Trademark under TA 2019 means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A sign may constitute a trademark even though it is used in relation to a service ancillary to the trade or business of an undertaking and whether or not the service is provided for money or money's worth.

Under TA 2019, any person who claims to be the bona fide proprietor of a trademark may apply for the registration of the trademark if the person is using or intends to use the trademark in the course of trade or the person has authorised or intends to authorise another person to use the trademark in the course of trade. It is provided under TA 2019 that a registered trademark shall be a property right and a registered proprietor of the trademark has the exclusive rights to use the trademark and to authorize other persons to use the trademark in relation to the goods and services for which the trademark is registered subject to any disclaimers, conditions, amendments, modifications or limitations.

Under TA 2019, the registered proprietor has the right to obtain relief for infringement of his trademark. A person infringes a registered trademark if, without the consent of the proprietor of the trademark, uses in the course of trade a sign that is identical or similar to the trademark and is used in relation to goods and services identical or similar to those which the trademark is registered. The registered proprietor shall have the right to institute proceedings against any person who has infringed or is infringing the registered trademark.

The registration of trademark shall be for a period of 10 years and may be renewed for further periods of 10 years.

*The Common Law Protection towards Unregistered Trade Marks*

Despite the non-registration of the trademark under the TMA 1976, there is an alternative cause of action for passing off goods or services under common law. To succeed in a valid cause of action for passing off, the following requirements shall be satisfied:

(a) the mark used by the other party is a misrepresentation;

(b) it is made by a trader in the course of trade;

(c) it is in the course of trade to prospective customers of his or ultimate consumers of goods or services supplied by him;

(d) it is calculated to injure the business or goodwill of another trader; and

(e) it causes actual damage to a business or goodwill of the trader by whom the action is brought.

## H. Laws and Regulations relating to Data Protection

### (a) *Personal Data Protection Act 2010*

The Personal Data Protection Act 2010 aims to regulate the collection, holding, processing and use of personal data in the context of commercial transaction. Under the Act, the Group who has collected the data from its customers, being the data users are required to comply with 7 personal data protection principles which shall include, *inter alia*, the following:

(a) personal data can only be processed with the data subject's consent;

(b) data subjects must be informed by written notice of, among other things, the type of data being collected and the purpose, its sources, the right to request access and correction, and the choices and means by which the data subject can limit the processing of their data;

(c) personal data may not be disclosed without the data subject's consent for any purpose other than that which the data was disclosed at the time of collection, or to any person other than that notified to the data user;

(d) data user must take practical steps to protect the personal data from any loss, misuse, modification or unauthorised access or disclosure, alteration or destruction;

(e) personal data shall not be kept longer than is necessary for the fulfilment of its purpose;

(f) data users must take reasonable steps to ensure that personal data is accurate, complete, not misleading and kept up to date; and

(g) data subjects must be given access to their personal data and able to correct any personal data that is inaccurate, incomplete, misleading or not up to date.

A data user who contravenes with the above shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

## I. Laws and Regulations relating to the distribution of dividend

### (a) *Companies Act 2016*

The Companies Act 2016 ("**CA 2016**") requires that a company may only declare dividend and make distribution to the shareholders out of profits of the company available if the company is solvent.

Furthermore, all the distribution must be authorised by the directors of the company before the distribution is made and the directors may only authorise the distribution at such time in such amount if the directors are satisfied that the company will be solvent immediately after the distribution is made.

For the purpose of this section, the company is regarded as solvent if the company is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.

Pursuant to CA 2016, the company, every officer and any other person or individual who fails to comply with the same or wilfully pays or permits to be paid or authorised the payment of any improper or unlawful distribution, shall be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM3,000,000 or to both.

## BUSINESS HISTORY

Established in 1996, the Group opened its first retail store at Nilai, Negeri Sembilan in Malaysia in the same year. With the leadership of Dato' Frankie Ng, an executive Director and the chairman of the Board, Dato' Henry Ng (brother of Dato' Frankie Ng), an executive Director, and Datin Bernice Low (wife of Dato' Frankie Ng), an executive Director and the chief executive officer of the Company, the Group has expanded its business mainly through establishing retail stores with different brands that serve different optical product needs of the customers.

The Group is the second largest retailer of optical products in Malaysia in terms of revenue in 2018 offering a wide range of optical products which generally includes lenses, frames, contact lenses and sunglasses which are from (i) International Brands, (ii) the Group's Own Brands and (iii) Manufacturers' Brands carried by the Group. As at the Latest Practicable Date, the Group's optical product brands portfolio consisted of more than 220 International Brands and Own Brands. In addition, the Group also offers optical product accessories. As a strategy to promote the optical products of the Group, the Group offers free professional eye examination services to its potential retail customers through its registered opticians and/or optometrists. As at the Latest Practicable Date, the Group's retail network comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsular Malaysia. The Group adopts a multi-brand strategy catering to different demographics within the eyewear retail market. As at the Latest Practicable Date, the Group had 10 retail brands covering the high-end, mid-end and mass-market segments of the Malaysian eyewear retail market. In addition to the aforementioned 10 retail brands, the Group's retail brand portfolio also included a retail brand which focuses on the sales of contact lenses.

## BUSINESS MILESTONE

The following table illustrates the key milestones of the development of the Group:

| | |
|---|---|
| 1989 . . . . . . . . . . . | • The Group's founder, Dato' Frankie Ng, started his career in eyewear retail business |
| 1996 . . . . . . . . . . . | • The Group was established in Malaysia by Dato' Frankie Ng |
| | • The first retail store was opened at Nilai, Negeri Sembilan in Malaysia |
| 1998 . . . . . . . . . . . | • Metro Eyewear Holdings was incorporated |
| 2004 . . . . . . . . . . . | • "MOG Eyewear" retail brand was launched with a view to targeting the mid-end segment and all age demographic groups and focusing on the sales of optical products from international high-street fashion and optical brands |
| 2007 . . . . . . . . . . . | • "MOG Boutique" retail brand was launched with a view to targeting the high-end segment and all age demographic groups and focusing on the sales of optical products from international luxury fashion and optical brands |
| | • "MOG Creations" retail brand was launched with a view to targeting the mid-end segment and all age demographic groups and focusing on the sales of optical products from international high-street fashion and optical brands, in particular niche brands |

| | |
|---|---|
| 2008 . . . . . . . . . . . | • “Optical Arts” retail brand was launched with a view to targeting the mid-end segment and the aged 18–34 demographic and focusing on the sales of optical products from international high-street fashion and optical brands |
| 2009 . . . . . . . . . . . | • The Group started its licensing business |
| | • “Sunglass Art” retail brand was launched with a view to targeting the mid-end segment and focusing on sales of sunglasses |
| 2010 . . . . . . . . . . . | • The Group started its franchising business |
| 2012 . . . . . . . . . . . | • The first Own Brand for frames “Paul Marc” was registered |
| | • The first Own Brand for sunglasses “John Morgan” was registered |
| 2013 . . . . . . . . . . . | • The Group obtained ASEAN Outstanding Business Awards — Leading in Optical Retail Industry |
| | • The first Own Brand for lenses “HDpro” was registered |
| | • The first Own Brand for contact lenses “Provision55” was registered |
| 2014 . . . . . . . . . . . | • “M-Trend” retail brand was launched with a view to targeting the mass-market segment and the aged 18–34 demographic and focusing on the sales of optical products from the Group’s Own Brands that are unique to the “M-Trend” retail brand |
| 2015 . . . . . . . . . . . | • “OOPPA” retail brand was launched with a view to targeting the mass-market segment and the aged 18-34 demographic and focusing on the Korean style fast fashion optical products |
| 2016 . . . . . . . . . . . | • “Watch Out” retail brand was launched with a view to targeting the mass-market segment and primarily operates as discount store for seasonal clearance of the Group’s International Brand optical products, its product offerings also include the Group’s Owned Brands, Manufacturers’ Brands and watches |
| 2017 . . . . . . . . . . . | • The Group was awarded ASEAN Master Class Award Entrepreneur of the Year Award in Eyewear Excellence |
| 2018 . . . . . . . . . . . | • “Lens:Me” retail brand was launched with a view to focusing on sales of contact lenses |
| | • “Eyezone” retail brand was acquired with a view to targeting the mass-market segment and the aged 18–34 demographic and focusing on the sales of optical products from the Group’s Own Brands that are unique to the “Eyezone” retail brand |

2019 . . . . . . . . . . .

- "MOG Express" retail brand was launched with a view to targeting the mass-market segment and all demographic age groups and primarily operates in hypermarkets and focusing on the sales of optical products from the Group's Manufacturers' Brands and to provide prescription eyewear to its retail customers within approximately an hour of their order
- Online sales platform was launched with a view to focusing on the sales of frames to customers in Malaysia through utilising its retail brand, "Watch Out"

## CORPORATE STRUCTURE

### The Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 June 2019 and it is an investment holding company. As at the date of its incorporation, the authorised share capital of HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each, and one fully-paid subscriber Share was issued and allotted to the initial subscriber, an Independent Third Party, and transferred to Alliance Vision on the same day. On the same day, 44, 45 and 10 Shares were issued and allotted to Alliance Vision, Sky Pleasure and Delightful Fortune, respectively, for a nominal consideration. After the aforesaid allotment of Shares, the issued share capital of the Company was owned by Alliance Vision as to 45%, Sky Pleasure as to 45% and Delightful Fortune as to 10%, respectively.

The Group completed the Reorganisation on 6 March 2020 in preparation for the Listing pursuant to which the Company became the holding company of the Group. Details of the Reorganisation are set out below in the paragraph headed "Corporate reorganisation" in this section.

The Company has a number of subsidiaries incorporated in the BVI, Hong Kong and Malaysia. All of the operating subsidiaries are incorporated in Malaysia. The Directors are of the view that it is necessary to establish a number of subsidiaries to operate retail chain stores as the Group works with different minority shareholders of these subsidiaries in operating different groups of retail chain stores. Set out below is the brief corporate history of the major subsidiaries of the Group which were material to the performance of the Group during the Track Record Period:

### Metro Eyewear Holdings

Metro Eyewear Holdings (formerly known as Yong Hua Chinese Medicine & Health Care Sdn. Bhd., Speed Optical Trading Sdn. Bhd. and Metro Eyewear Sdn. Bhd.) was incorporated in Malaysia under the Companies Act 1965 with limited liability on 28 March 1998. As at the date of its incorporation, the authorised share capital of Metro Eyewear Holdings was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. Metro Eyewear Holdings principally engages in wholesale and retail of optical products.

At the beginning of the Track Record Period, the authorised share capital of Metro Eyewear Holdings was RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each, with Dato' Frankie Ng and Dato's Henry Ng holding 160,000 shares or 50% of the issued share capital and 160,000 shares or 50% of the issued share capital in Metro Eyewear Holdings, respectively. On 26 December 2017, 35,556 new shares of Metro Eyewear Holdings were allotted and issued to

Datin Bernice Low. Upon completion of the allotments, Metro Eyewear Holdings was held by Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, as to 160,000 shares (45%), 160,000 shares (45%) and 35,556 shares (10%), respectively.

On 19 July 2019, a total of 44,444 new shares of Metro Eyewear Holdings were allotted and issued to Dato' Frankie Ng (20,000 shares), Dato' Henry Ng (20,000 shares) and Datin Bernice Low (4,444 shares). Upon completion of the allotments, Metro Eyewear Holdings was held by Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, as to 180,000 shares (45%), 180,000 shares (45%) and 40,000 shares (10%), respectively.

On 22 July 2019, a total of 1,600,000 new shares of Metro Eyewear Holdings were allotted and issued to Dato' Frankie Ng (720,000 shares), Dato' Henry Ng (720,000 shares) and Datin Bernice Low (160,000 shares). Upon completion of the allotments, Metro Eyewear Holdings was held by Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, as to 900,000 shares (45%), 900,000 shares (45%) and 200,000 shares (10%), respectively.

As part of the Reorganisation, on 22 January 2020, MOG (BVI) has executed a sale and purchase agreement to acquire 900,000 shares, 900,000 shares and 200,000 shares of Metro Eyewear Holdings from Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, respectively, at par with cash considerations of RM900,000, RM900,000 and RM200,000, respectively. The transfer was properly and legally completed and settled on 6 March 2020. Upon completion of the transfer, Metro Eyewear Holdings became a wholly owned subsidiary of MOG (BVI). The acquisition was properly and legally completed and settled. Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Metro Eyewear Holdings was an indirect wholly owned subsidiary of the Company.

**Metro Designer Eyewear**

Metro Designer Eyewear (formerly known as Metro Mobile Sales & Service Sdn. Bhd.) was incorporated in Malaysia under the Companies Act 1965 with limited liability on 23 June 1997. As at the date of its incorporation, the authorised share capital of Metro Designer Eyewear was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. Metro Designer Eyewear principally engages in the business as a retailer of optical products and property investment holding.

At the beginning of the Track Record Period, Metro Eyewear Holdings, Ng Moh Tang and Ng Mui Quee held 80,000 shares, 10,000 shares and 10,000 shares, representing 80%, 10% and 10% of the issued share capital in Metro Designer Eyewear, respectively. Ng Moh Tang and Ng Mui Quee are sisters of Dato' Frankie Ng and Dato' Henry Ng; therefore each of Ng Moh Tang and Ng Mui Quee is a connected person.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Metro Designer Eyewear was a direct non-wholly owned subsidiary of Metro Eyewear Holdings.

**MOG Eyewear**

MOG Eyewear was incorporated in Malaysia under the Companies Act 1965 with limited liability on 19 January 2005. As at the date of its incorporation, the authorised share capital of MOG Eyewear was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. MOG Eyewear principally engages in the trading of spectacles frames, lens and related eye care products.

At the beginning of the Track Record Period, Metro Eyewear Holdings held 100,000 shares, representing 100% of the issued share capital in MOG Eyewear. Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, MOG Eyewear was a direct wholly owned subsidiary of Metro Eyewear Holdings.

**MOG Optometry (HK)**

MOG Optometry (HK) (formerly known as Gallery Optical World Trade (M) Sdn. Bhd. and Jardine Optometry (HK) Sdn. Bhd.) was incorporated in Malaysia under the Companies Act 1965 with limited liability on 21 April 2003. As at the date of its incorporation, the authorised share capital of MOG Optometry (HK) was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. MOG Optometry (HK) principally engages in wholesale and retail of optical products.

At the beginning of the Track Record Period, Metro Eyewear Holdings held 100,000 shares, representing 100% of the issued share capital in MOG Optometry (HK). Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, MOG Optometry (HK) was a direct wholly owned subsidiary of Metro Eyewear Holdings.

**MOG Optometry**

MOG Optometry was incorporated in Malaysia under the Companies Act 1965 with limited liability on 19 May 2006. As at the date of its incorporation, the authorised share capital of MOG Optometry was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. MOG Optometry principally engages in wholesale and retail of optical products.

At the beginning of the Track Record Period, Metro Eyewear Holdings held 100 shares, representing 100% of the issued share capital in MOG Optometry. Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, MOG Optometry was a direct wholly owned subsidiary of Metro Eyewear Holdings.

**MOG Eyewear Holdings (M)**

MOG Eyewear Holdings (M) was incorporated in Malaysia under the Companies Act 1965 with limited liability on 4 October 2001. As at the date of its incorporation, the authorised share capital of MOG Eyewear Holdings (M) was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. MOG Eyewear Holdings (M) principally engages in trading of spectacle frames, lenses and related eyes care products.

At the beginning of the Track Record Period, Metro Eyewear Holdings held 100,000 shares, representing 100% of the issued share capital in MOG Eyewear Holdings (M). Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, MOG Eyewear Holdings (M) was a direct wholly owned subsidiary of Metro Eyewear Holdings.

**MOG Eyewear Boutique**

MOG Eyewear Boutique was incorporated in Malaysia under the Companies Act 1965 with limited liability on 12 October 2007. As at the date of its incorporation, the authorised share capital of MOG Eyewear Boutique was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. MOG Eyewear Boutique principally engages in the business of trading and dealing in spectacle frames, sunglasses and eye care chemicals.

At the beginning of the Track Record Period, Metro Eyewear Holdings and Dato' Mohzani Bin Datuk Abdul Wahab held 35,000 shares and 15,000 shares, representing 70% and 30% of the issued share capital in MOG Eyewear Boutique, respectively. Dato' Mohzani Bin Datuk Abdul Wahab is a director and a substantial shareholder of MOG Eyewear Boutique. To the best knowledge of the Directors, as MOG Eyewear Boutique is an insignificant subsidiary of the Company, Dato' Mohzani Bin Datuk Abdul Wahab is an Independent Third Party.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, MOG Eyewear Boutique was a direct non wholly-owned subsidiary of Metro Eyewear Holdings.

**Exon Optical House**

Exon Optical House was incorporated in Malaysia under the Companies Act 1965 with limited liability on 15 October 2015. As at the date of its incorporation, the authorised share capital of Exon Optical House was RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each. Exon Optical House principally engages in business of optometrists and dealers of all kind of optical apparatus and related accessories.

At the beginning of the Track Record Period, Dato' Henry Ng, Datin Bernice Low and Low Wei Min held 30 shares, 30 shares and 40 shares, representing 30%, 30% and 40% of the issued share capital in Exon Optical House, respectively.

On 6 August 2018, as an internal reorganisation, Metro Eyewear Holdings has executed the relevant instrument of transfer to acquire 30 shares from each of Dato' Henry Ng and Datin Bernice Low, representing a total of 60% of the issued share capital in Exon Optical House, each for a consideration of RM1,025,605.50. The consideration was determined with reference to the net asset value of Exon Optical House as at 31 July 2018 based on its management account. Upon completion of the transfer, Exon Optical House was owned by Metro Eyewear Holdings and Low Wei Min, as to 60% and 40%, respectively. The acquisition was properly and legally completed and settled on 29 August 2018. Low Wei Min is a substantial shareholder and a director of each of Exon Optical House, Exon Eyewear and Exon Eyewear (R&F); therefore he is a connected person.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Exon Optical House was a direct non wholly-owned subsidiary of Metro Eyewear Holdings.

**New Success Eyewear**

New Success Eyewear was incorporated in Malaysia under the Companies Act 1965 with limited liability on 10 October 2014. As at the date of its incorporation, the authorised share capital of New Success Eyewear was RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each. New Success Eyewear principally engages in retail of optical products and related accessories. New Success Eyewear has three non-wholly owned subsidiaries, namely App New Success Eyewear, E Zone Eyewear and New Success (EkoCheras) (collectively the "**New Success Eyewear Group**").

At the beginning of the Track Record Period, Dato' Henry Ng, Ko Kwan Yee, Ng Book Keat, Tan Hui Feng and Lim John Mee held 35 shares, 35 shares, 10 shares, 10 shares and 10 shares, representing 35%, 35%, 10%, 10% and 10% of the issued share capital in New Success Eyewear, respectively.

On 27 November 2017, Ng Book Keat has executed the relevant instrument of transfer to transfer 10 shares, as to 10% of the issued share capital in New Success Eyewear, to Tan Hui Feng, at par value. The transfer was properly and legally completed and settled on 5 January 2018. Upon completion of the transfer, New Success Eyewear was owned by Dato' Henry Ng, Ko Kwan Yee, Tan Hui Feng and Lim John Mee, as to 35%, 35%, 20% and 10%, respectively.

On 15 August 2018, the directors of Metro Eyewear Holdings were of the view that the New Success Eyewear Group has a good management team and its retail stores are at good locations, Metro Eyewear Holdings has executed the relevant instrument of transfer to acquire 35 shares, 10 shares and 7 shares, as to 35%, 10% and 7% of the issued share capital in New Success Eyewear from Dato' Henry Ng, Ko Kwan Yee and Tan Hui Feng, for considerations of RM734,922.00, RM209,978.00 and RM146,984.00, respectively. The considerations were determined based on arm's length negotiations between the parties, with reference to the net asset value of the New Success Eyewear Group as at 31 July 2018 based on its management accounts. Upon completion of the transfer, New Success Eyewear was owned by Metro Eyewear Holdings, Ko Kwan Yee, Tan Hui Feng and Lim John Mee, as to 52%, 25%, 13% and 10%, respectively. The acquisition was properly and legally completed and settled on 24 September 2018.

Ko Kwan Yee is a director of Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) and a substantial shareholder of Success Optic, New Success Distribution and New Success Eyewear. To the best knowledge of the Directors, as Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) are together insignificant subsidiaries of the Company, Ko Kwan Yee is an Independent Third Party. Tan Hui Feng is a director of Metro RWG and a substantial shareholder of each of Metro RWG and New Success Eyewear. To the best knowledge of the Directors, as Metro RWG and New Success Eyewear are together insignificant subsidiaries of the Company, Tan Hui Feng is an Independent Third Party. Lim John Mee is a substantial shareholder of New Success Eyewear. To the best knowledge of the Directors, as New Success Eyewear is an insignificant subsidiary of the Company, Lim John Mee is an Independent Third Party.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, New Success Eyewear was a direct non wholly-owned subsidiary of Metro Eyewear Holdings.

**Optical Arts**

Optical Arts was incorporated in Malaysia under the Companies Act 1965 with limited liability on 7 May 2008. As at the date of its incorporation, the authorised share capital of Optical Arts was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. Optical Arts principally engages in wholesale and retail of optical products.

At the beginning of the Track Record Period, Datin Lee Kwai Fah (wife of Dato' Henry Ng) and Datin Bernice Low held 50,000 shares and 50,000 shares, representing 50% and 50% of the issued share capital in Optical Arts, respectively.

On 31 March 2017, each of Datin Lee Kwai Fah and Datin Bernice Low has entered into trust deeds with Metro Eyewear Holdings, pursuant to which each of Datin Lee Kwai Fah and Datin Bernice Low has agreed to transfer 50,000 shares and 50,000 shares, representing 50% and 50% of the issued share capital in Optical Arts, respectively, to Metro Eyewear Holdings, with respective consideration of RM2,132,766.00 and RM2,132,766.00, and hold the same upon trust for Metro Eyewear Holdings until completion of the share transfer. The consideration was based on the net asset value of Optical Arts as at 31 March 2017 based on its audited accounts and it was to be payable after 31 March 2017 at such date or dates to be mutually agreed between the parties.

On 7 December 2017, to complete the above transfer, Metro Eyewear Holdings has executed the relevant instrument of transfer to acquire 50,000 shares and 50,000 shares, representing 50% and 50% of the issued share capital in Optical Arts from Datin Lee Kwai Fah and Datin Bernice Low, respectively. Upon completion of the transfer, Optical Arts was owned by Metro Eyewear Holdings as to 100%. The acquisition was properly and legally completed on 9 January 2018. The consideration was fully settled on 26 November 2018.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Optical Arts was a direct wholly owned subsidiary of Metro Eyewear Holdings.

On 7 March 2013, Datin Bernice Low and Datin Lee Kwai Fah (as trustees) and Optical Arts (as beneficiary) executed a declaration of trust to affirm that the trustees were and shall continue to hold a property in Malaysia on trust for the beneficiary. On 1 June 2018, the trustees entered into a sale and purchase agreement on behalf of the Group to sell such property to Ng Keng Hiong and Lim Kim Kee, who are Independent Third Parties. For details of the declaration of trust and the sale and purchase agreement, please refer to the material contract items (z) and (aa) in "Statutory and General Information — B. Further information about the Group's business — 1. Summary of the material contracts" in Appendix IV to this prospectus.

**Real Eyes**

Real Eyes was incorporated in Malaysia under the Companies Act 1965 with limited liability on 9 July 2010. As at the date of its incorporation, the authorised share capital of Real Eyes was RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. On 16 November 2010, the authorised share capital of Real Eyes was increased to RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each. Real Eyes principally engages in wholesale and retail of optical products.

At the beginning of the Track Record Period, Dato' Frankie Ng and Dato' Henry Ng held 90,000 shares and 90,000 shares, representing 50% and 50% of the issued share capital in Real Eyes, respectively.

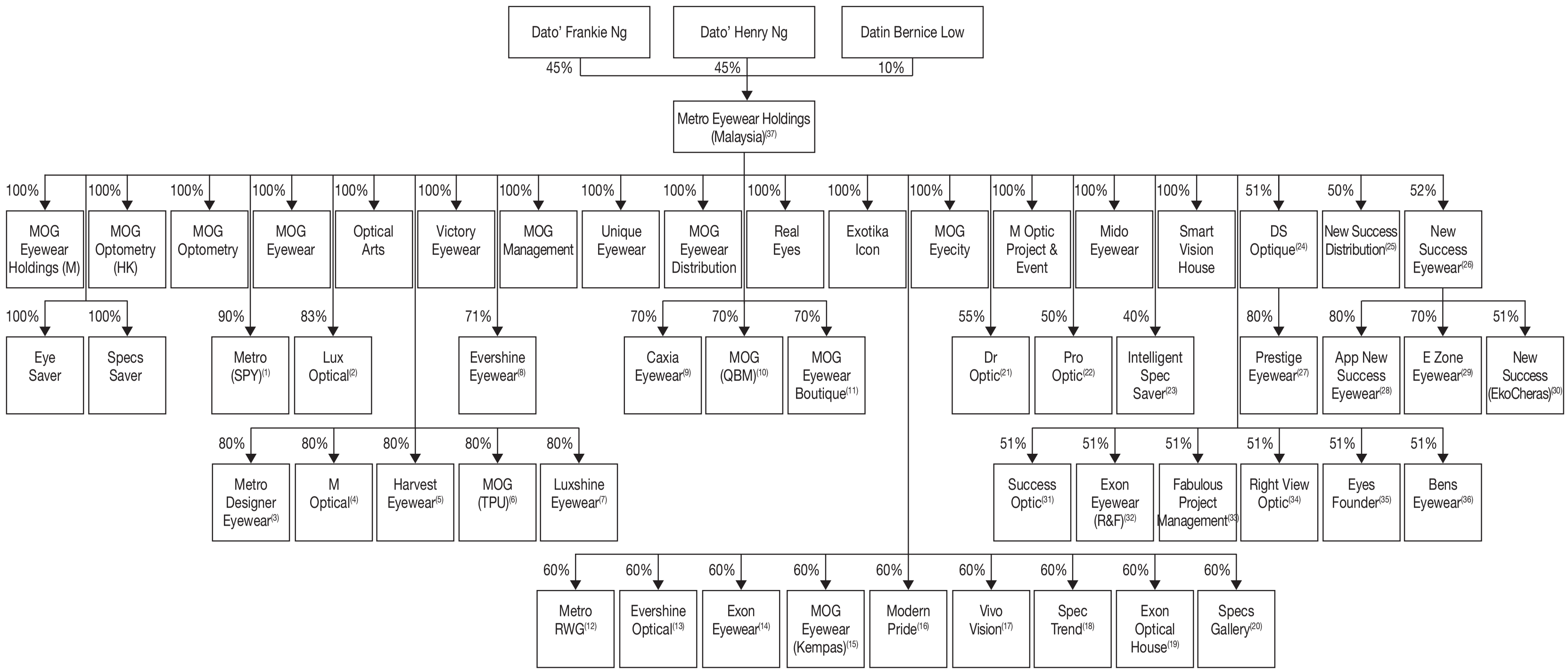
On 31 March 2017, each of Dato' Frankie Ng and Dato' Henry Ng has entered into trust deeds with Metro Eyewear Holdings, pursuant to which each of Dato' Frankie Ng and Dato' Henry Ng has agreed to transfer 90,000 shares and 90,000 shares, representing 50% and 50% of the issued share capital in Real Eyes, respectively, to Metro Eyewear Holdings, with respective consideration of RM847,256.00 and RM847,256.00, and hold the same upon trust for Metro Eyewear Holdings until completion of the share transfer. The consideration was based on the net asset value of Real Eyes as at 31 March 2017 based on its audited accounts and it was to be payable after 31 March 2017 at such date or dates to be mutually agreed between the parties.

On 7 December 2017, to complete the above transfer, Metro Eyewear Holdings has executed the relevant instrument of transfer to acquire 90,000 shares and 90,000 shares, representing 50% and 50% of the issued share capital in Real Eyes from Dato' Frankie Ng and Dato' Henry Ng, respectively. Upon completion of the transfer, Real Eyes was owned by Metro Eyewear Holdings as to 100%. The acquisition was properly and legally completed on 9 January 2018. The consideration was fully settled on 26 November 2018.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Real Eyes was a direct wholly owned subsidiary of Metro Eyewear Holdings.

## CORPORATE REORGANISATION

In preparation for the Listing, the Group underwent the Reorganisation. The following chart sets out the corporate and shareholding structure of the Group immediately prior to the Reorganisation:



*Notes:*

(1) As at the Latest Practicable Date, the remaining 10% of the equity interest of Metro (SPY) was held by Yam Siow Loon.

- Yam Siow Loon is a director of Spec Trend and a substantial shareholder of Metro (SPY) and Spec Trend, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Metro (SPY) and Spec Trend are together insignificant subsidiaries of the Company, hence Yam Siow Loon is an Independent Third Party.

(2) Immediately prior to the transfer of shares in Lux Optical as mentioned in "Step 3 — Transfer of shares in Lux Optical" in this section, 17% of the equity interest of Lux Optical was held by Teh Chuck Sin.

- Teh Chuck Sin is a director and was a substantial shareholder of Lux Optical, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Lux Optical is an insignificant subsidiary of the Company, hence Teh Chuck Sin is an Independent Third Party.

(3) As at the Latest Practicable Date, the remaining 20% of the equity interest of Metro Designer Eyewear is held by Ng Moh Tang (as to 10%) and Ng Mui Quee (as to 10%).

- Ng Moh Tang and Ng Mui Quee are sisters of Dato' Frankie Ng and Dato' Henry Ng, therefore each of Ng Moh Tang and Ng Mui Quee is a connected person.

(4) As at the Latest Practicable Date, the remaining 20% of the equity interest of M Optical was held by Kok Wai Fong.

- Kok Wai Fong is a substantial shareholder of M Optical, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), M Optical is an insignificant subsidiary of the Company, hence Kok Wai Fong is an Independent Third Party.

(5) As at the Latest Practicable Date, the remaining 20% of the equity interest of Harvest Eyewear was held by Yow Kon Than.

- Yow Kon Than is a director and a substantial shareholder of Harvest Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Harvest Eyewear is an insignificant subsidiary of the Company, hence Yow Kon Than is an Independent Third Party.

(6) As at the Latest Practicable Date, the remaining 20% of the equity interest of MOG (TPU) was held by Tam Chai Shen.

- Tam Chai Shen is a director and a substantial shareholder of MOG (TPU), and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), MOG (TPU) is an insignificant subsidiary of the Company, hence Tam Chai Shen is an Independent Third Party.

(7) As at the Latest Practicable Date, the remaining 20% of the equity interest of Luxshine Eyewear was held by Hooi Chien Siang.

- Hooi Chien Siang is a director and a substantial shareholder of Luxshine Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Luxshine Eyewear is an insignificant subsidiary of the Company, hence Hooi Chien Siang is an Independent Third Party.

(8) As at the Latest Practicable Date, the remaining 29% of the equity interest of Evershine Eyewear was held by Tan Chip Seng.

- Tan Chip Seng is a director and a substantial shareholder of each of Evershine Eyewear and Evershine Optical, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Evershine Eyewear and Evershine Optical are together insignificant subsidiaries of the Company, hence Tan Chip Seng is an Independent Third Party.

(9) As at the Latest Practicable Date, the remaining 30% of the equity interest of Caxia Eyewear was held by Chong Fooi Lee.

- Chong Fooi Lee is a substantial shareholder of Caxia Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Caxia Eyewear is an insignificant subsidiary of the Company, hence Chong Fooi Lee is an Independent Third Party.

(10) As at the Latest Practicable Date, the remaining 30% of the equity interest of MOG (QBM) was held by Saw Boon Leng.

- Saw Boon Leng is a director and a substantial shareholder of each of MOG (QBM) and Modern Pride, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), MOG (QBM) and Modern Pride are together insignificant subsidiaries of the Company, hence Saw Boon Leng is an Independent Third Party.

(11) As at the Latest Practicable Date, the remaining 30% of the equity interest of MOG Eyewear Boutique was held by Dato' Mohzani Bin Datuk Abdul Wahab.

- Dato' Mohzani Bin Datuk Abdul Wahab is a director and a substantial shareholder of MOG Eyewear Boutique. According to the basis set out in Note (38), MOG Eyewear Boutique is an insignificant subsidiary of the Company, hence Dato' Mohzani Bin Datuk Abdul Wahab is an Independent Third Party.

(12) As at the Latest Practicable Date, the remaining 40% of the equity interest of Metro RWG was held by Tan Hui Feng.

- Tan Hui Feng is a director of Metro RWG and a substantial shareholder of each of Metro RWG and New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Metro RWG and New Success Eyewear are together insignificant subsidiaries of the Company, hence Tan Hui Feng is an Independent Third Party.

(13) As at the Latest Practicable Date, the remaining 40% of the equity interest of Evershine Optical was held by Tan Chip Seng (as to 20%) and Tan Kian Siong (as to 20%).

- Tan Chip Seng is a director and a substantial shareholder of each of Evershine Eyewear and Evershine Optical, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Evershine Eyewear and Evershine Optical are together insignificant subsidiaries of the Company, hence Tan Chip Seng is an Independent Third Party.

- Tan Kian Siong is a director and a substantial shareholder of Evershine Optical, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Evershine Optical is an insignificant subsidiary of the Company, hence Tan Kian Siong is an Independent Third Party.

(14) As at the Latest Practicable Date, the remaining 40% of the equity interest of Exon Eyewear was held by Low Wei Min.

- Low Wei Min is a substantial shareholder and a director of each of Exon Optical House, Exon Eyewear and Exon Eyewear (R&F); therefore Low Wei Min is a connected person. Low Wei Min is also an employee of the Group as at the Latest Practicable Date.

(15) As at the Latest Practicable Date, the remaining 40% of the equity interest of MOG Eyewear (Kempas) was held by Sai Chow Joo (as to 25%) and Tan Jia Le (as to 15%).

- Sai Chow Joo is a director and a substantial shareholder of MOG Eyewear (Kempas), and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), MOG Eyewear (Kempas) is an insignificant subsidiary of the Company, hence Sai Chow Joo is an Independent Third Party.

- Tan Jia Le is a substantial shareholder of MOG Eyewear (Kempas), and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), MOG Eyewear (Kempas) is an insignificant subsidiary of the Company, hence Tan Jia Le is an Independent Third Party.

(16) As at the Latest Practicable Date, the remaining 40% of the equity interest of Modern Pride was held by Saw Boon Leng.

- Saw Boon Leng is a director and a substantial shareholder of each of MOG (QBM) and Modern Pride, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), MOG (QBM) and Modern Pride are together insignificant subsidiaries of the Company, hence Saw Boon Leng is an Independent Third Party.

(17) As at the Latest Practicable Date, the remaining 40% of the equity interest of Vivo Vision was held by Koek Phek Ying.

- Koek Phek Ying is a director and a substantial shareholder of Vivo Vision, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Vivo Vision is an insignificant subsidiary of the Company, hence Koek Phek Ying is an Independent Third Party.

(18) As at the Latest Practicable Date, the remaining 40% of the equity interest of Spec Trend was held by Yam Siow Loon (as to 20%), Chua Seng Hui (as to 10%) and Tan Sheng Hoe (as to 10%).

- Yam Siow Loon is a director of Spec Trend and a substantial shareholder of Metro (SPY) and Spec Trend, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Metro (SPY) and Spec Trend are together insignificant subsidiaries of the Company, hence Yam Siow Loon is an Independent Third Party.

- Each of Chua Seng Hui and Tan Sheng Hoe is a substantial shareholder of Spec Trend, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Spec Trend is an insignificant subsidiary of the Company, hence each of Chua Seng Hui and Tan Sheng Hoe is an Independent Third Party.

(19) As at the Latest Practicable Date, the remaining 40% of the equity interest of Exon Optical House was held by Low Wei Min.

- Low Wei Min is a substantial shareholder and a director of each of Exon Optical House, Exon Eyewear and Exon Eyewear (R&F); therefore Low Wei Min is a connected person. Low Wei Min is also an employee of the Group as at the Latest Practicable Date.

(20) As at the Latest Practicable Date, the remaining 40% of the equity interest of Specs Gallery was held by Chew Kim Seong.

- Chew Kim Seong is a substantial shareholder of Specs Gallery. According to the basis set out in Note (38), Specs Gallery is an insignificant subsidiary of the Company, hence Chew Kim Seong is an Independent Third Party.

(21) As at the Latest Practicable Date, the remaining 45% of the equity interest of Dr Optic was held by Yek Nai Lin (as to 22.5%) and Lee Yih Syea (as to 22.5%).

- Yek Nai Lin is a director of Pro Optic, Bens Eyewear, Dr Optic, DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Pro Optic, Bens Eyewear, Dr Optic and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Pro Optic, Bens Eyewear, Dr Optic, DS Optique, Prestige Eyewear and Mido Eyewear are together insignificant subsidiaries of the Company, hence Yek Nai Lin is an Independent Third Party.

- Lee Yih Syea is a director and a substantial shareholder of Dr Optic, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Dr Optic is an insignificant subsidiary of the Company, hence Lee Yih Syea is an Independent Third Party.

(22) As at the Latest Practicable Date, the remaining 50% of the equity interest of Pro Optic was held by Yek Nai Lin (as to 25%) and Yek Way Sing (as to 25%).

- Yek Nai Lin is a director of Pro Optic, Bens Eyewear, Dr Optic, DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Pro Optic, Bens Eyewear, Dr Optic and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Pro Optic, Bens Eyewear, Dr Optic, DS Optique, Prestige Eyewear and Mido Eyewear are together insignificant subsidiaries of the Company, hence Yek Nai Lin is an Independent Third Party.

- Yek Way Sing is a director and a substantial shareholder of Pro Optic. According to the basis set out in Note (38), Pro Optic is an insignificant subsidiary of the Company, hence Yek Way Sing is an Independent Third Party.

(23) As at the Latest Practicable Date, the remaining 60% of the equity interest of Intelligent Spec Saver was held by Choy Kin Fai (as to 50%) and Ti Chee Kwee (as to 10%).

- Choy Kin Fai is a substantial shareholder of Intelligent Spec Saver. According to the basis set out in Note (38), Intelligent Spec Saver is an insignificant subsidiary of the Company, hence Choy Kin Fai is an Independent Third Party.

- Ti Chee Kwee is a substantial shareholder of Intelligent Spec Saver, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Intelligent Spec Saver is an insignificant subsidiary of the Company, hence Ti Chee Kwee is an Independent Third Party.

(24) As at the Latest Practicable Date, the remaining 49% of the equity interest of DS Optique was held by Yek Nai Lin (as to 30%) and Lee Kam Leong (as to 19%).

- Yek Nai Lin is a director of Pro Optic, Bens Eyewear, Dr Optic, DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Pro Optic, Bens Eyewear, Dr Optic and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Pro Optic, Bens Eyewear, Dr Optic, DS Optique, Prestige Eyewear and Mido Eyewear are together insignificant subsidiaries of the Company, hence Yek Nai Lin is an Independent Third Party.

- Lee Kam Leong is a director of DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Bens Eyewear and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), DS Optique, Prestige Eyewear, Mido Eyewear and Bens Eyewear are together insignificant subsidiaries of the Company, hence Lee Kam Leong is an Independent Third Party.

(25) As at the Latest Practicable Date, the remaining 50% of the equity interest of New Success Distribution was held by Ko Kwan Yee.

- Ko Kwan Yee is a director of Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) and a substantial shareholder of Success Optic, New Success Distribution and New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) are together insignificant subsidiaries of the Company, hence Ko Kwan Yee is an Independent Third Party.

(26) As at the Latest Practicable Date, the remaining 48% of the equity interest of New Success Eyewear was held by Ko Kwan Yee (as to 25%), Tan Hui Feng (as to 13%) and Lim John Mee (as to 10%).

- Ko Kwan Yee is a director of Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) and a substantial shareholder of Success Optic, New Success Distribution and New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) are together insignificant subsidiaries of the Company, hence Ko Kwan Yee is an Independent Third Party.

- Tan Hui Feng is a director of Metro RWG and a substantial shareholder of each of Metro RWG and New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Metro RWG and New Success Eyewear are together insignificant subsidiaries of the Company, hence Tan Hui Feng is an Independent Third Party.

- Lim John Mee is a substantial shareholder of New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), New Success Eyewear is an insignificant subsidiary of the Company, hence Lim John Mee is an Independent Third Party.

(27) As at the Latest Practicable Date, the remaining 20% of the equity interest of Prestige Eyewear was held by Tan Zhi Hao (as to 10%) and Lee Hau Yeong (as to 10%).

- Each of Tan Zhi Hao and Lee Hau Yeong is a substantial shareholder of Prestige Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Prestige Eyewear is an insignificant subsidiary of the Company, hence each of Tan Zhi Hao and Lee Hau Yeong is an Independent Third Party.

(28) As at the Latest Practicable Date, the remaining 20% of the equity interest of App New Success Eyewear was held by Chong Kah Wai.

- Chong Kah Wai is a substantial shareholder of App New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), App New Success Eyewear is an insignificant subsidiary of the Company, hence Chong Kah Wai is an Independent Third Party.

(29) As at the Latest Practicable Date, the remaining 30% of the equity interest of E Zone Eyewear was held by Chin Wei Kee.

- Chin Wei Kee is a substantial shareholder of E Zone Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), E Zone Eyewear is an insignificant subsidiary of the Company, hence Chin Wei Kee is an Independent Third Party.

(30) As at the Latest Practicable Date, the remaining 49% of the equity interest of New Success (EkoCheras) was held by Lin Chern Haw (as to 29%) and Kong Aik Wai (as to 20%).

- Each of Lin Chern Haw and Kong Aik Wai is a substantial shareholder of New Success (EkoCheras), and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), New Success (EkoCheras) is an insignificant subsidiary of the Company, hence each of Lin Chern Haw and Kong Aik Wai is an Independent Third Party.

(31) As at the Latest Practicable Date, the remaining 49% of the equity interest of Success Optic was held by Ko Kwan Yee.

- Ko Kwan Yee is a director of Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) and a substantial shareholder of Success Optic, New Success Distribution and New Success Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Success Optic, New Success Eyewear, New Success Distribution, E Zone Eyewear, App New Success Eyewear and New Success (EkoCheras) are together insignificant subsidiaries of the Company, hence Ko Kwan Yee is an Independent Third Party.

(32) As at the Latest Practicable Date, the remaining 49% of the equity interest of Exon Eyewear (R&F) was held by Low Wei Min (as to 23%), Lee Wen Hui (as to 8%), Teo Chee How (as to 8%) and Tan Kuang Pau (as to 10%).

- Low Wei Min is a substantial shareholder and a director of each of Exon Optical House, Exon Eyewear and Exon Eyewear (R&F); therefore Low Wei Min is a connected person. Low Wei Min is also an employee of the Group as at the Latest Practicable Date.

- Tan Kuang Pau is a substantial shareholder of Exon Eyewear (R&F), and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Exon Eyewear (R&F) is an insignificant subsidiary of the Company, hence Tan Kuang Pau is an Independent Third Party.

- Each of Lee Wen Hui and Teo Chee How is an Independent Third Party, and an employee of the Group as at the Latest Practicable Date.

(33) As at the Latest Practicable Date, the remaining 49% of the equity interest of Fabulous Project Management was held by Chew Ling Sze.

- Chew Ling Sze is a director and a substantial shareholder of Fabulous Project Management, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Fabulous Project Management is an insignificant subsidiary of the Company, hence Chew Ling Sze is an Independent Third Party.

(34) As at the Latest Practicable Date, the remaining 49% of the equity interest of Right View Optic was held by Leow Tsin Huei (as to 9%) and Chin Wei Ming (as to 40%).

- Leow Tsin Huei is a director of Right View Optic, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Right View Optic is an insignificant subsidiary of the Company, hence Leow Tsin Huei is an Independent Third Party.

- Chin Wei Ming is a former director of Specs Gallery in the last 12 months and a substantial shareholder of Right View Optic. According to the basis set out in Note (38), Right View Optic and Specs Gallery are together insignificant subsidiaries of the Company, hence Chin Wei Ming is an Independent Third Party.

(35) As at the Latest Practicable Date, the remaining 49% of the equity interest of Eyes Founder was held by Peng Hee Boon (as to 20%), Yong Jian Hui (as to 15%), Leow Tsin Huei (as to 5%) and Lim Chiew Mei (as to 9%).

- Each of Peng Hee Boon and Yong Jian Hui is a director and a substantial shareholder of Eyes Founder, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Eyes Founder is an insignificant subsidiary of the Company, hence each of Peng Hee Boon and Yong Jian Hui is an Independent Third Party.

- Leow Tsin Huei is a director of Right View Optic, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Right View Optic is an insignificant subsidiary of the Company, hence Leow Tsin Huei is an Independent Third Party.

- Lim Chiew Mei is an Independent Third Party.

(36) As at the Latest Practicable Date, the remaining 49% of the equity interest of Bens Eyewear was held by Yek Nai Lin (as to 25%), Hanisah Binti Ngah (as to 14%) and Lee Kam Leong (as to 10%).

- Yek Nai Lin is a director of Pro Optic, Bens Eyewear, Dr Optic, DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Pro Optic, Bens Eyewear, Dr Optic and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Pro Optic, Bens Eyewear, Dr Optic, DS Optique, Prestige Eyewear and Mido Eyewear are together insignificant subsidiaries of the Company, hence Yek Nai Lin is an Independent Third Party.

- Hanisah Binti Ngah is a substantial shareholder of Bens Eyewear, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), Bens Eyewear is an insignificant subsidiary of the Company, hence Hanisah Binti Ngah is an Independent Third Party.

- Lee Kam Leong is a director of DS Optique and Prestige Eyewear, a former director of Mido Eyewear in the last 12 months and a substantial shareholder of Bens Eyewear and DS Optique, and an employee of the Group as at the Latest Practicable Date. According to the basis set out in Note (38), DS Optique, Prestige Eyewear, Mido Eyewear and Bens Eyewear are together insignificant subsidiaries of the Company, hence Lee Kam Leong is an Independent Third Party.

(37) All subsidiaries of Metro Eyewear Holdings are incorporated in Malaysia.

(38) Pursuant to Rule 14A.09 of the Listing Rules, a connected person as defined in Rules 14A.07(1) to (3) of the Listing Rules do not include a director, chief executive, substantial shareholder or supervisor of the listed issuer's insignificant subsidiary or subsidiaries. For this purpose:

- An "insignificant subsidiary" is a subsidiary whose total assets, profits and revenue compared to that of the Group are less than (a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation, establishment or acquisition of the subsidiary); or (b) 5% under the percentage ratios for the latest financial year.

- If the person is connected with two or more subsidiaries of the Company, the subsidiaries' total assets, profits and revenue are aggregated to determine whether they are together "insignificant subsidiaries" of the Company.

- When calculating the percentage ratios, 100% of the subsidiary's total assets, profits and revenue will be used.

(39) As at 30 September 2019, the paid-up capital and working capital contributed by the minority shareholders of the subsidiaries of the Group set out in notes (1) — (36) ranged from approximately RM9 to RM250,000, and their source of funding to the best knowledge and belief of the Directors was all from their own personal assets.

The Reorganisation involves the following steps:

**Step 1 — Incorporation of the Company as the holding company of the Group**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 June 2019 to be the listing vehicle. The initial authorised share capital of the Company is HK$380,000 divided into 38,000,000 Shares of HK$0.01 each, of which:

(i) one fully-paid subscriber Share was issued and allotted to the initial subscriber, an Independent Third Party, which was then transferred to Alliance Vision (representing 1% of the issued share capital of the Company) on 4 June 2019;

(ii) 44 Shares were allotted and issued to Alliance Vision (representing 44% of the issued share capital of the Company) at par value credited as fully paid on 4 June 2019;

(iii) 45 Shares were allotted and issued to Sky Pleasure (representing 45% of the issued share capital of the Company) at par value credited as fully paid on 4 June 2019; and

(iv) 10 Shares were allotted and issued to Delightful Fortune (representing 10% of the issued share capital of the Company) at par value credited as fully paid on 4 June 2019.

On 17 July 2019, the Company was issued a Certificate of Registration of Non-Hong Kong Company and was registered in Hong Kong under Part 16 of the Companies Ordinance as a registered non-Hong Kong company.

**Step 2 — Incorporation of MOG (BVI)**

MOG (BVI) was incorporated in the BVI as a limited company on 14 June 2019. Upon its incorporation, the authorised share capital of the MOG (BVI) was US$50,000 divided into 50,000 Shares of US$1.00 each. On 14 June 2019, one share was allotted and issued to the Company (representing 100% of the issued share capital of MOG (BVI)) at par value credited as fully paid.

After the allotment and issuance of share, MOG (BVI) become a wholly owned subsidiary of the Company.

**Step 3 — Transfer of shares in Lux Optical**

On 27 June 2019, Metro Eyewear Holdings has executed the relevant instrument of transfer to acquire 12 shares from Teh Chuck Sin, representing 12% of the issued share capital in Lux Optical, for a consideration of RM48,000.00. Upon completion of the transfer, Lux Optical was owned by Metro Eyewear Holdings and Teh Chuck Sin, as to 95% and 5% respectively. The acquisition was properly and legally completed on 11 July 2019. The consideration was fully settled on 2 August 2019.

**Step 4 — Acquisition of MOG (Hong Kong) by MOG (BVI)**

On 26 July 2019, MOG (BVI) acquired 100 shares in MOG (Hong Kong) (representing 100% of the entire issued share capital of MOG (Hong Kong), an investment holding company, from Dato' Frankie Ng at a nominal cash consideration. Such consideration was settled on 26 July 2019. Upon completion of such acquisition on 26 July 2019, MOG (Hong Kong) became a direct wholly owned subsidiary of MOG (BVI).

**Step 5 — Acquisition of Metro Eyewear Holdings by MOG (BVI)**

On 22 January 2020, a sale and purchase agreement was entered into between Dato' Frankie Ng, Dato' Henry Ng, Datin Bernice Low and MOG (BVI), pursuant to which:

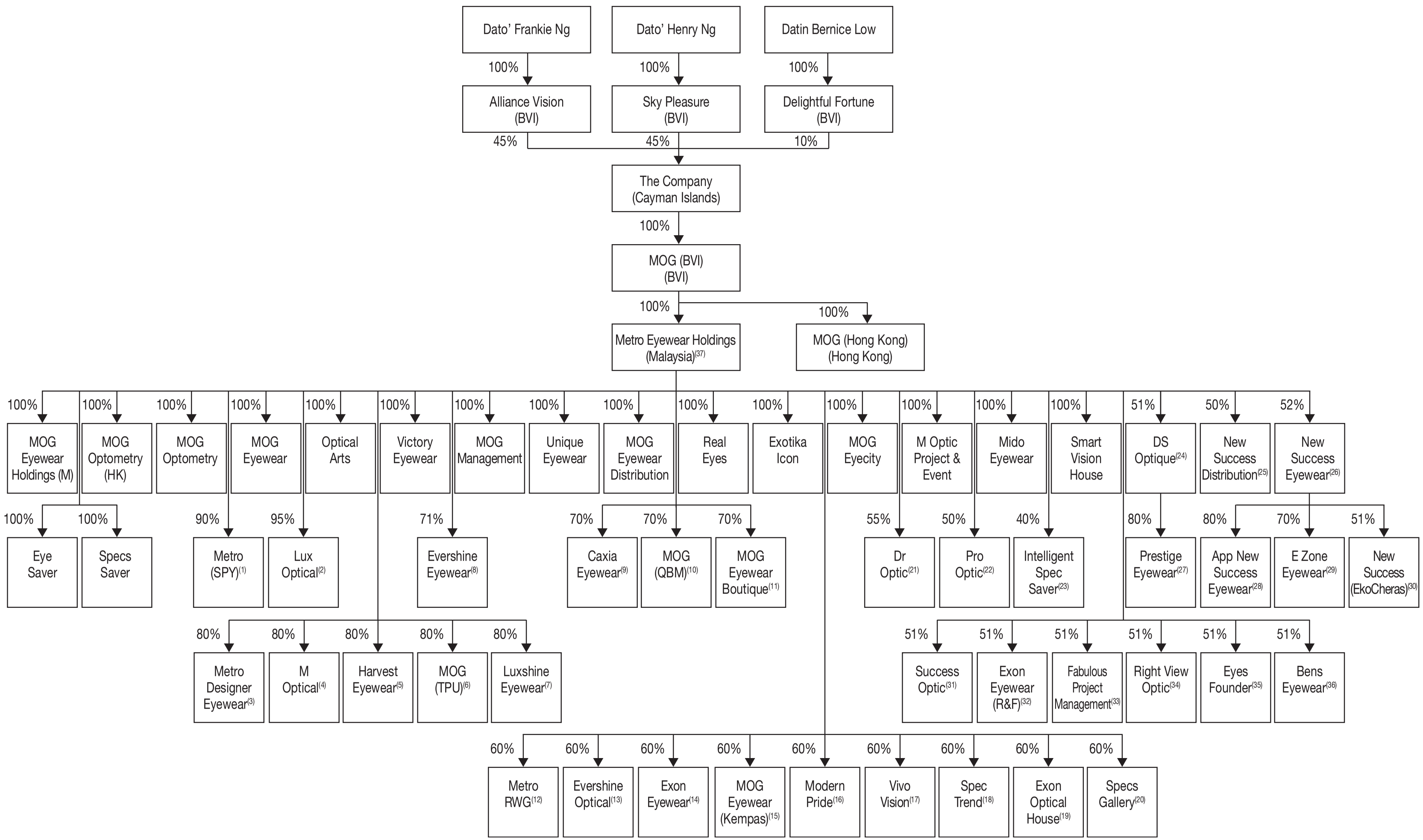
(i) Dato' Frankie Ng agreed to sell and MOG (BVI) agreed to purchase 900,000 shares of Metro Eyewear Holdings, owned by Dato' Frankie Ng (representing 45% of the issued share capital of Metro Eyewear Holdings), at par with a cash consideration of RM900,000;

(ii) Dato' Henry Ng agreed to sell and MOG (BVI) agreed to purchase 900,000 shares of Metro Eyewear Holdings, owned by Dato' Henry Ng (representing 45% of the issued share capital of Metro Eyewear Holdings), at par with a cash consideration of RM900,000; and

(iii) Datin Bernice Low agreed to sell and MOG (BVI) agreed to purchase 200,000 shares of Metro Eyewear Holdings, owned by Datin Bernice Low (representing 10% of the issued share capital of Metro Eyewear Holdings), at par with a cash consideration of RM200,000.

Such consideration was settled on 6 March 2020 and the above transfer was completed on 6 March 2020. Upon the completion of such acquisition on 6 March 2020, Metro Eyewear Holdings became a direct wholly owned subsidiary of MOG (BVI).

The following chart sets out the Group's shareholding structure immediately after the Reorganisation but before completion of the Capitalisation Issue and the Global Offering:




*Note:* (i) Other than Note (2), all notes to this chart are set out from pages 89 to 95 of this prospectus; and (ii) for Note (2), as at the Latest Practicable Date, the remaining 5% of the equity interest of Lux Optical was held by Teh Chuck Sin. Teh Chuck Sin is a director of Lux Optical. According to the basis set out in Note (38) on page 94 of this prospectus, Lux Optical is an insignificant subsidiary of the Company, hence Teh Chuck Sin is an Independent Third Party.

**Step 6 — Increase in authorised share capital of the Company**

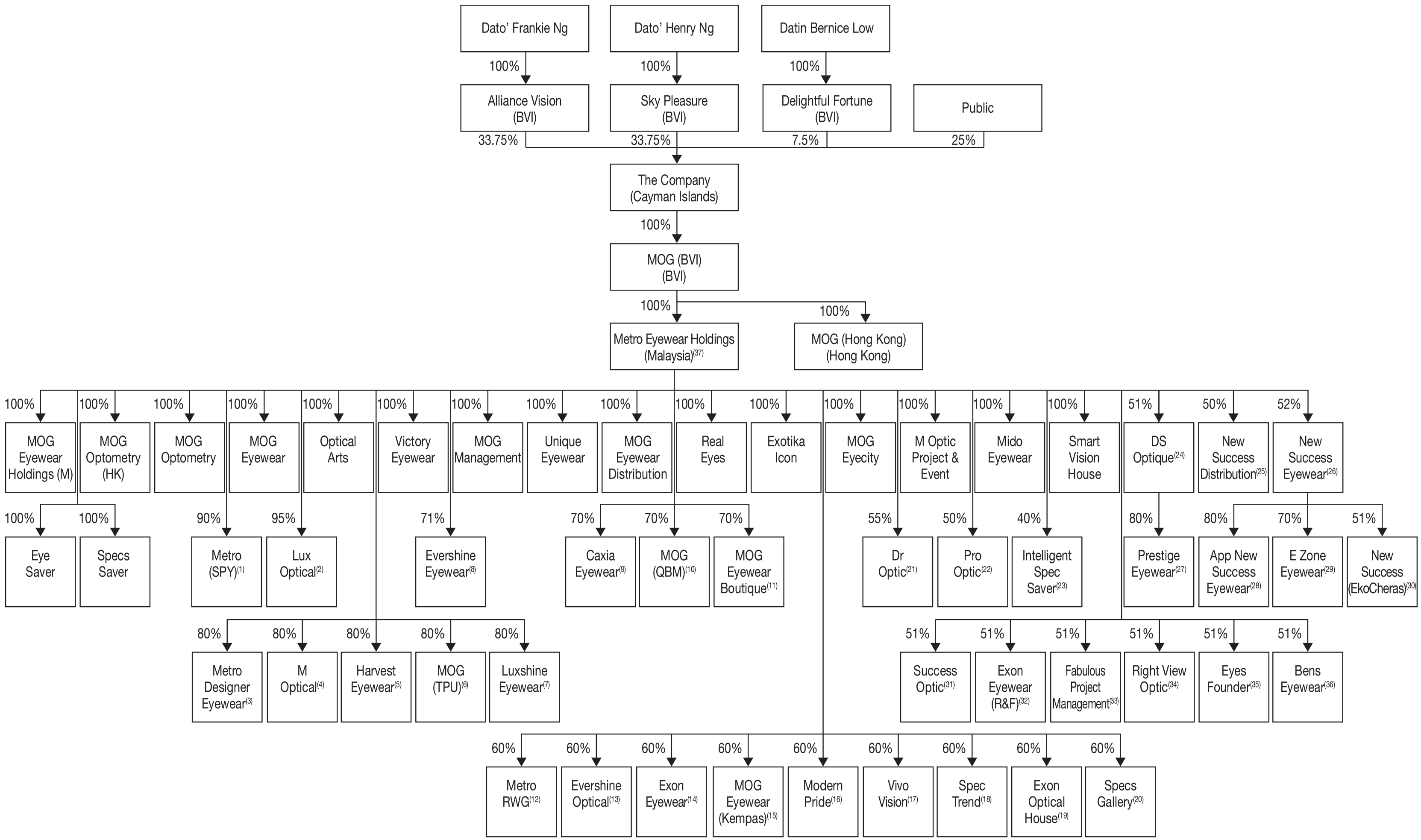
On 23 March 2020, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each through the creation of an additional 1,962,000,000 Shares of HK$0.01 each in the share capital of the Company, ranking *pari passu* with the Shares then in issue in all respects.

**Step 7 — Capitalisation Issue**

Subject to the share premium account of the Company having sufficient balance or otherwise being credited with the proceeds from the Global Offering, the Directors shall be authorised to allot and issue a total of 374,999,900 Shares credited as fully paid at par value to the Shareholders on the register of members of the Company at the close of business on the date immediately preceding the date on which the Global Offering becomes unconditional (or as it/they may direct) in proportion to the respective shareholding in the Company by way of capitalisation of the sum of HK$3,749,999 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares.

## SHAREHOLDING STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

The following chart sets out the Group's shareholding structure immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme):




*Note:* (i) Other than Note (2), all notes to this chart are set out from pages 89 to 95 of this prospectus; and (ii) for Note (2), as at the Latest Practicable Date, the remaining 5% of the equity interest of Lux Optical was held by Teh Chuck Sin. Teh Chuck Sin is a director of Lux Optical. According to the basis set out in Note (38) on page 94 of this prospectus, Lux Optical is an insignificant subsidiary of the Company, hence Teh Chuck Sin is an Independent Third Party.

## REGULATORY APPROVAL

No regulatory approval from any governmental authority is required for the Reorganisation. The Malaysian Legal Advisers have confirmed that, as at the Latest Practicable Date, the share transfer involving the shares of the Company's subsidiaries in Malaysia had been lawfully completed.

## MISSION

The Group's mission is "To Help The World See Better".

## OVERVIEW

The Group is the second largest retailer of optical products in Malaysia in terms of revenue, accounting for approximately 7.1% of the market share in 2018. The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses from (i) International Brands; (ii) the Group's Own Brands; and (iii) Manufacturers' Brands carried by the Group. The Group's optical product brands portfolio consisted of more than 220 Own Brands and International Brands which includes (i) lens brands "Essilor", "Hoya" and "Zeiss"; (ii) frames and sunglasses brands "Chopard", "Cartier", "Gucci", "Ray-Ban", "Oakley", "Tom Ford", "Masaki Matsushima" and "Porsche Design"; and (iii) contact lens brands "Alcon", "Bausch & Lomb", "Cooper Vision", "FreshKon" and "Miacare" catering to multiple price points in the eyewear retail market. In 2009 and 2010, the Group commenced its licensing business and franchising business respectively with a view to deepening its penetration in the Malaysian eyewear retail market. As at the Latest Practicable Date, the Group's retail network comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsular Malaysia. The Group's expansion strategy focuses on prime regions and cities in Malaysia while strategically locating its retail stores in shopping complexes with high pedestrian traffic. The following table sets out a breakdown of the Group's revenue by its principal business activities:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| Retailing Business | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| Franchising and Licensing Business | 2,626 | 2.6 | 1,489 | 1.3 | 1,632 | 1.2 | 816 | 1.3 | 972 | 1.3 |
| Minority Sales Business[(Note)] | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

*Note:* As at the Latest Practicable Date, the Group has ceased the sale of optical products to the Thai Interested Companies and the Group also acquired a controlling interest in Mido Eyewear and New Success Eyewear during the year ended 31 March 2019.

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. As at the Latest Practicable Date, the Group had 10 retail brands covering the high-end, mid-end and mass-market segments of the Malaysian eyewear retail market. In addition to the aforementioned 10 retail brands, the Group's retail brand portfolio also included a retail brand which focuses on the sales of contact lenses. The Group's retail brands are set out as follows:

*High-end segment*

*Mid-end segment*

*Mass-market segment*

*Others*

In August 2019, the Group launched its online sales platform which focuses on the sales of frames to customers in Malaysia through utilising its retail brand, “Watch Out”. The Directors believe that the Group’s online platform will generate synergy with its retail network as retail customers will purvey the offline retail stores of the Group for the purposes of eye examinations. As such, customer flow to the retail stores in the Group’s retail network will increase and provide the Group with additional sales opportunities.

The Group’s revenue increased from approximately RM101.9 million for the year ended 31 March 2017 to approximately RM133.6 million for the year ended 31 March 2019, representing a CAGR of approximately 14.5%. It also increased by approximately 22.1% from approximately RM61.0 million for the six months ended 30 September 2018 to approximately RM74.5 million for the six months ended 30 September 2019. The net profit attributable to owners of the Company increased from approximately RM10.4 million for the year ended 31 March 2017 to approximately RM20.6 million for the year ended 31 March 2019, representing a CAGR of approximately 40.8%. The growth of the Group’s profitability was mainly driven by its Retailing Business which resulted from the expansion of the Group’s retail network and the sustained demand for optical products in Malaysia.

## COMPETITIVE STRENGTHS

### Established reputation with multi-brand strategy catering to a wide demographic of customers

The Group began its operations in 1996 with a vision “To Help The World See Better”. The Group adopts a multi-brand strategy to enable it to capture different market segments and up to now, the Group has successfully established retail brands to cover the full spectrum of the Malaysian eyewear retail market. In 2004, the Group launched its flagship retail brand, “MOG Eyewear” which targets the mid-end segment of the eyewear retail market. The Directors believe that a multi-brand strategy will generally allow a company to capture different market segments and can also allow it to experiment with different product lineups and offerings without jeopardising its flagship brand(s). By leveraging upon the reputation of the Group’s “MOG Eyewear” retail brand, in 2007 the Group launched its “MOG Boutique” and “MOG Creations” retail brands which target the high-end and mid-end segments of the eyewear retail market respectively. Subsequently, the Group has launched additional retail brands such as “Optical Arts” in 2008 and “Sunglass Art” in 2009, respectively and in 2014 and 2015, the Group has further launched “M-Trend” and “OOPPA”, respectively. “M-Trend” focuses on the mass-market segment while “OOPPA” capitalises upon the “Korean wave” and the popularity of Korean fashion in general. As at the Latest Practicable Date, the Group’s retail network comprised 13 “M-trend” and 11 “OOPPA” retail stores. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 revenue generated from the Group’s self-owned retail stores operating under the “M-Trend” and “OOPPA” retail brands amounted to approximately RM17.6 million, RM24.9 million, RM34.3 million and RM18.5 million, representing approximately 18.3%, 22.4%, 26.1% and 25.2% of the Group’s revenue from its Retailing Business, respectively. As at the Latest Practicable Date, the Group’s retail brand portfolio consisted of 11 retail brands with a retail network of 95 retail stores, which enables the Group to target the high-end, mid-end, mass-market and other segments of the eyewear retail market through different product offerings. For details regarding the Group’s 11 retail brands, please refer to “Retail brands” in this section.

The Directors believe that given the established history of the flagship brand of the Group, “MOG Eyewear”, and through the operation of a multi-brand strategy, the Group is capable of appealing to the needs of the general populace as well as the discerning tastes of different demographics such as youths and high income consumers. Further, the Directors believe that the multi-brand strategy will provide for a solid foundation for future growth and enable the Group to selectively and strategically target different rising segments in the Malaysian eyewear retail market.

**Diversified portfolio of optical products and established relationships with leading suppliers**

The Group offers to its customers a wide selection of optical products at multiple price points in the eyewear retail market, which the Directors believe enables the Group to attract customers with different spending levels and power. Further, optical products carried by the Group also come in a variety of styles and materials to cater to the varied tastes and preferences of its customers. As at the Latest Practicable Date, the Group's brand portfolio consisted of over 220 International Brands and Own Brands.

According to the Ipsos Report, eyewear nowadays is commonly worn not just to correct vision impairments but also as a fashion accessory and certain brands of luxury eyewear are considered status symbols. As such, the Group has devoted extensive efforts in developing its International Brands portfolio which generally comprises international luxury fashion and optical brands as well as international high-street fashion and optical brands. As at the Latest Practicable Date, the Group's business relationships with its five largest suppliers (all of whom were suppliers of the optical products under the International Brands) ranged from five to 11 years and the Group's International Brands portfolio comprised over 210 brands. Whilst the Group has during the Track Record Period developed an extensive portfolio of optical products from renowned suppliers, the Group has also devoted extensive efforts in developing relationships with other suppliers to provide to its customers fast fashion optical products which are affordable yet fashionable through its Own Brands and Manufacturers' Brands.

Aside from developing relationships with suppliers of optical products, the Group has also adopted policies to ensure that its optical product lineup is competitive. The Group's optical product lineup is generally reviewed on a monthly basis and purchases of its inventory are made on a bi-monthly basis. During the review, the merchandising department of the Group will consider and discuss various matters relating to the latest trends, sales and inventory turnover.

Given the above, the Directors consider that the Group's optical product offerings are capable of catering to the diverse needs of its customers and the Group is also capable of adapting to the changing trends and conditions in the Malaysian eyewear retail market. The Directors further believe that this will enable the Group to develop a solid customer base for sustainable future development as it strives to be the go-to eyewear retail chain in Malaysia.

**Extensive retail network with strategically located retail stores**

The Directors are of the view that the physical location of a retail store is one of the key determining factors to its success, as such the Group has adopted a strategy of targeting areas which are high in pedestrian traffic and easily accessible by customers. In general, the Group strives to open new retail stores in shopping complexes so as to ensure that its retail stores have access to high pedestrian traffic. In Malaysia, owners of shopping complexes, in particular, popular shopping complexes are generally very selective in terms of their tenants and owners of shopping complexes will often only select reputable tenants with solid financial standing and who are compatible with the overall market position of the shopping complex. During the Track Record Period, the Group had been invited by certain owners to open new retail stores in their shopping complexes and the Directors believe that these invitations are attributable to the well established reputation of the Group.

The Group has one of the largest retail networks in Malaysia and as at the Latest Practicable Date, the Group's retail store network comprised 95 retail stores (which included self-owned, franchised and licensed retail stores). These retail stores are located across Central, Northern, Southern and Eastern Peninsular Malaysia and in particular, in shopping complexes located in Kuala Lumpur and Selangor, both of which are situated in Central Peninsular Malaysia, as well as Johor Bahru which is situated in Southern Peninsular Malaysia. Kuala Lumpur is the capital of Malaysia and amongst the most prosperous, rapidly growing and modernised regions of Malaysia while Selangor has the largest economy in Malaysia. Johor Bahru is one of the fastest growing cities in Malaysia and is a frequent tourist destination for travellers from Singapore.

The Directors believe that through strategically locating the retail stores in prime cities and shopping complexes, it enables the Group to have a stable access to its target customers and helps to promote the Group's brand image and awareness of the Group's retail brands.

**Experienced management team**

The Group is led by an experienced management team, each of whom possesses significant industry knowledge and has been instrumental to the development of the Group. Dato' Frankie Ng, an executive Director and the chairman of the Board, has more than 29 years of experience in the eyewear retail market while each of Dato' Henry Ng, an executive Director and Datin Bernice Low, an executive Director and the chief executive officer of the Group, has more than 22 years and 20 years of experience in the eyewear retail market in Malaysia, respectively. The senior management of the Group which comprises Mr. Ooi Guan Hoe, the chief financial officer of the Group, who possesses over 13 years of experience in the accounting and finance field and Mr. Lee Ben Keong, the general manager (marketing communication and business development) of the Group, who possesses over 12 years of managerial experience in business development and retail fields. The Directors believe that given the industry knowledge and experience of the management team, the Group will be able to respond to and cope readily with the changing conditions in the eyewear retail market. To further support the Group's management team, the Group has also adopted a policy of partnering with well-performing employees to establish new retail stores, so as to retain their experience and talent. For further information on the experience and credentials of the management team, please refer to "Directors and Senior Management" in this prospectus and for further details relating to the Group's strategy to retain well-performing employees, please refer to "Business and revenue — Retailing Business" in this section.

**BUSINESS STRATEGIES**

**Continue to expand the Group's retail network**

The Directors expect that market consolidation will be the trend in the Malaysian eyewear retail market and hence the Group strives for a larger market share through rapidly expanding its retail network which will enable it to better cater to the demands of its customers through leveraging upon its established retail brands. The Group has since its founding strived to be a national retailer of optical products and as at the Latest Practicable Date its retail network coverage encapsulated a significant portion of the major population centers of Peninsula Malaysia, accordingly the Directors believe that to expand its business to East Malaysia so as to achieve a national presence is a logical next step for the Group's development, especially given the Malaysian government's infrastructure initiatives in East Malaysia and its popularity as a tourist destination. Further, as the Group is the second largest retailer of optical products in Malaysia in terms of revenue for 2018 and as the number of shopping complexes in Malaysia between 2015 and 2018 grew from 551 to 671 (with this trend being expected to continue), the Directors believe that (i) the Group has presently achieved a sufficient size and scale and recognition by its customers and various landlords to justify a higher rate of expansion and (ii) the current market conditions represent an opportune moment for expansion.

According to the Ipsos Report, for the period from 2019 to 2023 the eyewear retail market in Malaysia will grow at a CAGR of approximately 5.9%. As at the Latest Practicable Date, the Group's retail network comprised 95 retail stores that operate under its 11 retail brands and it has been the Group's plan to open an additional 49 self-owned retail stores that target various segments in the eyewear retail market for the period from April 2019 to March 2022. As at the Latest Practicable Date, the Group has opened 11 self-owned retail stores by way of internal resources, with a further two expected to be opened in May 2020. However, the Directors may adjust the timing of their opening depending upon developments relating to the recent outbreak of COVID-19. The remaining 36 self-owned retail stores will be opened during the period from April 2020 to March 2022 by applying part of the net proceeds of the Global Offering. The following table sets out the details of the 36 proposed new self-owned retail stores:

| | Central Peninsular Malaysia | Eastern Peninsular Malaysia | Southern Peninsular Malaysia | Northern Peninsular Malaysia | East Malaysia | Total |
|---|---|---|---|---|---|---|
| | No. of retail stores | No. of retail stores | No. of retail stores | No. of retail stores | No. of retail stores | No. of retail stores |
| MOG Boutique | 6 | — | 1 | 1 | — | 8 |
| MOG Eyewear | 3 | 2 | 1 | 1 | 3 | 10 |
| Optical Arts | 1 | — | — | — | — | 1 |
| OOPPA | 6 | 1 | — | 2 | — | 9 |
| MOG Express | 2 | — | 2 | — | 2 | 6 |
| Watch Out | 1 | — | — | — | — | 1 |
| Lens:Me | — | — | 1 | — | — | 1 |
| **Total** | **19** | **3** | **5** | **4** | **5** | **36** |

For these 36 new self-owned retail stores to be opened by the Group, the Directors currently intend for them to be wholly owned. However, given the Group's business model in respect of its Retailing Business, the Directors may also attempt to seek well-performing employees (where possible) to invest in some of the 36 self-owned retail stores to be opened by the Group as the use of non-wholly owned retail stores will enable the Group to continue its existing strategy of permitting well-performing employees to have a vested interest in the retail stores in which they manage. The equity interests of the Group in the operating companies of the non-wholly owned retail stores to be opened (if any) is expected to be not less than 60%.

According to the Ipsos Report, the GDP in the Northern, Central, Southern and Eastern Peninsular Malaysia grew at a CAGR of approximately 7.7%, 8.6%, 8.4% and 7.3% respectively during the period from 2014 to 2017 and is expected to increase at a CAGR of 4.9%, 5.7%, 5.1% and 4.5%, respectively during the period from 2019 to 2023, while the GDP of East Malaysia grew at a CAGR of approximately 7.0% and is also expected to record a positive growth at a CAGR of approximately 5.4% during the same periods. Regarding the average gross monthly household income in the Northern, Central, Southern and Eastern Peninsular Malaysia, it grew at a CAGR of approximately 6.3%, 5.5%, 6.2%, and 7.5% respectively during the period from 2014 to 2017 and is expected to grow at a CAGR of approximately 4.8%, 4.7%, 4.8% and 5.1% respectively during the period from 2019 to 2023, while that of East Malaysia increased at a CAGR of approximately 4.1% and is expected to increase at a CAGR of 4.0% during the same periods. Having considered the positive outlook of the economy in each region of Malaysia in terms of GDP and the growth in the average gross monthly household income, the Directors believe that the demand for optical products in each part of Malaysia is sufficient for the Group to further expand its network of retail stores.

Currently, “MOG Boutique” is the Group’s only retail brand targeting the high-end segment of the eyewear retail market and while the revenue contribution from the self-owned retail stores operating under “MOG Boutique” retail brand accounted for less than 5% of the Group’s total retailing revenue during the Track Record Period, the Directors believe that the steady economic growth in Malaysia will result in higher levels of disposable income. Accordingly, there is a significant potential in the high-end segment, especially given that the high-end segment is expected to account for approximately 30.6% of the revenue of the eyewear retail market in 2023 while growing at a CAGR of approximately 4.7% between 2019 to 2023, thus the Group intends to increase the revenue contribution from the high-end segment through the expansion of its retail network. Through increasing the revenue contribution from the high-end segment, the Group can also diversify its revenue base and create additional avenues for growth. Pursuant to such intention, the Group plans to open a total of eight self-owned retail stores under the “MOG Boutique” retail brand, four of which will continue to operate as a traditional eyewear retail store and target the high-end segment and with the remaining four to be positioned as high-end concept stores. These concept stores will be housed with more advanced optometry equipment so as to provide comprehensive eye examination services to potential retail customers with a view of developing the Group’s professional image. The Directors believe that through associating the “MOG Boutique” retail brand with the professional services offered through the concept stores together with the continued high-end product offerings at both the traditional and concept “MOG Boutique” retail stores, the Group can strengthen its position in the high-end segment of the eyewear retail market while boosting its overall brand image. Further, it is expected that these retail stores will be located in high-end shopping complexes located in Kuala Lumpur and Selangor, which are the prime regions in Central Peninsular Malaysia. Kuala Lumpur is not only the capital of Malaysia, but also its economic and business center, at the same time, Kuala Lumpur and its conurbation form a region that is the most industrialised and economically the fastest growing in the country. Selangor is the most developed and populous state in Malaysia and it has the largest economy in terms of GDP, a high standard of living and is one of the states with the lowest poverty rate in the country. According to the Ipsos Report, Kuala Lumpur and Selangor had comparatively high average household incomes as compared to other states and cities in Malaysia, as such the Directors consider that the residents of Kuala Lumpur and Selangor have stronger purchasing power, and are the ideal regions for developing its high-end business.

The Group has valued the development of the mid-end segment of the eyewear retail market in Malaysia and has built up “MOG Eyewear” as its flagship retail brand. The Group’s retail stores which target the mid-end segment were the largest contributor to the Group’s Retail Business, accounting for approximately 76.9%, 71.0%, 65.5% and 63.6% of the Group’s total retail revenue for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively. The Directors expect that the growing middle-income population in Malaysia will continue to drive the sustained growth in the mid-end segment. According to the Ipsos Report, the mid-end segment is expected to remain as the largest contributor to the industry revenue by capturing a share of approximately 37.3% in 2023. The Group plans to open 11 additional self-owned retail stores targeting the mid-end segment, 10 of which will be opened under its “MOG Eyewear” retail brand. The 10 self-owned retail stores are to be spread out across the major cities of Peninsular Malaysia and East Malaysia as the Directors believe that this will enable the Group to strengthen its national presence as well as the reputation of its flagship brand. While Peninsular Malaysia is home to the major key cities and financial centers of Malaysia, East Malaysia is home to the major tourist destinations of Kuching and Kota Kinabalu as well as the city of Miri which is adjacent to the country of Brunei. According to the Ipsos Report, Sarawak (which is home to the cities of Kuching and Miri) received approximately 4.4 million tourists in 2018, with a significant number of those tourists deriving from Brunei, while also during 2018, Sabah (which is home to Kota Kinabalu) received approximately 3.9 million tourists. Accordingly, the Directors believe that East Malaysia represents a potential future growth market for the Group as it may be able to capitalise upon the significant tourist population to generate potential customers, especially for its retail stores to be opened in Miri which may benefit from day tourists arriving from Brunei. To enable the Group to capitalise upon the tourist population in East Malaysia, the Group intends to position its retail stores in shopping complexes commonly frequented by tourists while offering a wide variety of optical products which are competitively priced as compared to optical products in the home countries of these tourists. In addition, the Group also intends to open a self-owned retail store operating under its "Optical Arts" retail brand.

During the Track Record Period, the Group began focusing on the development of the mass-market segment and for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the contribution from the Group's retail stores targeting the mass-market segment amounted to approximately RM18.5 million, RM27.0 million, RM38.5 million and RM22.9 million, representing approximately 19.1%, 24.2%, 29.4% and 31.1% of the Group's total retail revenue, respectively. The Directors believe that the optical products nowadays are commonly worn not just to correct vision disorders, but also as fashion accessories, especially with the influence of the fast fashion concepts and K-pop culture. In order to seize upon the potential business opportunities, the Group plans to open nine "OOPPA", six "MOG Express" and one "Watch Out" self-owned retail stores. The Directors generally intend for the majority of the "OOPPA" retail stores, which not only focuses on the mass-market segment but also provides fast fashion optical products, to be opened in Central Peninsular Malaysia for the same reasons as stated above and as the Directors believe that the population of Central Peninsular Malaysia to be generally more fashion conscious. The six "MOG Express" retail stores will mainly be opened in hypermarkets located across Central Peninsular Malaysia, Southern Peninsular Malaysia and East Malaysia which will not only strengthen the Group's ability to target the mass-market segment but will enable the Group to capture a wider customer base, being those customers who patronise hypermarkets.

In addition to the opening of the above self-owned retail stores, the Group also intends to open one retail store under its "Lens:Me" retail brand which focuses on the sales of contact lenses.

The Directors believe that through expanding the Group's retail network, the Group will not only be able to capitalise upon the growth potential in the Malaysian eyewear retail market but will also enjoy greater economies of scale, which in turn will allow it to offer more competitive pricing on its optical products. Set out below are details relating to the expected size, monthly rental, average breakeven period and investment payback period of the 36 proposed self-owned retail stores to be opened by the Group:

| | **Central Peninsular Malaysia** | **Eastern Peninsular Malaysia** | **Southern Peninsular Malaysia** | **Northern Peninsular Malaysia** | **East Malaysia** |
|---|---|---|---|---|---|
| | **(Approx.)** | **(Approx.)** | **(Approx.)** | **(Approx.)** | **(Approx.)** |
| Expected size | 450 sq. ft. to 2,000 sq. ft. | 700 sq. ft. to 900 sq. ft. | 400 sq. ft. to 1,500 sq. ft. | 800 sq. ft. to 1,200 sq. ft. | 600 sq. ft. to 1,200 sq. ft. |
| Expected monthly rent | RM8,000– RM38,000 | RM15,000– RM17,000 | RM7,000– RM32,000 | RM18,000– RM35,000 | RM15,000– RM25,000 |
| Expected average breakeven period | 1–2 months | 1–2 months | 1–2 months | 1–2 months | 1–2 months |
| Expected average investment payback period | 13–20 months | 15–17 months | 10–20 months | 19–21 months | 15–17 months |

As part of the Group's strategy to further expand its retail network, the Group intends to apply approximately HK$57.4 million (equivalent to approximately RM30.2 million) of the net proceeds from the Global Offering to set up additional retail stores. For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

**Upgrade and renovate the self-owned retail stores**

The Directors believe that the Group's visual image is essential to differentiate the Group from its competitors' retail stores and to build loyalty with customers. The Group plans to enhance its retail brand image by upgrading and renovating its self-owned retail stores, which in turn will enable the Group to attract greater customer flow and increase its sales volume. As at the Latest Practicable Date, 39 of the Group's self-owned retail stores were opened more than five years ago, none of which have been substantially renovated since their opening. As a significant number of years have elapsed since the last renovation of these retail stores, the Directors consider it is necessary to renovate some of these retail stores. The Group intends to review and modify the existing layouts of 25 retail stores and replace the display shelving with a goal of enhancing customer experience. Aside from renovating the appearance and layouts of the Group's retail stores, the Group also intends to upgrade the optometry equipment located at these retail stores so as to provide more comprehensive eye examination services to its retail customers. In this connection, the Group plans to renovate eight retail stores during the year ending 31 March 2021 and 17 retail stores during the year ending 31 March 2022. While as at the Latest Practicable Date, 71 out of the Group's 83 leases relating to its self-owned retail stores are set to expire within the next 24 months, the Directors believe that (i) given the Group's high historical renewal rate in regards to its leases being approximately 90%; (ii) the prevailing conditions of the property market in Malaysia; and (iii) its relationships with the various landlords as well as its market reputation, the Group is in a solid position to renew the leases which are set to expire within the next 24 months and on terms commercially acceptable to the Group. Further, many of the leases entered into by the Group also contain pre-negotiated options to renew. Accordingly, the Directors do not envisage that the expiry of the leases will materially impact upon the continuation of the Group's self-owned retail stores at their existing locations and upon the Group's renovation plans.

As part of the Group's strategy to upgrade and renovate the Group's retail stores, the Group intends to apply approximately HK$10.4 million (equivalent to approximately RM5.5 million) of the net proceeds from the Global Offering. For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

**Continue to promote recognition of the Group's 11 retail brands and to further develop and market the Group's Own Brands optical products**

The Directors believe that customer recognition of the Group's retail brands and Own Brands has been an important element in its success and they also believe that through enhancing the Group's marketing efforts in relation to its retail brands and Own Brands, the Group can capture a larger customer base, which in turn will enhance the Group's profitability. For each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the Group's advertising and promotion expenses were approximately RM0.6 million, RM0.8 million, RM0.9 million and RM0.8 million, respectively. The enhancement of the brand image and brand value of the Group's retail brands and Own Brands may also enable it to increase its pricing power which may in turn serve to increase the Group's profitability. As at the Latest Practicable Date, the Group's retail brands portfolio consisted of 11 retail brands, while its Own Brands portfolio consisted of 16 optical product brands.

The Group intends to enhance its nation-wide marketing campaigns after the Listing to highlight its position as a national optical products retailer as well as to highlight its 11 retail brands, with a goal of strengthening their brand identities through individualised and unique marketing activities. According to the Ipsos Report, in the eyewear retail market branding is critical as there are numerous retailers of optical products who provide similar services and products to those offered by the Group, as such, strong brand awareness can enable the Group's 11 retail brands distinguish themselves from their competitors. The Directors are of the view that as the Group is amongst the largest retailers of optical products in Malaysia, it has reached a sufficient scale to justify an individualised marketing strategy for each of the Group's 11 retail brands, which will entail extensive efforts and costs to illustrate the distinctive and key aspects of each retail brand. The marketing efforts will include utilising traditional print media, in particular nationally renowned fashion magazines to highlight the Group as being more than a retailer of optical products but as a trend setter for fashionable optical products and the use of a brand consultant to advise the Group on strategies that the Group may adopt in order for each of its 11 retail brands to reach its customers. The Directors expect that the brand consultant will, in addition to providing advice on brand strategy also provide analysis relating to consumer perceptions and business trends. Further, the Directors expect that the brand consultant will work in collaboration with the Group's marketing department to formulate the individualised marketing campaigns through advising on aspects such as the appropriate medium for advertising and the appropriate product messages for different demographics.

The Group will also promote its retail brands and Own Brands through social media, as according to the Ipsos Report, approximately 75.9% of the Malaysian population has at least one social media profile, with numerous people in Malaysia using social media on a daily basis. Accordingly, social media marketing provides to the Group an important opportunity to reach a greater number of its target customers. Social media marketing enables the Group to engage in targeted marketing based upon the social media profiles of the target customers and also provides a direct means to disseminate relevant information relating to the Group's retail brands and optical products. In addition to social media marketing, the Group intends to employ the use of social media influencers to promote its Own Brands optical products and upgrade its website and other social media platforms as a means to attract customers of a younger generation. Other marketing efforts of the Group will include various roadshows, sales events as well as joint promotions with credit card companies.

To develop the Group's Own Brands optical products, the Group intends to engage the use of a product designer to create unique fashionable eyewear for the Group. The gross profit margin of the optical products under the Group's Own Brands during the Track Record Period was over 74.0% and was generally higher than the optical products under the International Brands and Manufacturers' Brands, as such, the successful development of the Group's Own Brands would further enhance its profitability.

As part of the Group's strategy to further promote its retail brands as well as to market and develop its Own Brands, it intends to apply approximately HK$9.5 million (equivalent to approximately RM5.0 million) of the net proceeds from the Global Offering for advertising and promotional purposes. For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

**Enhance the Group's production capabilities with regards to customised lenses**

The Directors have strived during the Track Record Period to equip the Group with the latest tools and equipment so as to enhance customer experience, but the Group has generally relied on suppliers for the customisation of lenses. Customised lenses in this sense refer to lenses that are made based upon a customer's specific requirements, and such specific requirements often include the addition of functional elements (such as ultraviolet and anti-blue-light protection) to the lenses and the grinding of the lenses to match the customer's exact eye size, shape, facial features and lifestyle requirements so as to provide sharper and clearer vision. Typically, when a customer has selected a brand of lenses which is suitable for customisation, after taking the appropriate measurements, the Group would send those measurements to the relevant supplier for production of the customised lens. As confirmed by the Directors, the lead time for the production of customised lenses is typically more than one week.

The Directors intend to jointly develop an optical lab with a single internationally renowned lens manufacturer for the production of lenses (in particular customised lenses). It is expected that the Group will acquire a controlling interest in the joint venture and the optical lab (which will be funded by both the Group and the lens manufacturer in proportion to their shareholdings) will be located in or around the Group's headquarters. The Group will also be responsible for the management and operations of the optical lab through the appointment of its key personnel as well as sales and marketing. However, the machinery used for the production of the lenses will be sourced from the lens manufacturer who will also be responsible for providing the technical know-how relating to the production of the customised lenses as well as providing long-term research and development and technical support. To facilitate the lens manufacturer in carrying on its responsibilities, technical staff of the lens manufacturer may also be seconded to the joint venture so as to promptly develop the technical capabilities of the joint venture's employees. The Group also intends to seek the rights to use the trademarks of the lens manufacturer for marketing and promotional purposes. As at the Latest Practicable Date, the Group has not identified any such partner for the development of an optical lab, however, the Group only intends to partner with lens manufacturer who possesses an established reputation internationally, a solid financial standing, strong technical know-how and a desire to develop Asian market in a long-term collaboration with the Group.

To produce the customised lenses after receiving the customer's measurements, the optical lab will take the lens blanks, which are disks made of glass or plastic polymers and grind it to the required curve and shape. The Directors are of the view that partnering with a lens manufacturer will not impose any restriction on the purchase of the lens blanks and the Group intends to purchase them from specialised suppliers. The optical lab will also be equipped with machinery to apply the necessary custom coatings to produce certain types of functional lenses such as those with ultraviolet and anti-blue light protection. After production of the customised lenses, they will be edged to fit the frame purchased by the customer. The Group expects to use the optical lab to initially produce approximately 70 pairs of customised lenses per day. Such a figure is based on the historical sales figures of customised lenses in general and the Directors' estimation of demand. The Directors believe that as the lead time for the production of customised lenses by the Group's suppliers is typically more than one week, through the setting up of its own optical lab the Group may be able to shorten this lead time to around two to three days which will enable it to offer value-added services such as the expedited delivery of glasses for an additional fee and increase its attractiveness and competitiveness vis-à-vis its competitors. Moreover, the Group can reduce its reliance on suppliers as well as its own costs, thus increasing its competitiveness. During the Track Record Period, the gross profit margins of lenses sold by the Group was typically higher than other optical products, driven largely by the sales of functional lenses.

Further, the Directors also believe that the optical lab will enhance the Group's business as while the production capabilities of the Group's optical lab will initially be applied exclusively for the Group, it may also be used to manufacture lenses for other third party retailers, thus providing an additional revenue stream to the Group in the long run. The optical lab will also enable the Group to take advantage of the more in-depth readings provided by the newer optometry equipment acquired by the Group pursuant to its business strategies.

As part of the Group's strategy to enhance its production capabilities with regards to lenses, the Group intends to apply approximately HK$11.3 million (equivalent to approximately RM5.9 million) of the net proceeds from the Global Offering. For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

**Upgrade the Group's information technology systems and enhance its operational efficiency**

The Group believes that through adopting advanced information technology systems it can improve its operational efficiency. In this connection, the Group intends to acquire a centralised RMS, which is a centralised information technology system specifically designed for retailers that can integrate the Group's various existing information technology systems such as its POS systems, accounting systems and inventory management systems. Through such integration, the Group's POS systems which are located at each of the self-owned retail stores and franchised retail stores will be connected with the Group's accounting systems and this will enable the Group to have access to timely information regarding the financial performance of each of its retail stores. Further, as the Group's inventory management systems will also be integrated, the Group will also have timely access to information relating to stock levels and inventory movement.

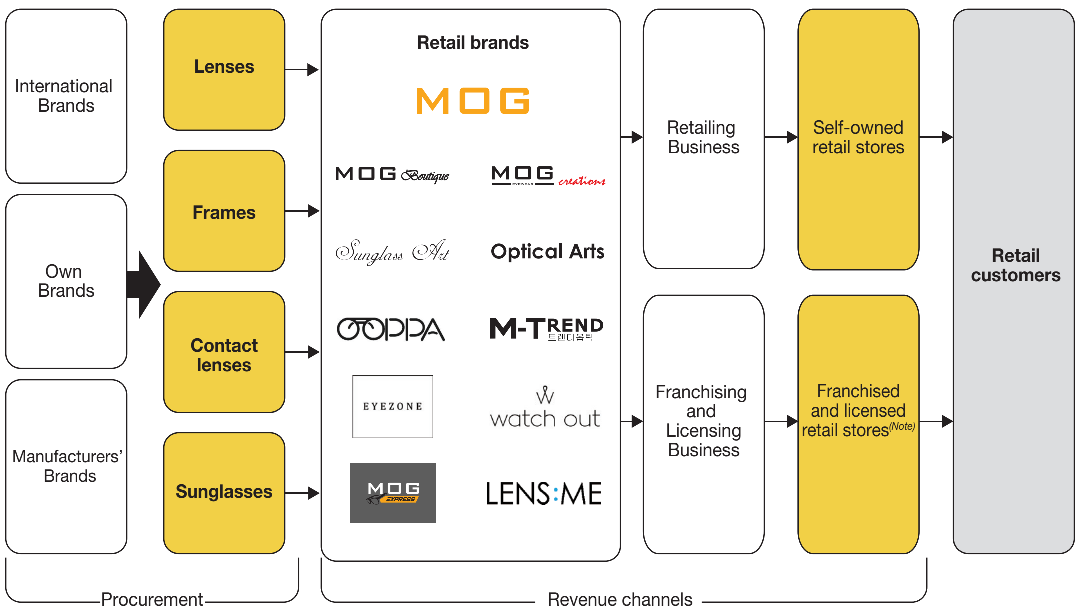
The Directors believes that the resulting data generated from the RMS together with the data generated from its online sales platform will offer statistical information that will enable the Group to analyse customer spending behaviour which will be useful to assist the Group in planning sales and customer strategies as well as strengthen customer services. In particular, the data relating to customer spending behaviour will set out their buying patterns and preferences, previous purchases and feedback which the Directors believe that the Group can utilise to develop individualised customer profiles and determine their average spending. With such information, the Directors further believe that it can enable the Group to determine the optimal product mix and inventory levels for each retail store as well as to plan its sales forecasts, targets, discounts and product pricing.

Along with the acquisition and implementation of a RMS, the Group also intends to enhance its existing POS system to provide more comprehensive services so as to streamline the Group's operations, from inventory to sales. In particular, it is intended that the enhanced POS system will be capable of tracking specific optical products within the Group's retail network and making plans for its delivery to the requisite retail store, which the Directors believe will enhance the Group's inventory management as well as ensure that customers are able to purchase their desired optical products in a timely manner.

As part of the Group's strategy to enhance its operational efficiency, the Group intends to apply approximately HK$8.8 million (equivalent to approximately RM4.7 million) of the net proceeds from the Global Offering to acquire the above systems and to upgrade its existing IT infrastructure. For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

## BUSINESS AND REVENUE MODEL

The Group is principally a retailer of optical products in Malaysia offering a wide range of optical products which includes lenses, frames, contact lenses and sunglasses. In 2009 and 2010, the Group commenced its licensing business and franchising business respectively. As at the Latest Practicable Date, the Group's retail network comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsular Malaysia which operate under the Group's 11 retail brands. The following chart summarises the Group's principal business activities as at the Latest Practicable Date:




*Note:* Under the Group's Franchising and Licensing Business, the Group would franchise and license its 11 retail brands to its respective franchisees and licensees. Franchisees would be required to purchase their inventory from the Group, however licensees are not required to do the same and no inventory was sold to licensees during the Track Record Period.

During the Track Record Period, the Group primarily derived its revenue from the sales of optical products to (i) retail customers under its Retailing Business; (ii) franchisees under its Franchising and Licensing Business; and (iii) the Malaysian Interested Companies and the Thai Interested Companies under its Minority Sales Business. The Group also derived a lesser portion of its revenue from franchise and royalty fees under its Franchising and Licensing Business. The following table sets out a breakdown of the Group's total revenue during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| **Sales of optical products** | | | | | | | | | | |
| – Sales to retail customers | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| – Sales to franchisees | 2,081 | 2.0 | 1,050 | 0.9 | 1,209 | 0.9 | 607 | 1.0 | 762 | 1.0 |
| – Sales to Malaysian Interested Companies and Thai Interested Companies | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| | 101,366 | 99.4 | 115,023 | 99.6 | 133,192 | 99.7 | 60,789 | 99.7 | 74,278 | 99.7 |
| **Franchise and royalty fees** | 545 | 0.6 | 439 | 0.4 | 423 | 0.3 | 209 | 0.3 | 210 | 0.3 |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

## OPTICAL PRODUCTS, SERVICES AND OPTICAL PRODUCT BRANDS

The optical products offered by the Group generally consists of lenses, frames, contact lenses, and sunglasses from (i) International Brands, (ii) the Group's Own Brands, and (iii) Manufacturers' Brands carried by the Group. As a marketing strategy, the Group also provides free eye examination services through its registered opticians and optometrists located at the retail stores as value added services.

### Optical products

The following table sets out the Group's revenue by optical product categories derived from the sales of optical products to retail customers, franchisees, the Malaysian Interested Companies and Thai Interested Companies during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| | | | | | | | *(unaudited)* | | | |
| Lenses | 34,884 | 34.4 | 42,739 | 37.2 | 53,267 | 40.0 | 24,453 | 40.2 | 31,378 | 42.2 |
| Frames | 25,943 | 25.6 | 27,402 | 23.8 | 30,760 | 23.1 | 14,153 | 23.3 | 16,442 | 22.1 |
| Contact lenses | 23,975 | 23.7 | 28,361 | 24.7 | 32,101 | 24.1 | 14,019 | 23.1 | 17,911 | 24.1 |
| Sunglasses | 15,846 | 15.6 | 15,553 | 13.5 | 16,067 | 12.1 | 7,562 | 12.4 | 7,764 | 10.5 |
| Others[(Note)] | 718 | 0.7 | 968 | 0.8 | 997 | 0.7 | 602 | 1.0 | 783 | 1.1 |
| **Total** | **101,366** | **100.0** | **115,023** | **100.0** | **133,192** | **100.0** | **60,789** | **100.0** | **74,278** | **100.0** |

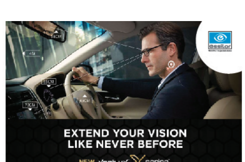
*Note:* Others include optical product accessories such as spectacle and sunglass cases and contact lens solution

### *Lenses*

During the Track Record Period, the Group carried a variety of lenses ranging from International Brands to its Own Brands, which can be used for treating visual disorders in the eye such as myopia, hyperopia, astigmatism and presbyopia. The types of lenses carried by the Group include corrective lenses such as single vision, bifocal, trifocal, progressive and multifocal and the lenses which are made from various materials such glass and plastics polymers. When approached by a potential retail customer, the Group's professional team of optometrists and opticians will perform an eye examination and provide to the retail customer recommendations as to the appropriate lens based on the retail customer's visual and lifestyle needs. As at the Latest Practicable Date, the Group carried more than 15 brands of lenses including International Brands such as "Essilor", "Hoya" and "Zeiss" and the Group's Own Brands of lenses, "HDpro".

Set out below are examples of the brands of lenses carried by the Group:





### *Frames*

The frames sold by the Group are generally used in conjunction with the lenses selected by the retail customer for refraction correction purposes. These frames are normally sold separately from the Group's lenses and come in a variety of styles, sizes, materials, shapes and colours. The frames carried by the Group as at the Latest Practicable Date included but were not limited to designs from "Chopard", "Porsche Design" and "Masaki Matsushima" and also included designs from the Group's 11 Own Brands of frames, namely "Exo", "John Morgan", "Katsu", "Paul Cezan", "Paul Marc", "MOG", "OOPPA", "Rangolla", "Thursday Island", "Tonywack" and "Watch Out".

Set out below are examples of the brands of frames carried by the Group:


### *Contact lenses*

A contact lens is a thin lens placed directly on the surface of the eye which can be worn to correct vision impairments or for cosmetic or therapeutic purposes. When compared with spectacles, contact lenses will generally provide better peripheral vision and is perceived to improve the user's overall appearance. Contact lenses can be classified in many different ways, such as, by their primary function, material and wear and replacement schedule. Typical types of contact lenses includes functional contact lenses such as toric and multifocal contact lenses, rigid gas-permeable contact lenses and soft contact lenses (daily, bi-weekly and monthly disposable). As at the Last Practicable Date, the Group carried more than 30 brands of contact lenses including International Brands such as "Alcon", "Bausch & Lomb", "CooperVision", "FreshKon" and "Miacare" and the Group's Own Brands of contact lenses, "Proshine", "Provision55" and "Medicsoft".

Set out below are examples of the brands of contact lenses carried by the Group:

***Sunglasses***

The Group carries a wide range of sunglasses that are capable of offering protection to the eyes against ultraviolet radiation, however, sunglasses nowadays are often considered fashion accessories and different styles have been launched by various fashion brands. The sunglasses carried by the Group as at the Latest Practicable Date included but were not limited to designs from "Gucci", "Cartier", "Ray-Ban", "Oakley", and "Tom Ford" as well as the Group's Own Brands namely "Aviator", "John Morgan", "Rangolla" and "Watch Out".

Set out below are examples of the brands of sunglasses carried by the Group:


**Services**

As a strategy to promote the optical products of the Group, the Group offers free professional eye examination services to its potential retail customers through its registered opticians and/or optometrists. As at the Latest Practicable Date, the Group employed 146 registered opticians and optometrists.

The eye examination services provided by the Group include examinations by the Group's opticians and optometrists for eye disorders to determine issues such as cataracts, conjunctivitis and other abnormalities. The Group's eye examination services also include examinations for refraction problems which cover the following:

- **Myopia:** (also known as nearsightedness) is a common vision condition in which a person suffering from the condition can see objects near to them with clarity, but objects farther away appear blurry.

- **Hyperopia:** (also known as farsightedness) is a common vision condition in which a person suffering from the condition can see distant objects with clarity, but objects nearby appear blurry.

- **Presbyopia:** is an age related vision condition that results in the gradual loss of the eye's ability to focus on nearby objects.

- **Astigmatism:** is a common vision condition caused by imperfection in the curvature of a person's eye that causes blurred vision at all distances.

The above refraction problems can generally be alleviated through the use of prescription glasses. The registered opticians and optometrists of the Group together with front-line sales employees will generally assist the relevant retail customer in selecting the appropriate lens and frames or contact lens to suit their particular needs.

Once the retail customer has selected the appropriate optical products, the Group may, through its in-house edging laboratory undertake the edging of the lenses to fit the particular frame selected by the retail customer, however, such procedures cannot be used to customise or increase the functionality of the particular lens. The customisation of a particular lens, such as those with added functions (i.e. ultraviolet and anti-blue light protection) are performed during the production stage of that lens at the optical lab of the supplier when it is manufactured according to a retail customer's preference via the addition of specialised coatings or other procedures. The Group generally has located at its retail stores an edging laboratory to ensure that it is capable of providing the finalised eyewear to its retail customers in a timely manner. As at the Latest Practicable Date, the Group operated 73 in-house edging laboratories. In general, where the retail customer selects a stock lens, the Group targets to deliver the finalised eyewear to the retail customers within two days. For lenses which are not carried in stock such as customised lenses, the Group will order the lenses on behalf of the retail customer and request that the relevant supplier to undertake the required edging procedures.

**Optical product brands**

As at the Latest Practicable Date, the Group's optical product brands portfolio consisted of more than 220 International Brands and Own Brands, which cater to multiple price points in the eyewear retail market. In addition to lenses, frames, contact lenses and sunglasses, the Group also offers optical product accessories. The following table sets out a breakdown of the revenue of the Group from the sales of optical products to retail customers, franchisees, the Malaysian Interested Companies and the Thai Interested Companies under the Group's (i) International Brands; (ii) the Group's Own Brands; and (iii) Manufacturers' Brands during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| International Brands | 80,467 | 79.4 | 89,893 | 78.2 | 101,305 | 76.1 | 46,344 | 76.2 | 56,176 | 75.6 |
| Own Brands | 11,805 | 11.6 | 14,574 | 12.6 | 18,122 | 13.6 | 8,216 | 13.5 | 9,192 | 12.4 |
| Manufacturers' Brands | 9,094 | 9.0 | 10,556 | 9.2 | 13,765 | 10.3 | 6,229 | 10.3 | 8,910 | 12.0 |
| **Total** | **101,366** | **100.0** | **115,023** | **100.0** | **133,192** | **100.0** | **60,789** | **100.0** | **74,278** | **100.0** |

***International Brands***

The Group carries a diverse portfolio of International Brands which varies in price and styles so as to cater to different segments in the eyewear retail market in Malaysia. The portfolio of the Group's International Brands generally includes those from or carry the trademarks of (i) international luxury fashion and optical brands; and (ii) international high-street fashion and optical brands which are sourced directly from the brand owners or their authorised distributors in Malaysia. As at the Latest Practicable Date, the Group's International Brands portfolio comprised over 210 brands including but not limited to the (i) lens brands "Essilor", "Hoya" and "Zeiss"; (ii) frames and sunglasses brands "Chopard", "Cartier", "Gucci", "Ray-Ban", "Oakley", "Tom Ford", "Masaki Matsushima" and "Porsche Design"; and (iii) contact lens brands "Alcon", "Bausch & Lomb", "CooperVision", "FreshKon" and "Miacare". The Directors believe that the brands comprising the Group's International Brands generally have strong brand recognition and serve to enhance the Group's credibility as a retailer of optical products.

***Own Brands***

As at the Latest Practicable Date, the Group's Own Brands portfolio consisted of 16 brands for which the Group has undertaken various efforts to register their trademarks. For details of the Group's trademarks please refer to "Statutory and General Information — B. Further information about the Group's business — 2. Intellectual property rights of the Group" in Appendix IV to this prospectus. These trademarks are applied to optical products sold by the Group under its Own Brands and are manufactured by third party manufacturers. Generally, the Group will select the designs based upon various samples provided by the third party manufacturers after the Directors have considered factors such as the latest trends and the design's suitability for the Malaysian eyewear retail market. The Group may also provide feedback as to the designs from its branch managers. The Directors consider that the Group's Own Brands is a key component of its overall optical product brands portfolio as the Group's Own Brands can distinguish it from its competitors and build customer loyalty. Further, as the Group is the brandholder, the Group can readily respond to rapid changes in customer preferences. The Group's Own Brands portfolio includes:

| | | | |
|---|---|---|---|
| MOG | AVIATOR | EXO | HDpro |
| KATSU | MEDICSOFT | OOPPA | PaulCezan |
| PROVISION55 | Rangolla | Thursday Island | TONYWACK |
| Paul Marc | John Morgan | PROSHINE | watch out |

***Manufacturers' Brands***

The Manufacturers' Brands carried by the Group comprises optical products that are designed and manufactured by third party manufacturers. Throughout the Track Record Period and as at the Latest Practicable Date, the Group carried the optical products of over 300 Manufacturers' Brands with key brands including "Jumie" and "Hyo Jin". In general, the Manufacturers' Brands carried by the Group are fast changing as the brand names applied on the optical products can readily be rebranded based upon market conditions. However, these optical products similar to the optical products under the Group's Own Brands, can be said to be highly capable of catering to fast changing trends in the eyewear retail market as retailers generally have direct access to the manufacturer. The Group will generally select the designs and models for manufacture based on samples after considering its appropriateness for the eyewear retail market in Malaysia. The Directors believe that the Group's Manufacturers' Brands is an important element in the Group's optical product brands portfolio as it enables the Group to offer affordable quality optical products to customers.

## BUSINESS AND REVENUE

During the Track Record Period, the Group principally derived its revenue from its (i) Retailing Business; (ii) Franchising and Licensing Business; and (iii) Minority Sales Business. The following table sets out the revenue of the Group by its revenue and business channels during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue | Revenue | %of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Retailing Business | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| Franchising and Licensing Business | 2,626 | 2.6 | 1,489 | 1.3 | 1,632 | 1.2 | 816 | 1.3 | 972 | 1.3 |
| Minority Sales Business(Note) | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

*Note:* As at the Latest Practicable Date, the Group has ceased the sale of optical products to the Thai Interested Companies and the Group also acquired a controlling interest in Mido Eyewear and New Success Eyewear during the year ended 31 March 2019.

### Retailing Business

#### *Self-owned retail stores*

The Group's Retailing Business refers to the sales of optical products through its self-owned retail stores and its online sales platform to retail customers. The Group's self-owned retail stores comprises wholly and non-wholly owned retail stores which as at the Latest Practicable Date included 31 wholly owned retail stores and 52 non-wholly owned retail stores. As at the Latest Practicable Date, the Group owned the 31 wholly owned retail stores through 13 wholly owned subsidiaries and each of them owned between one to four wholly owned retail stores; while the Group owned the 52 non-wholly owned retail stores through 34 non-wholly owned subsidiaries, each of them owned one to four non-wholly owned retail stores. The Group's interests in the 34 non-wholly owned subsidiaries ranged from 40% to 90%.

The Group's Retailing Business is dependent on the enthusiasm of its salespersons as well as the experience and technical skill of the registered optometrists and/or opticians. The Directors consider that well-performing employees are the core assets of the Group's Retailing Business. In 2011, the Group adopted a strategy of allowing selected employees such as branch managers, to invest in new retail stores with a view of motivating and retaining talented employees who can contribute to the Group's future development. Of the 52 non-wholly owned retail stores as at the Latest Practicable Date, 48 were interested in by the Group's employees who had invested in their operating companies pursuant to the aforementioned strategy, three were interested by the sisters of Dato' Frankie Ng and Dato' Henry Ng and the remaining one was interested by an Independent Third Party. The aforementioned Independent Third Party had invested in the operating company on account of his relationship with the Controlling Shareholders as they are long-standing acquaintances and the Group does not intend to accept any further investments by any persons, save for investments by well-performing employees. As at each of 31 March 2017, 2018 and 2019 and 30 September 2019 and the Latest Practicable Date, respectively 22, 30, 35, 36 and 37 of the then employees of the Group were shareholders of the companies operating non-wholly owned retail stores (the "**Employee Shareholders**"). To the best knowledge and belief of the Directors, the Employees Shareholders all invested with their own personal assets. Under the aforesaid strategy, the Group would first approach the selected employees in regards to the opportunity and if taken up by the relevant employee, they would in general, jointly establish a company for the purposes of opening and operating new retail stores. Aside from becoming a shareholder, the relevant employees would remain in their previous position and continue to be responsible for the day-to-day operations of the relevant non-wholly owned retail stores. In general, it is the Group's strategy to hold more than 50% of the equity interest in these companies, however, where the Group does not do so, the Group will enter into a shareholders' agreement with the relevant employees. Under the shareholders' agreement, the Group would obtain the right to appoint the majority of the relevant board and the quorum for board meetings and general meetings would only be constituted by the presence of the representatives of the Group. The Group would also have the sole right to terminate the shareholders' agreement as a result of breaches by the other parties or where they are in bankruptcy or liquidation proceedings. As at the Latest Practicable Date, the Group had entered into shareholders' agreements in respect of three non-wholly owned subsidiaries where the Group did not hold more than 50% of the equity interest pursuant to which the Group was entitled to control the relevant boards through appointing the majority of their directors, and these subsidiaries operated a total of three non-wholly owned retail stores. The Directors believe that through allowing these employees to have a vested interest in the performance of retail stores which they manage, the Group can ensure that (a) their skills and market knowledge remain with the Group; and (b) they will be highly motivated in pursuing results. When deciding whether to exercise its discretion to partner with an employee, the Group will generally take into account various factors such as the past performance of that employee, the past performance of the relevant retail store(s) and the potential investment amount.

The self-owned retail stores of the Group are generally headed by a branch manager or assistant branch manager who oversees the front-line employees, day-to-day operations, daily reconciliations between cash on hand and records in the POS system and inventory as well as deals first hand with customer complaints. The managers are also responsible for making the deposits of cash into the bank accounts of the Group on a twice a week basis. Aside from managing the day-to-day operations of the Group's retail stores, the managers are also responsible for coordinating with the marketing department of the Group for the implementation of the Group's sales strategy and policies. During the Track Record Period, the number of employees in each of the Group's self-owned retail stores ranged from four to seven and as at the Latest Practicable Date, the Group had 473 employees for its front-line operations.

To enhance efficiency and to streamline the Group's management process, the Group's self-owned retail stores are directly overseen by the business development department whose staff will carry out periodic visits to the retail stores and engage in discussions with the relevant branch manager or assistant branch manager to understand the operation of the retail store. For those retail stores that fail to meet the expectations of the Group, the Group will devote additional resources to understand the basis for such failures and to carry out remedial actions.

***Online sales platform***

At present, revenue from online sales represents a relatively small proportion of the eyewear retail market in Malaysia, with the majority of the revenue deriving from the sales of sunglasses and frames. Despite the relatively small contribution from online sales, the segment is expected to grow at a CAGR of approximately 37.5% during the period from 2019 to 2023. The primary driver of the growth in online sales is the competitive pricing offered by online retailers, as without a physical retail store their operational expenses are generally lower than traditional retailers.

In August 2019, the Group launched its online sales platform which focuses on the sales of frames to customers in Malaysia through utilising its retail brand, "Watch Out". The Directors believe that the Group's online platform will generate synergy with its retail network as retail customers will purvey the offline retail stores of the Group for the purposes of eye examinations. As such, customer flow to the retail stores in the Group's retail network will increase and provide the Group with additional sales opportunities. Since the launch of the Group's online sales platform, its product lineup has expanded to include sunglasses.

The Directors intend for the Group's online sales platform to continue its focus on the sales of frames and sunglasses as they believe that the online/offline arrangement will enable the Group to utilise the customer service capabilities of its sales staff and optometrists/opticians to develop long-term relationships with its customers. In order to have a competitive advantage over other online sales platforms, the Directors intend that the online sales platform's product line-up will eventually include lenses since most online platforms only engage in the sales of sunglasses and frames. Other online sales platforms do not, in general, offer lenses as (i) they may lack an extensive distribution network of retail stores, for prescription eyewear requires registered optometrists and/or opticians to perform eye examinations and obtain certain facial measurements used for adjusting the prescription eyewear to create the proper fit, also offline retailers may not be willing to perform the adjustments where the prescription eyewear is not purchased through them; (ii) it may be difficult to verify prescriptions through online platforms as each prescription needs to be individually verified by a registered optometrist or optician which can lead to certain difficulties involved in providing prescription eyewear; and (iii) online sales platforms may not necessarily have their own in-house edging laboratories. The Directors consider that the Group can overcome these difficulties given its extensive distribution network of retail stores with in-house edging laboratories and its professional team of optometrists and opticians which comprised 146 members as at the Latest Practicable Date that can allow retail customers a convenient means by which they can have their eyes examined, adjustments made to their prescription eyewear and their prescriptions verified. Further, given that prescription eyewear needs to be individually fitted, the Directors believe that the Group's wide network of retail stores can be drawn upon to provide value added services as the Group can utilise such network to arrange delivery of the prescription eyewear to the customer's preferred retail store where the adjustments can be undertaken. As such, through providing lenses the Group can distinguish its online sales platform from its competitors. To supplement this strategy, the Group may also offer retail customers who purchase optical products online with discounts for offline optical products so as to provide additional incentives for them to purvey the retail stores in the Group's retail networks. The Directors also believe that through capitalising upon the online segment of the eyewear retail market, the Group can reduce its operating costs in the long run while increasing its market knowledge as to customer trends and preferences. Revenue derived from the online sales platform since its launch up to the Latest Practicable Date amounted to approximately RM14,000.

As advised by the Malaysian Legal Advisers, there are currently no specific laws governing the online sales of optical products (save in the case of contact lenses) in Malaysia and the Malaysian Optical Council does not generally prohibit the online sales of optical products provided always that where the online sales platform engages in the sale of prescription eyewear, the person(s) managing the online sales platform is a registered optometrist or registered optician under the Optical Act 1991 and is able to verify the relevant prescription. As advised by the Malaysian Legal Advisers, the Group has fulfilled the conditions required by the Malaysian Optical Council for the online sales of optical products.

## Franchising and Licensing Business

The Group's Franchising and Licensing Business refers to the franchising and licensing of its retail brands to franchisees and licensees pursuant to which, the Group would be entitled to franchise and royalty fees. Further, in the case of franchisees, they are obligated to purchase their inventory from the Group. The following table sets out a breakdown of the revenue derived by the Group from its franchisees and licensees during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| | | | | | | | *(unaudited)* | | | |
| **Franchising and Licensing Business** | | | | | | | | | | |
| – Sales of optical products to franchisees | 2,081 | 79.2 | 1,050 | 70.5 | 1,209 | 74.1 | 607 | 74.4 | 762 | 78.4 |
| – Franchise and royalty fees | 545 | 20.8 | 439 | 29.5 | 423 | 25.9 | 209 | 25.6 | 210 | 21.6 |
| **Total** | **2,626** | **100.0** | **1,489** | **100.0** | **1,632** | **100.0** | **816** | **100.0** | **972** | **100.0** |

### *Franchising*

In 2010, the Group began franchising its retail brands as the Directors believe that through the use of the franchise arrangement, the Group can increase its market penetration in Malaysia without having to incur the associated costs of having to operate a self-owned retail store. According to the Ipsos Report, franchise arrangement is common in the eyewear retail market as such an arrangement allows a company to expand its market base without having to incur the substantial costs associated with operating a retail store.

After being approached by a prospective franchisee, the Group would require the prospective franchisee (including any prospective franchisee who was then an employee) to provide its particulars via an application form setting out, amongst others, its financial position and relevant experience. The Group would then consider the financial strength and experience of that franchisee before deciding whether to grant to it franchise rights and would also conduct background searches so as to ensure that the prospective franchisee is capable of operating a franchised retail store. Upon deciding to grant franchise rights to the franchisee, the Group would generally select a location to situate the franchised retail store. Alternatively, the franchisee may propose the location of the franchised retail store for the Group's approval, provided that the location would not prejudice the existing retail stores in the Group's retail network or the rights of other franchisees.

The Group will enter into a formal franchise agreement with a franchisee which contains terms relating to their respective obligations. Set out below are the salient terms of a typical franchise agreement that the Group would generally enter into with a franchisee (including any franchisee who was a current or former employee) during the Track Record Period:

Franchise term: ....... The Group generally enters into a franchise agreement with a franchisee for a period of five years

Location: ............ The franchisee is generally granted an area in which to operate the retail chain

Fees: ............... A fixed franchise fee is generally required to be paid by the franchisee prior to the opening date of the retail store and upon each subsequent renewal, the franchisee is also required to pay monthly royalty fees based on the monthly gross turnover

| | |
|---|---|
| Product lineup and pricing: . . . . . . . . . . . . | The franchisee is required to only sell optical products purchased from the Group or an authorised supplier, and the product lineup and price of the products sold by the franchisee must follow the policies determined by the Group |
| Minimum stock holding: . . . . . . . . . . . | The Group may set a minimum stockholding amount based on the size of the retail store, its targeted sales amount and the overall profile of the location |
| Performance targets: . . . | The franchisee is required to fulfil the performance targets set by the Group |
| Credit term: . . . . . . . . . . | The franchisee is generally granted a credit term up to 30 days |
| Termination: . . . . . . . . . . | The franchisee may generally terminate by serving notice on the Group where the Group is in breach of the franchise agreement. The Group may generally terminate the franchise agreement where the franchisee is in breach of the terms of the franchise agreement |

The performance targets set by the Group in each of the franchise agreements are generally set for reference only and it has been the Group's strategy to utilise such performance targets as a means to motivate the franchisee. Accordingly, the Group does not impose any penalties upon the franchisees for any failure to comply with the term and no penalty was imposed by the Group during the Track Record Period.

Aside from the above terms, the franchisee is responsible for all initial startup costs relating to the relevant opening of the retail store and the design of the retail store must be approved by the Group. Pursuant to the franchise agreements, the franchisee is required to operate the franchised retail store in accordance with the operating procedures set out by the Group which also includes an undertaking by the franchisee not to operate any business which will compete against the business of the Group and the Group will also carry out periodic inspections to ensure compliance with the terms of the franchise agreement.

For purchases of optical products from the Group by the franchisee, the relationship between the Group and the franchisee is that of a seller and buyer. The purchase and payment of optical products is not conditional on whether the franchisee is able to sell those optical products to retail customers and unsold optical products are not permitted to be returned to the Group. The Directors believe that the above arrangements also serve to prevent issues relating to channel stuffing, as the above terms would not be conducive for a franchisee to carry excessive inventory. Further, as the retail stores are required to utilise the POS system used by the Group, the Group can monitor the inventory levels of the relevant retail store to prevent over-stocking. During the Track Record Period, the franchisees generally settled the outstanding amount within the credit term. As at the Latest Practicable Date, approximately RM0.3 million or 99.1% of the Group's trade receivables as at 30 September 2019 was subsequently settled.

For the year ended 31 March 2017, 2018, 2019 and the six months ended 30 September 2019, nine, seven, seven and six of the then employees of the Group were shareholders of companies or members of partnerships operating franchised retail stores (the "**Employee Franchisees**"), further a minority shareholder of M Optical Sdn. Bhd. (which operates two self-owned retail stores), who was an employee of the Group as at the Latest Practicable Date, also had interest in a company operating a franchised retail store (the "**Shareholder Franchisee**"). Revenue generated during the Track Record Period from the franchised retail stores operated by the Employee Franchisees and Shareholder Franchisee amounted to approximately RM1.0 million, RM0.5 million, RM0.4 million and RM0.1 million in aggregate, respectively which was derived from a total of five franchised retail stores of which four were invested by the Employee Franchisees and one was invested by the Shareholder Franchisee.

Unlike the non-wholly owned retail stores under the Group's Retailing Business whereby the Group would invite the selected employees for the purposes of establishing a new retail store with a view of retaining the selected employees, the Employee Franchisees and Shareholder Franchisee had all approached the Group with purposes of obtaining a franchise. For the franchised retail stores under the Group's franchising business, save for having to operate in accordance with the terms of the relevant franchise agreement, the Employee Franchisees and the Shareholder Franchisee are largely independent in their operations and would generally be responsible for the day-to-day operations of those retail stores in an owner-operator capacity.

As at the Latest Practicable Date, save for the Shareholder Franchisee, no persons who are shareholders of the companies or members of partnerships operating the franchised retail stores are current employees of the Group. The Directors have confirmed that the Group intends to cease accepting any applications for the opening of a new franchise by any past or current employees after the Listing. The Directors have further confirmed that all the transactions with the above franchisees were conducted on normal commercial terms which were fair and reasonable and consistent with the terms offered to other franchisees.

***Licensing***

The Group's licensing business began in 2009 through the licensing of the Group's "MOG Eyewear" retail brand to a former employee and in the same year the Group licensed the use of its "Optical Arts" retail brand to the same former employee. Unlike the Group's approach with its franchisees, the Group does not in general provide continuous assistance and supervision to its licensees such as in relation to securing the store locations, procuring optical products and training of its employees. Under the Group's licensing business, the Group would enter into a licensing agreement in respect of its trademarks with the licensee, however unlike the terms of the franchise agreements, the licensee is not obligated to purchase its inventory from the Group. Set out below are the salient terms of the licensing agreements entered into between the Group and the licencee of the Group:

| | |
|---|---|
| License term: . . . . . . . . . | A period of five years |
| Location: . . . . . . . . . . . . | The licensee is only permitted to utilise the trademarks of the Group at the location as specified in the license agreement |
| Fees: . . . . . . . . . . . . . . . | The licensee is required to pay royalty fees based on the monthly turnover of the relevant licensed retail store |
| Trademark: . . . . . . . . . . . | The licensee is permitted to use the trademark of the Group as set out in the license agreement |
| Termination: . . . . . . . . . . | The Group may generally terminate by serving notice on the licensee where the licensee is in breach of the license agreement |

In addition to the above provisions, the Group is also entitled to inspect the licensee's books and records and all other documents and materials in the possession of or under the control of the licensee subject to the terms of the license agreement and the Group will also carry out periodic inspections to ensure compliance with the license agreement. Where the licensee is involved in any legal action relating to the licensed trademarks of the Group, the Group is entitled to take any action and to determine whether and when any settlement or compromises should be made and the licensee is required to co-operate with the Group in this regards. The licensee is also required to provide an indemnity to the Group for any unauthorised use of the Group's trademarks. The Directors believe that given the provisions of the licensee agreements, the Group is capable of preventing any misuse of its trademarks by its licensee, as the above provisions permit the Group to inspect the materials of the licensee to ensure compliance with the license agreement and to deal with legal actions relating to the licensed trademarks in a manner which is in the interests of the Group.

**Minority Sales Business**

The Group's Minority Sales Business refers to the sales of optical products to the Malaysian Interested Companies, namely App New Success Eyewear, E Zone Eyewear, New Success Eyewear and Mido Eyewear and specifically, the Manufacturers' Brands optical products, to its Thai Interested Companies, namely MOG Thailand, MOG Bangkok and Oppa Eyewear. The sales of optical products to the Malaysian Interested Companies and the Thai Interested Companies began in 2013 and 2017, respectively, which in the case of the Malaysian Interested Companies was around the period in which the first of the Malaysian Interested Companies was incorporated, being Mido Eyewear and in the case of the Thai Interested Companies, around the period in which they were incorporated. This arrangement was primarily as a means to ensure that they would have a stable access to optical products at the early stage of their business.

The Malaysian Interested Companies were interested in by a Controlling Shareholder, namely Dato' Henry Ng and a connected person. During the year ended 31 March 2019, the Group acquired the entire interest of Mido Eyewear and the controlling interest in New Success Eyewear, which in turn holds controlling interest in App New Success Eyewear and E Zone Eyewear, from amongst others, including Dato' Henry Ng. These acquisitions were undertaken in order to consolidate the interests of the Controlling Shareholders in businesses relating to the sales of optical products in Malaysia into the Group. For details relating to the acquisition, please refer to note 31 to the Accountants' Report in Appendix I to this prospectus.

As for the Thai Interested Companies, they are interested in by a Controlling Shareholder, namely Dato' Frankie Ng and as at the Latest Practicable Date, the Group has ceased the sales of optical products to them. The Group had decided to cease the sales of optical products to them as (i) the revenue generated was not significant and this arrangement was meant to be a temporary measure until they had developed their own supply network; (ii) Dato' Frankie Ng had merely held minority interests in the Thai Interested Companies and was not involved in their day-to-day operation; and (iii) it is the Group's intention to focus on the Malaysian eyewear retail market. Accordingly, the Directors do not consider it prudent to devote the Group's resources to further assist in the development of the supply network of the Thai Interested Companies. Based upon the understanding of the Directors, the Thai Interested Companies have since sought out OEM and ODM manufacturers based in the PRC to supplement their International Brands optical product line up which was sourced from suppliers based locally.

## RETAIL NETWORK

The Group has one of the largest retail networks in Malaysia which as at the Latest Practicable Date comprised 83 self-owned, 10 franchised and two licensed retail stores. These 95 retail stores all operate under the Group's 11 retail brands and are spread out across Central, Northern, Southern and Eastern Peninsula Malaysia.

### Retail brands

The Group adopts a multi-brand strategy to cater to different demographics within the eyewear retail market. According to the Ipsos Report, a multi-brand strategy allows retailers to (i) cover a broader market by catering to different market segment, (ii) strengthen brand awareness and a retailer's bargaining power, and (iii) enable quick responses to changing market conditions. As at the Latest Practicable Date, the Group's retail brand portfolio comprised 10 retail brands, namely "MOG Eyewear", "MOG Boutique", "MOG Creations", "Optical Arts", "Sunglass Art", "M-Trend", "Eyezone", "OOPPA", "Watch Out" and "MOG Express" which enables the Group to target the high-end, mid-end and mass-market segments of the eyewear retail market. The Directors believe that the categorisation of the retail brands into mass-market, mid-end and high-end segments is the industry norm for the eyewear retail market in Malaysia as the market positioning of a retail brand is subject primarily to their product lineup which can be readily segregated into distinct price categories. The Group has also tailored its retail brands to target specific sub-segments with the aforementioned high-end, mid-end and mass-market segments as the high-end, mid-end and mass-market segments of the eyewear retail market may themselves be subject to further segmentation based upon factors such as customer age demographics. The Directors further believe that by specifically catering to the sub-segments of the high-end, mid-end and mass-market segments, the Group can gain a broader mass appeal and improve its market penetration. In addition to the aforementioned 10 retail brands, the Group's retail brand portfolio also included "Lens:Me" which focuses on the sales of contact lenses. Details as to the Group's 11 retail brands are set out as follows:

| Name of retail brand | Brand highlights and particulars |
|---|---|
| 1. MOG | • Launched in 2004<br>• Targets the mid-end segment and all age demographic groups<br>• Focuses on the sales of optical products from international high-street fashion and optical brands |
| 2. MOG Boutique | • Launched in 2007<br>• Targets the high-end segment and all age demographic groups<br>• Focuses on the sales of optical products from international luxury fashion and optical brands |
| 3. MOG EYEWEAR creations | • Launched in 2007<br>• Targets the mid-end segment and all age demographic groups<br>• Focuses on the sales of optical products from international high-street fashion and optical brands, in particular niche brands |

| Name of retail brand | Brand highlights and particulars |
|---|---|
| 4. Optical Arts | • Launched in 2008<br>• Targets the mid-end segment and the aged 18–34 demographic<br>• Focuses on the sales of optical products from international high-street fashion and optical brands |
| 5. Sunglass Art | • Launched in 2009<br>• Targets the mid-end segment<br>• Focuses on the sales of sunglasses |
| 6. M-TREND 트렌디옵틱 | • Launched in 2014<br>• Targets the mass-market segment and the aged 18–34 demographic<br>• Focuses on the sales of optical products from the Group's Own Brands that are unique to the "M-Trend" retail brand |
| 7. OOPPA | • Launched in 2015<br>• Targets the mass-market segment and the aged 18–34 demographic<br>• Focuses on Korean style fast fashion optical products |
| 8. W watch out | • Launched in 2016<br>• Targets the mass-market segment and primarily operates as discount store for seasonal clearance of the Group's International Brand optical products. Its product offerings also include the Group's Own Brands, Manufacturers' Brands and watches |
| 9. EYEZONE | • Acquired in 2018<br>• Targets the mass-market segment and the aged 18–34 demographic<br>• Focuses on the sales of optical products from the Group's Own Brands that are unique to the "Eyezone" retail brand |
| 10. LENS:ME | • Launched in 2018 and focuses on the sales of contact lenses |
| 11. MOG EXPRESS | • Launched in 2019<br>• Targets the mass-market segment and all demographic age groups and primarily operates in hypermarkets<br>• Focuses on the sales of optical products from the Group's Manufacturers' Brands and to provide prescription eyewear to its retail customers within approximately an hour of their order |

Set out below are details relating to the selling price range at which the Group's principal optical products would generally fall under its 11 retail brands during the Track Record Period:

| | Frames | | Sunglasses | | Lens | | Contact Lens | |
|---|---|---|---|---|---|---|---|---|
| | From | To | From | To | From | To | From | To |
| | RM | RM | RM | RM | RM | RM | RM | RM |
| **High-end segment** | | | | | | | | |
| MOG Boutique | 89 | 511 | 199 | 800 | 31 | 540 | 50 | 135 |
| **Mid-end segment** | | | | | | | | |
| MOG Eyewear | 61 | 400 | 99 | 690 | 33 | 450 | 48 | 120 |
| Optical Arts | 63 | 400 | 99 | 600 | 25 | 476 | 50 | 120 |
| MOG Creations | 63 | 477 | 99 | 671 | 50 | 520 | 50 | 130 |
| Sunglass Art | 63 | 360 | 99 | 690 | 47 | 315 | 55 | 113 |
| **Mass-market segment** | | | | | | | | |
| Ooppa | 33 | 198 | 60 | 336 | 28 | 298 | 48 | 123 |
| M-Trend | 38 | 200 | 60 | 566 | 23 | 275 | 48 | 120 |
| Eyezone | 48 | 240 | 64 | 480 | 25 | 240 | 35 | 105 |
| MOG Express | 50 | 260 | 68 | 422 | 25 | 285 | 35 | 66 |
| Watch Out | 92 | 376 | 99 | 500 | 35 | 259 | 45 | 100 |
| **Others** | | | | | | | | |
| Lens:Me | N/A | N/A | N/A | N/A | N/A | N/A | 50 | 125 |

Set out below are sample photos of the retail stores operating under the Group's 11 retail brands:

## Number and movement of retail stores by retail brands

The following table sets out the movement of number of the retail stores in the Group's retail network by retail brands during the Track Record Period and up to the Latest Practicable Date:

| | MOG Eyewear | MOG Boutique | MOG Creations | Optical Arts | Sunglass Art | M-Trend | Eyezone | OOPPA | Watch Out | MOG Express | Lens:Me | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 April 2016** | | | | | | | | | | | | |
| – Self-owned retail stores | 29 | 1 | 1 | 4 | 1 | 4 | – | 2 | – | – | – | 42 |
| – Franchised retail stores | 5 | – | – | 4 | 1 | – | – | – | – | – | – | 10 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| *Add: Opened during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 4 | 1 | – | – | – | 4 | – | 4 | 1 | – | – | 14 |
| *Less: Ceased operation during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 1 | – | – | – | – | – | – | – | – | – | – | 1 |
| **As at 31 March 2017** | | | | | | | | | | | | |
| – Self-owned retail stores | 32 | 2 | 1 | 4 | 1 | 8 | – | 6 | 1 | – | – | 55 |
| – Franchised retail stores | 5 | – | – | 4 | 1 | – | – | – | – | – | – | 10 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| *Add: Opened during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 5 | – | – | – | – | 3 | – | 1 | – | – | – | 9 |
| – Franchised retail stores | – | – | – | 1 | – | – | – | – | – | – | – | 1 |
| *Less: Ceased operation during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 1 | – | – | – | – | 1 | – | 1 | – | – | – | 3 |
| – Franchised retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| **As at 31 March 2018** | | | | | | | | | | | | |
| – Self-owned retail stores | 36 | 2 | 1 | 4 | 1 | 10 | – | 6 | 1 | – | – | 61 |
| – Franchised retail stores | 4 | – | – | 4 | 1 | – | – | – | – | – | – | 9 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| *Add: Opened/acquired during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 2 | – | – | 1 | 1 | 3 | 2 | 3 | 1 | 1 | 2 | 16(Note) |
| *Less: Ceased operation during the year* | | | | | | | | | | | | |
| – Self-owned retail stores | 1 | 1 | – | – | – | – | – | – | – | – | – | 2 |
| – Franchised retail stores | – | – | – | 1 | – | – | – | – | – | – | – | 1 |
| **As at 31 March 2019** | | | | | | | | | | | | |
| – Self-owned retail stores | 37 | 1 | 1 | 5 | 2 | 13 | 2 | 9 | 2 | 1 | 2 | 75 |
| – Franchised retail stores | 4 | – | – | 3 | 1 | – | – | – | – | – | – | 8 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| *Add: Opened during the period* | | | | | | | | | | | | |
| – Self-owned retail stores | 2 | – | – | 1 | – | 1 | – | 3 | – | 4 | – | 11 |
| – Franchised retail stores | – | – | – | 1 | – | – | – | – | – | – | – | 1 |
| *Less: Ceased operation during the period* | | | | | | | | | | | | |
| – Self-owned retail stores | – | – | – | 1 | – | 1 | – | – | – | – | – | 2 |
| – Franchised retail stores | – | – | – | – | – | – | – | – | – | – | – | – |
| **As at 30 September 2019** | | | | | | | | | | | | |
| – Self-owned retail stores | 39 | 1 | 1 | 5 | 2 | 13 | 2 | 12 | 2 | 5 | 2 | 84 |
| – Franchised retail stores | 4 | – | – | 4 | 1 | – | – | – | – | – | – | 9 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |
| *Add: Opened during the period* | | | | | | | | | | | | |
| – Franchised retail stores | 1 | – | – | – | – | – | – | – | – | – | – | 1 |
| *Less: Ceased operation during the period* | | | | | | | | | | | | |
| – Self-owned retail stores | – | – | – | – | – | – | – | 1 | – | – | – | 1 |
| **As at the Latest Practicable Date** | | | | | | | | | | | | |
| – Self-owned retail stores | 39 | 1 | 1 | 5 | 2 | 13 | 2 | 11 | 2 | 5 | 2 | 83 |
| – Franchised retail stores | 5 | – | – | 4 | 1 | – | – | – | – | – | – | 10 |
| – Licensed retail stores | 1 | – | – | 1 | – | – | – | – | – | – | – | 2 |

*Note:* Amongst the 16 self-owned retail stores, six were acquired by the Group during the year ended 31 March 2019 through the acquisition of their direct or indirect holding companies. For details, please refer note 31 of the Accountants' Report in Appendix I to this prospectus.

***Closed retail stores***

*Self-owned retail stores*

The Group had, for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 closed a total of one, three, two and two self-owned retail stores, respectively. The table below sets out certain details relating to the closure of self-owned retail stores during the Track Record Period:

| | For the year ended 31 March | | | For the six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| **Total number of self-owned retail stores closed during the year/period** | 1 | 3 | 2 | 2 |
| **Number of closed self-owned retail stores which was opened during:** | | | | |
| the year ended 31 March 2017 | — | 1 | 1 | — |
| the year ended 31 March 2018 | N/A | — | — | — |
| the year ended 31 March 2019 | N/A | N/A | — | 2 |
| the six months ended 30 September 2019 | N/A | N/A | N/A | — |

For the self-owned retail store which had closed during the year ended 31 March 2017, it had operated under the Group's "MOG Eyewear" retail brand. The retail store had closed as its financial performance had not met the expectations of the Group, but was not loss-making prior to its closure. For the three self-owned retail stores which had closed during year ended 31 March 2018, they had operated under the Group's "MOG Eyewear", "M-Trend" and "OOPPA" retail brand. The "MOG Eyewear" retail store had closed due to the unexpected closure of the shopping complex at which it was located, while both the "M-Trend" and "OOPPA" retail store had closed as they were loss-making. However, in the case of the "OOPPA" retail store which was opened during the year ended 31 March 2017, the Directors attribute its financial performance to its location in the shopping complex which differed from the floor plans initially presented to the Group prior to its opening. For the two self-owned retail stores which had closed during the year ended 31 March 2019, they had operated under the Group's "MOG Eyewear" and "MOG Boutique" retail brands and had closed as they were loss-making. The Directors attribute the closure of the "MOG Eyewear" retail store to the declining occupancy rate at the shopping complex; as for the "MOG Boutique" retail store which was opened during the year ended 31 March 2017, its closure was primarily due to its location. Finally, for the two self-owned retail stores which had closed during the six months ended 30 September 2019, they had operated under the Group's "Optical Arts" and "M-Trend" retail brands and neither of which were loss-making. The self-owned retail store which was opened during the year ended 31 March 2019 and operated under the Group's "Optical Arts" retail brand had been acquired by its landlord as a franchised retail store, while the retail store which was opened during the year ended 31 March 2019 and operated under the Group's "M-Trend" retail brand had relocated to another location which was owned by the same landlord. As for the "OOPPA" retail store which closed subsequent to the Track Record Period, it had closed as its financial performance did not meet the expectations of the Group, but was not loss-making prior to its closure.

*Franchised retail stores*

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, nil, two, one and nil of the franchised retail stores in the Group's retail network had ceased operation. The two franchised retail stores which had ceased operations during the year ended 31 March 2018 had operated under the Group's "Optical Arts" and "MOG Eyewear" retail brands. The franchised retail store which had operated under the "Optical Arts" retail brand had closed due to its owner choosing to pursue other business endeavours, as for the franchised retail store that had operated under the "MOG Eyewear" retail brand, the Group had terminated its franchise rights for the breaches of the relevant franchise agreement by the franchisee. During the year ended 31 March 2017, the Group had pursuant to its periodic inspections discovered that the franchisee had sold optical products that were not sourced in accordance with the franchise agreement. Accordingly, the Group had served a notice to the franchisee demanding that they remedy such default which was not complied with and in January 2017 the Group had served a notice of termination. As confirmed by the Directors, save for the termination of the franchise rights, no further action was undertaken by the Group. As for the franchised retail store which had ceased operations during the year ended 31 March 2019, it had operated under the Group's "Optical Arts" retail brand and had closed due to its financial performance.

***Loss-making retail stores***

During the Track Record Period, amongst the Group's self-owned retail stores, a total of six, nine, seven and three were loss-making (including those mentioned in the paragraph headed "Closed retail stores — Self-owned retail stores" in this section). The following table sets out certain details relating to the loss-making self-owned retail stores during the Track Record Period:

| | For the year ended 31 March | | | For the six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| **Total number of loss-making self-owned retail stores during the year/period** | 6 | 9 | 7 | 3 |
| **Number of loss-making self-owned retail stores which was opened/acquired during:** | | | | |
| the year ended 31 March 2017 | 3 | 4 | 1 | — |
| the year ended 31 March 2018 | N/A | 2 | 2 | 1 |
| the year ended 31 March 2019 | N/A | N/A | 3 *(Note)* | — |
| the six months ended 30 September 2019 | N/A | N/A | N/A | 2 |

*Note:* Amongst the three self-owned retail stores which were loss-making for the year ended 31 March 2019, two were acquired by the Group during the year ended 31 March 2019 through the acquisition of their direct holding companies.

The Directors attribute the loss-making of above self-owned retail stores to a variety of reasons including the refurbishment of the shopping complex, lengthy suspension of services in regards to the KL Monorail Line, the departure of anchor tenants and the low occupancy of the shopping complexes at which the self-owned retail stores are located. Also, amongst the loss-making retail stores during the Track Record Period, three, two, one and two respectively had only been opened for 12 months or less. The Directors consider that, in general newly opened self-owned retail stores are susceptible to loss-making as retail customers may not always be immediately aware of their presence and additional time may be required for them to develop their customer base. However, in respect of all loss-making self-owned retail stores (irrespective of whether they are newly opened/acquired or not), it is the Group's policy to review the causes for their loss-making including assessing the product mix of the relevant self-owned retail store to ensure that it is in line with the spending power and/or demographics of its customer base. The Group may implement remedial measures including (i) changing the product mix of that retail store to match the spending power and/or demographics of its customer base, (ii) carrying out additional marketing activities for that particular retail store, (iii) reviewing employee performance and eliminating underperforming employees, and (iv) attempting to negotiate with the relevant landlords to reduce the monthly rental payable. After implementing the relevant strategy, the Group will conduct periodic reviews as to their effectiveness and may also consider closing the relevant self-owned retail store if its remedial measures are proved unsuccessful.

Amongst the loss-making self-owned retail stores which opened during the year ended 31 March 2017, their total number had generally exhibited a decrease during the Track Record Period which was similarly true for those loss-making self-owned retail stores which were opened and/or acquired during the years ended 31 March 2018 and 2019. The Directors also attribute the decline in the total number of loss-making self-owned retail stores to (i) increasing customer awareness arising from the maturity of these self-owned retail stores and (ii) the Group's ability in identifying the causes of their loss-making and its efforts in implementing effective remedial measures. The Directors expect that the loss-making self-owned retail stores which were opened during the six months ended 30 September 2019 to follow a similar pattern in the future.

The Directors confirm that the Group's revenue is not concentrated in any single retail store and for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, none of the self-owned retail stores had contributed more than 10.0% of the Group's total revenue.

***New self-owned retail store performance***

During the Track Record Period, the Group opened 44 new self-owned retail stores (excluding the six self-owned retail stores acquired by the Group during the year ended 31 March 2019), amongst which 25 had achieved its investment payback with an average investment payback period of approximately 13.7 months. For the 19 self-owned retail stores which had yet to achieve their investment payback as at 30 September 2019: (i) two were opened during the year ended 31 March 2017 and had operated under the Group's "OOPPA" and "MOG Boutique" retail brands, had ceased operations during the year ended 31 March 2018 and 2019 respectively; (ii) one was opened during the year ended 31 March 2019 operating under the Group's "M-Trend" retail brand, had relocated to another location which was owned by the same landlord; and (iii) one was opened during the year ended 31 March 2019 and operated under the Group's "Optical Arts" retail brand, had been converted into a franchised retail store. For further details regarding their closure, please refer to "Closed retail stores — Self-owned retail stores" in this section. As for the other 15, nine were opened during the six months ended 30 September 2019, four were opened during the year ended 31 March 2019, two were opened during the year ended 31 March 2018. The Directors consider a retail store as having achieved its investment payback when the Group has recouped its initial investment (being, amongst others, the renovation and equipment costs incurred). The average breakeven period for these 44 self-owned retail stores opened by the

Group during the Track Record Period was approximately 1.5 months. Set out below are details relating to the average investment payback period and average breakeven period of the Group's new self-owned retail stores (excluding the six retail stores acquired by the Group during the year ended 31 March 2019) by geographical location:

| | Central Peninsular Malaysia | Eastern Peninsular Malaysia | Southern Peninsular Malaysia | Northern Peninsular Malaysia |
|---|---|---|---|---|
| Average investment payback period of the new self-owned retail stores . . . . | 13.9 months | 16.0 months | 10.1 months | 20.0 months |
| Average breakeven period of the new self-owned retail stores . . . . . . . . . . . | 1.5 months | 1.8 months | 1.4 months | 1.7 months |
| Number of new self-owned retail stores opened during the Track Record Period . . . . . . . . . . . . . . . . . . . . . . . | 18 | 4 | 19 | 3 |
| Number of new self-owned retail stores which had yet to achieve their investment payback as at 30 September 2019 . . . . . . . . . . . . . . . . | 7 | 1 | 11 | — |

For the additional self-owned retail stores to be opened by the Group, the Directors expect that their breakeven and investment payback period will be similar to those opened by the Group during their Track Record Period. Further, the Directors also expect that their gross profit margins will also be at a similar level to those opened by the Group during the Track Record Period. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the gross profit margin of all the self-owned retail stores opened/acquired by the Group during the Track Record Period was approximately 58.4%, 61.2%, 64.4% and 63.9% which was comparable to the Group's overall gross profit margin of approximately 56.4%, 60.7%, 63.3% and 63.8% for its self-owned retail stores during the same period.

**Geographical distribution of the Group's retail network**

As the majority of the Malaysian population is based in Peninsular Malaysia the Group has regarded Peninsular Malaysia as the core market for its retail network. The Group's retail stores are primarily concentrated in Central Peninsular Malaysia and Southern Peninsular Malaysia as the central tenet of the Group's expansion strategy has been to locate its retail stores in prime cities. Located in Central Peninsular Malaysia are the key regions of Kuala Lumpur, the capital of Malaysia and Selangor, which is one of the fastest growing regions in Malaysia. Southern Peninsular Malaysia is home to the city of Johor Bahru, which is a frequent location for tourists from Singapore. The following table sets out a breakdown of the Group's revenue derived from its Retailing Business by geographical distribution during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Central Peninsular Malaysia . . | 44,121 | 45.7 | 49,556 | 44.5 | 60,684 | 46.3 | 25,746 | 43.3 | 33,691 | 45.8 |
| Southern Peninsular Malaysia . | 31,150 | 32.2 | 37,315 | 33.5 | 42,599 | 32.4 | 20,679 | 34.7 | 26,165 | 35.6 |
| Northern Peninsular Malaysia . | 18,005 | 18.7 | 20,531 | 18.4 | 22,378 | 17.0 | 10,441 | 17.5 | 10,388 | 14.1 |
| Eastern Peninsular Malaysia . . | 3,318 | 3.4 | 3,958 | 3.6 | 5,701 | 4.3 | 2,695 | 4.5 | 3,272 | 4.5 |
| **Total** . . . . . . . . . . . . . . . . | **96,594** | **100.0** | **111,360** | **100.0** | **131,362** | **100.0** | **59,561** | **100.0** | **73,516** | **100.0** |

The Directors believe that well-located retail stores are key elements for success in the eyewear retail market in Malaysia and in general, the Group strives to strategically locate the retail stores in shopping complexes as the Directors consider that shopping complexes will generally have high pedestrian traffic which enables to easy access to the retail stores by target customers. As at the Latest Practicable Date, the 83 self-owned retail stores in the Group's retail network could be found across Central, Southern, Northern and Eastern Peninsular Malaysia.

The following map illustrates the approximate locations of the retail stores in the Group's retail network as at the Latest Practicable Date:


*Note:* The locations of the retail stores in the map above are for reference only and may not be an indication of their exact locations.

The following table sets out the number of retail stores operating under each of the Group's retail brands by geographical location as at the Latest Practicable Date:

| | Central Peninsular Malaysia | Eastern Peninsular Malaysia | Southern Peninsular Malaysia | Northern Peninsular Malaysia | Total |
|---|---|---|---|---|---|
| | **No. of retail stores** | **No. of retail stores** | **No. of retail stores** | **No. of retail stores** | **No. of retail stores** |
| MOG Eyewear | 24 | 3 | 11 | 7 | 45 |
| MOG Boutique | 1 | — | — | — | 1 |
| MOG Creations | — | — | — | 1 | 1 |
| Optical Arts | 4 | — | 4 | 2 | 10 |
| Sunglass Art | 2 | — | 1 | — | 3 |
| M-Trend | 5 | 1 | 6 | 1 | 13 |
| Eyezone | 2 | — | — | — | 2 |
| OOPPA | 6 | 1 | 3 | 1 | 11 |
| Watch Out | — | — | 1 | 1 | 2 |
| MOG Express | 1 | — | 4 | — | 5 |
| Lens:Me | — | — | 2 | — | 2 |
| Total | **45** | **5** | **32** | **13** | **95** |

**Expansion of the Group's retail network through the opening of new self-owned retail stores**

The Group endeavours to continue to expand its retail network and the Directors believe that through expanding its network, the Group can increase its market share and improve the awareness of its 11 retail brands amongst the general public. For further details as to the Group's expansion plans, please refer to "Business strategies — Continue to expand the Group's retail network" in this section. Set out below is a flow chart showing the major stages involved in the opening of the Group's self-owned retail stores.


***Site identification and selection***

During the Track Record Period, the Group would from time-to-time seek to identify new potential locations for expansion of its retail network through discussions with the various owners of shopping complexes as well as with the minority shareholders of the non-wholly owned retail stores (if applicable). When identifying and selecting potential locations for the expansion of the retail network of the Group, the Group will consider various factors, including but not limited to the followings:

- flow and level of pedestrian traffic and potential customer traffic in and around the potential site (e.g. existence of commercial, business and residential establishments nearby, the demographics of the surrounding site, its ease of accessibility to potential customers and proximity to public transport);
- spending patterns of the potential customers in and around the potential site;
- level of actual and potential competition (e.g. proximity to competitors);
- initial capital outlay required for the opening of the retail store;
- potential lease terms and readiness for occupancy; and

- size and condition of the premises.

In general, the above results would be summarised into a feasibility report for presentation to the Directors for their consideration. The typical floor area of the retail stores in the Group's retail network during the Track Record Period ranged from approximately 258 sq.ft. to 2,034 sq.ft. During the Track Record Period, the Group's expansion strategy has largely been to expand its retail network through opening new retail stores in shopping complexes as the Directors believe that this strategy will enable the Group to have consistent access to potential customers.

***Evaluation and approval***

After the preparation of the feasibility report is completed, it will be presented to the Directors for their consideration together with a projection analysis outlining the expected revenue, costs involved and breakeven point in relation to the potential new retail store. In addition, the Directors may also evaluate other factors before making the final decision, such as its potential effect on other retail stores in the same district (including potential synergy). Where the potential site is located in the same district as other retail stores in the Group's retail network, the Group may still proceed with opening an additional retail store in that district, however this would only be so if the Directors consider that the district has sufficient customers to cater to more than one retail store or where the retail store is opened under a retail brand which would not directly compete with the existing retail store.

***Negotiation of the lease***

Once the Group has internally approved the opening of a new retail store, it will commence negotiations with the owner of the property for the purposes of obtaining a suitable lease. On average the initial lease term will be for a period of two years with a rent free period of approximately one month during which the Group will commence renovation of the new retail store. The Group will in general also negotiate for an option to renew for a term equal to the initial lease term.

***Renovation***

Upon signing of the relevant lease agreement, the general manager of the Group will seek quotations from professionals to design the layout of the new retail store. Once approved by the Directors and senior management, the Group will commence renovation of the new retail store. The capital expenditure for opening a new retail store will vary based on numerous factors, including but not limited to rental cost, size, design and materials used.

***Staffing of retail stores***

Upon completion of the renovation, employees will be staffed at the new retail store. The Group generally strives to relocate a certain number of existing employees to the new retail store in addition to recruiting new employees, as the Directors believe that such an arrangement will ensure the smooth operation of the newly established retail store. For new employees, the Group will provide relevant on-site training as well as periodic training at its headquarters. For details, please refer to "Employees — Employee training" in this section.

***Procurement***

In general, procurement of the Group's optical products is conducted on a centralised basis, except in the case of customised lenses which are ordered by the individual retail store from the approved suppliers directly. For further details relating to the Group's procurement policies, please refer to "Inventory control" in this section.

## SUPPLIERS

The Group generally sources its optical products from an internal approved list of suppliers who are mainly located in Malaysia, so as to ensure the quality of the products supplied. As at the Latest Practicable Date, the Group had more than 160 approved suppliers included on its internal approved list. For the Group's International Brands, the optical products are only sourced from authorised distributors or the brand holders themselves so as to ensure the authenticity of the optical products supplied. Accordingly, the Group will only include the authorised distributors or the brand holders on its internal approved list. As confirmed by the Directors, during the Track Record Period and up to the Latest Practicable Date, the Group did not purchase any of the optical products in respect of its International Brands by way of parallel import. For the Group's Own Brands and Manufacturers' Brands, the inclusion of a supplier is based on a number of selection criteria including (i) their reputation; (ii) the quality of the optical products supplied; (iii) their prices and payment schedule; (iv) delivery schedule; and (v) their after sales service support. The internal approved list is reviewed by the Group from time to time and suppliers may be removed from the list if the Group does not consider their performance acceptable, such as where there are delays in the delivery of optical products. The Directors confirm that they do not foresee any material difficulties in finding substitute suppliers should the need arise given the Group's extensive list of suppliers. During the Track Record Period, the purchases by the Group from its suppliers were conducted through purchase orders and the purchases mainly consisted of lenses, frames, contact lenses and sunglasses. The total purchases by the Group of these optical products amounted to approximately RM60.2 million, RM58.9 million, RM58.7 million and RM35.6 million for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively.

### Five largest suppliers

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, purchases from the five largest suppliers of the Group accounted for approximately 55.3%, 50.9%, 54.9% and 57.0% of the Group's total purchases while purchases from the largest supplier of the Group accounted for approximately 18.9%, 13.8%, 15.3% and 19.0%, respectively. As at the Latest Practicable Date, the length of the Group's business relationships with its five largest suppliers ranged from five to 11 years.

The following tables set out the background details of the five largest suppliers of the Group and its total purchases from them during the Track Record Period:

***Year ended 31 March 2017***

| Ranking | Supplier | Principal business nature | Principal product supplied | Year of commencement of business relationship | Typical credit terms and payment method | Total purchases | Approximate % of total purchases of the Group |
|---|---|---|---|---|---|---|---|
| | | | | | | (RM'000) | |
| 1 | Supplier A | Manufacturing and distribution of baby and healthcare products and the distribution of pharmaceutical and medical products in Malaysia. | Contact lenses | 2010 | End of the month plus three months, cheque | 11,403 | 18.9% |
| 2 | Supplier B | Wholesaling, importing and distribution and dealing of fashion, luxury and sports eyewear products, merchandise and accessories in Malaysia. | Frame and sunglasses | 2014 | End of the month plus 60 to 90 days, cheque | 9,897 | 16.4% |
| 3 | Supplier C | Importing and distribution of contact lenses in Malaysia. | Contact lenses | 2008 | 60 days from statement date, cheque | 4,715 | 7.8% |
| 4 | Supplier D | Distribution of ophthalmic products and eye care products in Malaysia. | Lenses | 2008 | 30 days from statement date, cheque | 4,065 | 6.8% |
| 5 | Supplier E | Distribution of optical products and the rendering of laboratory services for the grinding of lenses in Malaysia. | Lenses | 2008 | 30 days, cheque | 3,223 | 5.4% |
| | **Total** | | | | | **33,303** | **55.3%** |

***Year ended 31 March 2018***

| Ranking | Supplier | Principal business nature | Principal product supplied | Year of commencement of business relationship | Typical credit terms and payment method | Total purchases | Approximate % of total purchases of the Group |
|---|---|---|---|---|---|---|---|
| | | | | | | (RM'000) | |
| 1 | Supplier A | Manufacturing and distribution of baby and healthcare products and the distribution of pharmaceutical and medical products in Malaysia. | Contact lenses | 2010 | End of the month plus three months, cheque | 8,109 | 13.8% |
| 2 | Supplier B | Wholesaling, importing and distribution and dealing of fashion, luxury and sports eyewear products, merchandise and accessories in Malaysia. | Frame and sunglasses | 2014 | End of the month plus 60 to 90 days, cheque | 7,964 | 13.5% |
| 3 | Supplier C | Importing and distribution of contact lenses in Malaysia. | Contact lenses | 2008 | 60 days from statement date, cheque | 5,850 | 9.9% |
| 4 | Supplier D | Distribution of ophthalmic products and eye care products in Malaysia. | Lenses | 2008 | 30 days from statement date, cheque | 5,260 | 8.9% |
| 5 | Supplier F | Marketing and distribution of goods encompassing consumer goods and healthcare and performance materials. | Contact lenses | 2008 | 30 days from first of next month, cheque | 2,805 | 4.8% |
| | **Total** | | | | | **29,988** | **50.9%** |

***Year ended 31 March 2019***

| Ranking | Supplier | Principal business nature | Principal product supplied | Year of commencement of business relationship | Typical credit terms and payment method | Total purchases | Approximate % of total purchases of the Group |
|---|---|---|---|---|---|---|---|
| | | | | | | (RM'000) | |
| 1 | Supplier A | Manufacturing and distribution of baby and healthcare products and the distribution of pharmaceutical and medical products in Malaysia. | Contact lenses | 2010 | End of the month plus three months, cheque | 9,006 | 15.3% |
| 2 | Supplier B | Wholesaling, importing and distribution and dealing of fashion, luxury and sports eyewear products, merchandise and accessories in Malaysia. | Frame and sunglasses | 2014 | End of the month plus 60 to 90 days, cheque | 8,700 | 14.8% |
| 3 | Supplier D | Distribution of ophthalmic products and eye care products in Malaysia. | Lenses | 2008 | 30 days from statement date, cheque | 5,542 | 9.4% |
| 4 | Supplier C | Importing and distribution of contact lenses in Malaysia. | Contact lenses | 2008 | 60 days from statement date, cheque | 5,478 | 9.3% |
| 5 | Supplier F | Marketing and distribution of goods encompassing consumer goods and healthcare and performance materials. | Contact lenses | 2008 | 30 days from first of next month, cheque | 3,557 | 6.1% |
| | Total | | | | | 32,283 | 54.9% |

***For the six months ended 30 September 2019***

| Ranking | Supplier | Principal business nature | Principal product supplied | Year of commencement of business relationship | Typical credit terms and payment method | Total purchases | Approximate % of total purchases of the Group |
|---|---|---|---|---|---|---|---|
| | | | | | | (RM'000) | |
| 1 | Supplier A | Manufacturing and distribution of baby and healthcare products and the distribution of pharmaceutical and medical products in Malaysia. | Contact lenses | 2010 | End of the month plus three months, cheque | 6,769 | 19.0% |
| 2 | Supplier B | Wholesaling, importing and distribution and dealing of fashion, luxury and sports eyewear products, merchandise and accessories in Malaysia. | Frame and sunglasses | 2014 | End of the month plus 60 days, cheque | 5,718 | 16.0% |
| 3 | Supplier C | Importing and distribution of contact lenses in Malaysia. | Contact lenses | 2008 | 120 days from statement date, cheque | 2,721 | 7.6% |
| 4 | Supplier D | Distribution of ophthalmic products and eye care products in Malaysia. | Lenses | 2008 | 30 days from statement date, cheque | 2,658 | 7.5% |
| 5 | Supplier E | Distribution of optical products and the rendering of laboratory services for the grinding of lenses in Malaysia. | Lenses | 2008 | 30 days, cheque | 2,448 | 6.9% |
| | Total | | | | | 20,314 | 57.0% |

None of the Directors and their respective close associates or any Shareholder holding 5% or more of the issued share capital of the Group had any interest in any of the five largest suppliers of the Group during the Track Record Period.

## Master Supply Agreements

During the Track Record Period, the Group did not generally enter into any long-term supply agreements with its suppliers (save for the master supply agreements entered into with Supplier D and Supplier E respectively), rather the Group would enter into annual master supply agreements with its suppliers.

***Annual master supply agreements***

Set out below are the principal terms of the annual master supply agreements generally entered into between the Group and some of its five largest suppliers:

| | |
|---|---|
| Duration: . . . . . . . . . . . . | Generally a period of one year |
| Products: . . . . . . . . . . . . | Lenses, frames, contact lenses and sunglasses |
| Discount: . . . . . . . . . . . . | The Group may be entitled to a discount on the prices of the optical products supplied |
| Targeted purchase amount: . . . . . . . . . . . | The Group is required to achieve the various targeted purchase amounts as set in the master supply agreements. Upon achieving the purchase amount, the Group shall be entitled to rebates |
| Termination: . . . . . . . . . . | The suppliers are generally entitled to terminate the master supply agreement in the event of a breach or bankruptcy or arrangement with creditors or liquidation on the part of the Group |

***Master supply agreement with Supplier D***

Supplier D is an internationally renowned manufacturer of optical products, medical equipment and electronic components. During the Track Record Period, the Group had entered into a long-term master supply agreement with Supplier D for the supply of lenses. Set out below are the principal terms of the long-term master supply agreement entered into between the Group and Supplier D:

| | |
|---|---|
| Duration: . . . . . . . . . . . . | Three years |
| Products: . . . . . . . . . . . . | Lenses |
| Discount: . . . . . . . . . . . . | The Group is entitled to a discount on the prices of the optical products supplied by Supplier D |
| Targeted purchase amount: . . . . . . . . . . . | The Group is required to achieve the various targeted purchase amounts as set in the master supply agreements. Upon achieving the purchase amount, the Group shall be entitled to rebates |
| Marketing fund: . . . . . . . | The Group is entitled to funds for marketing purposes on activities as agreed by the parties |

***Master supply agreement with Supplier E***

Supplier E is an internationally renowned manufacturer of optical products. During February 2010, the Group had entered into a long-term master supply agreement with Supplier E for a period of seven years (the "**2010 Master Supply Agreement**") and upon its expiry, in January 2018, the Group had entered into a new long-term master supply agreement for a period of three years (the "**2018 Master Supply Agreement**"). Set out below are the principal terms of the 2010 Master Supply Agreement and the 2018 Master Supply Agreement entered into by the Group and Supplier E:

| | 2010 Master Supply Agreement | 2018 Master Supply Agreement |
|---|---|---|
| Duration: | Seven years with an option to extend for a further one year subject to the conditions therein | Three years unless otherwise renewed or terminated |
| Products: | Lenses | Lenses |
| Discount: | The Group is entitled to a discount on the prices of the optical products supplied by Supplier E | The Group is entitled to a discount on the prices of the optical products supplied by Supplier E |
| Purchase commitment: | The Group is required to achieve the purchase commitment within the period set out in the 2010 Master Supply Agreement, with specific yearly targets to be agreed. Upon achieving the requisite purchase commitments the Group shall be entitled to the rebates as set out in the 2010 Master Supply Agreement | The Group is required to achieve the purchase commitment within the period set out in the 2018 Master Supply Agreement. Where the Group fails to meet the purchase commitment as set out in the 2018 Master Supply Agreement and the total shortfall is less than a prescribed amount, the Group shall have the right to make up the shortfall in the subsequent three months. If the Group still fails to meet the shortfall, Supplier E shall have the right to claw back the shortfall against any rebates, discounts, incentives or any subsequent payments due to the Group. Upon achieving the purchase commitment, the Group shall be entitled to rebates for future purchases |
| Signing incentives: | As consideration for the Group entering into the 2010 Master Supply Agreement, Supplier E had provided a signing incentive in the form of a cash payment amounting to approximately RM3.2 million to the Group | N/A |

| | 2010 Master Supply Agreement | 2018 Master Supply Agreement |
|---|---|---|
| Bank guarantee: . . . . | The Group is required to obtain a bank guarantee of up to approximately RM1.3 million, which enables Supplier E to draw upon in the event that the Group fails to meet the purchase commitment and other terms set out in the 2010 Master Supply Agreement | N/A |
| Termination: . . . . . . . | Supplier E shall have the right to terminate the 2010 Master Supply Agreement in the event there is a breach of the purchase commitment by the Group | Supplier E shall have the right to suspend, withdraw, vary and/or terminate the 2018 Master Supply Agreement in the event that the Group breaches relevant terms |

As advised by the Malaysian Legal Advisers, failure to achieve the targeted purchase amounts set out in the master supply agreements as disclosed above will only affect the Group's entitlement to the rebates and would not result in the termination of the relevant master supply agreement itself, save in the case where the Group breaches the purchase commitments set out in the 2010 Master Supply Agreement and the 2018 Master Supply Agreement. As confirmed by the Directors, the Group did not breach any of the material terms of the master supply agreements and had met the targeted purchase amounts set out in master supply agreements as well as the purchase commitments set out in the 2010 Master Supply Agreement and the 2018 Master Supply Agreement during the Track Record Period and up to the Latest Practicable Date. The Directors also confirmed that the Group did not experience any material shortage or delay of supply due to defaults of its suppliers.

## LOGISTICS

During the Track Record Period, the suppliers of the Group would generally be responsible for delivering the optical products to either the Group's central warehouses or to the retail stores. However, the Group would also engage Independent Third Party logistics service providers to deliver the Group's optical products from the central warehouses to the retail stores.

## INVENTORY CONTROL

The Group's inventory primarily consists of lenses, frames, contact lenses and sunglasses. The merchandising department is responsible for managing the inventory both at the headquarters of the Group and at the self-owned retail stores. In general, the Group's optical product lineup is reviewed on a monthly basis and the merchandising department of the Group will regularly discuss matters relating to the latest trends, sales and inventory turnover with a goal of ensuring that the product lineup is competitive and capable of catering to the demands of the Group's retail customers.

Inventory for all the optical products of the Group are respectively maintained at the central warehouses and at each of the self-owned retail stores. Stock-takes of the Group's inventory at the central warehouses is performed regularly to ensure that the management of the Group has up-to-date records as to inventory levels. For inventory at the retail stores, to ensure that the management of the Group is kept up-to-date as to the inventory levels, on a daily basis, the managers at the retail stores will perform a stock-take on the inventory level and provide the results to the merchandising department of the Group. The merchandising department will review the result of the stock-take and ensure that the inventory level at the retail stores are consistent with the records maintained by the Group. If there is any inconsistency, the manager of the relevant retail store will be required to report to the merchandising department as to the reasons for such discrepancy. The merchandising department will also conduct sample checks on each of the retail stores from time to time and on an as-needed basis.

Incoming inventory, after preliminary visual examinations to ensure that there is no damage to the relevant product, is sorted based on product type and the respective quantity will be recorded by the merchandising department and the relevant front-line employee, likewise quantities of outgoing inventory will also be recorded by the merchandising department and the relevant front-line employees.

The Group in general replenishes its inventory at its central warehouses on a bi-monthly basis and as for the inventory at the retail stores, it is generally replenished on a monthly basis and also when the inventory levels drop to the minimum prescribed levels, upon which the relevant branch manager will send an order form to the merchandising department for resupply. For stock lenses and contact lens, the relevant branch manager will directly place an order with the supplier if the minimum prescribed level is reached. For other optical products such as customised lenses, the Group generally does not maintain any substantial inventory, rather they are ordered on request as per customer demand so as to minimise the inventory risk to the Group. The minimum inventory levels for each retail store and at the headquarters are generally determined with reference to historical sales as well as with reference to the particular model and type of the eyewear product.

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions. The Directors believe that maintaining appropriate levels of inventories helps the Group deliver its products to meet the market demands in a timely manner without straining its liquidity. As confirmed by the Directors, during the Track Record Period and up to the Latest Practicable Date, the Group did not materially write off any of its inventory due to obsolescence.

## CUSTOMERS

The Group's customers during the Track Record Period generally comprised (i) its retail customers who are members of the general public which purchase the Group's optical products through its self-owned retail stores; and (ii) its franchisees, Malaysian Interested Companies and Thai Interested Companies who purchased some or substantially all of their inventory from the Group. Due to the business nature of the Group, the revenue from retail customers of the Group accounted for approximately 94.8%, 96.4%, 98.3% and 98.7% of the Group's revenue during the Track Record Period. None of the Group's customers accounted for 5% or more of its total revenue for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 respectively and the Group did not rely on any single customer during the Track Record Period.

## SALES AND MARKETING

### Pricing Policy

The Group generally adopts a cost-plus pricing policy whereby the retail prices of the optical products are determined with reference to the purchase costs and the brand of the relevant optical products as well as the target profit margin. In addition, the Group will also take into account the relative pricing of its competitors in order to decide the final retail price. The Group has also adopted a policy whereby prices for identical models of optical products are generally the same throughout all the retail stores in its retail network.

## Seasonality

The Group's business is generally not subject to any seasonality effects and the Directors consider that this is primarily due to optical products being purchased on an as needed-basis, such as where there is a change in the condition of the retail customer's eyesight which would require new prescription glasses or where in the case of contact lenses, the customer having fully utilised their previous purchases. However, the Group's business commonly experiences fluctuations in business activities due to holidays, such as during Chinese New Years and Christmas where the Group will experience upticks in sales and during Ramadan where the Group will experience downticks in sales.

## Marketing

The Group recognises the importance of brand recognition and awareness in attracting potential customers and considers the recognition of its retail brands as one of its competitive strengths. Leveraging upon its success during the Track Record Period, the Group endeavours to continue its marketing strategies to promote the overall image of all its retail brands and to build retail customer awareness. The Group's marketing department will generally set forth a marketing plan for the upcoming year and review its marketing efforts on a monthly basis so as to adjust its strategies to increase the recognition of its retail brands and optical products. As at the Latest Practicable Date, the marketing department of the Group had six employees who are responsible for coordinating with the Directors and senior management, for strategizing and implementing the marketing strategies of the Group. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 2019, the Group's advertising and marketing expenses were approximately RM0.6 million, RM0.8 million, RM0.9 million and RM0.8 million, respectively. The major marketing and promotion strategies of the Group include the followings:

### *Sales and promotional events*

The Group will regularly engage in sales and promotional events relating to its products, which will generally tie in with the public holidays in Malaysia so as to take advantage of the increased pedestrian traffic at shopping complexes. The sales and promotional events carried out by the Group which will generally include:

- offering discounts in respect of some or all of its optical products;
- regular collaboration with the shopping malls at where the retail stores are located to sponsor fashion shows relating to the optical products and the optical product brands carried by the Group;
- free gifts such as gift vouchers or other products being given to customers who purchase up to the relevant amount;
- sales events for frequent customers;
- sponsoring events at local universities; and
- hosting various lucky draws for customers.

### *Social media marketing*

Recognising the impact of social media on customers nowadays, the Group actively seeks to use social media as a means to promote its business and to target potential customers. Retail customers of the Group can connect with it and obtain updates as to its latest sales events and deals through the official website of the Group and other social media platforms. In addition, the website will also allow customers to view the various brands carried by the Group as well as access the websites of those brands for latest product information.

***Digital marketing***

To further promote recognition of the Group's retail brands, the Group will also place advertisements in the form of marketing videos at theatres as well as posters in each of its retail stores advertising the optical product brands carried by the Group.

**CASH MANAGEMENT AND SETTLEMENT**

During the Track Record Period, payment for the purchases of the Group's optical products at its self-owned retail stores by retail customers was primarily by cash or credit card and the Group's pricing policy did not differ on the settlement method used. For each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, approximately 54.0%, 58.6%, 61.1% and 59.8%, respectively of the Group's sales of optical products to retail customers was settled by way of cash and approximately 45.8%, 41.2%, 38.8% and 40.1%, respectively was settled by way of credit card payment. According to the Ipsos Report, for the eyewear retail market in Malaysia, notwithstanding the availability of credit cards and the increasing use of alternative payment methods, cash payment for purchases is still the industry norm. Aside from settlement by way of cash or credit card payment, for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 approximately 0.2%, 0.2%, 0.1% and 0.1%, respectively of the purchases by the Group's retail customers were settled by other means such as mobile payments. For all sales transacted through the retail stores, the retail customers of the Group are generally required to pay for the optical products at the time of purchase. As for optical products that are not available for immediate collection, customers are required to pay a certain amount of the selling price as a deposit at the time of order and the balance at the time of collection. The Group does not grant any credit terms to its retail customers.

**Cash payment and cash management**

The Group's self-owned retail stores handle cash on a daily basis and during the Track Record Period, where settlement for the purchase of the Group's optical products was by way of cash, it would either be in the form of physical cash payments or by way of debit cards. The Group has implemented cash management policies in order to prevent any misappropriation. Procedures in connection with its cash management policies include the followings:

- installation of a POS system in each of the retail stores to record all sales and inventory levels;

- daily reconciliations conducted by the relevant retail store manager as to the sales records and cash received, through comparing the records on the POS system as against the cash balance to ensure that the amount of cash is correct;

- installation at each of the retail stores, CCTVs which will allow the Group to monitor the operations of the retail stores, as well as to monitor cash handling;

- cash (less an amount required for that self-owned retail store's daily operations) is generally deposited into the bank accounts of the Group on a twice a week basis and the relevant deposit receipt is to be provided to the finance department. Prior to the cash being deposited it will be stored in a safe located at the relevant retail store. Where the cash exceeds a prescribed amount for that particular self-owned retail store which is generally set at RM30,000 (which has been determined based upon its historical cash levels), the prescribed amount will be deposited the next day unless otherwise determined by the Group with the excess to be deposited during the Group's next scheduled time for depositing cash; and

- the Group's finance department will perform regular cross-checks and reconciliations between the sales records, cash balance at the self-owned retail stores and bank balances.

Where there are any discrepancies between the sales records and cash received and/or deposited, the finance department is required to be promptly notified and an investigation will be carried out. During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that the Group did not experience any material misappropriation of or delay in the depositing of cash or identified any discrepancies in the amount of cash as recorded in the Group's POS systems and the actual amount of cash collected. Further, the internal control consultant of the Group did not note any material deficiency or make any recommendations as to the Group's cash management policies. The Directors reviewed the internal control review report and understood from the internal control consultant that nothing has come to their attention that would cause them to believe that the Group's internal control measures in regards to its cash payment and cash management is inadequate or ineffective, accordingly the Directors are of the view that the internal control measures regarding cash payment and cash management are sufficient for its operation.

**Credit card payment**

The Group accepts credit cards from most major credit card issuers for settlement of monies owed by retail customers in connection with the purchase of its optical products at its self-owned retail stores. The Group generally receives remittances from the relevant credit card payment service provider, net their service charges, within seven days after the credit card transaction has been approved. During the Track Record Period, service charges imposed by credit card payment service providers generally ranged from approximately 1.2% to 4.5%.

During the Track Record Period, the Directors confirm that the Group did not experience any material fraudulent use by its customers of stolen credit cards.

## QUALITY CONTROL AND CUSTOMER SERVICE

The Directors believe that brand reputation is of vital importance in a consumer-driven business, the Group strives to provide to its customers quality products and services. To this end, the Group has implemented the following measures to ensure that its products and services are able to meet the expectations of its customers:

**Product quality**

The Group maintains an internal selection criteria for which suppliers are required to pass before being eligible to be placed on the internal approved list. For details relating to selection of suppliers, please refer to "Suppliers" in this section. After the products have been delivered to the central warehouses of the Group or the retail stores, employees will conduct visual inspections to ensure that none of the products are damaged and that the quantity and product type matches the purchase order details. Where the products are found to be damaged or the quantity and the product type do not match the purchase order details, the Group will inform the relevant supplier and arrange for return or replacement. The Directors confirm that the Group did not experience any material incidents of defective optical products being delivered by its suppliers during the Track Record Period.

### Service quality and customers' complaints

Aside from implementing measures to ensure the quality of the optical products sold by the Group, the Group has also implemented various measures to ensure the quality of its service at its retail stores. The Group provides training and guidelines to its front-line employees at the retail stores in regards to providing quality service to customers. Complaints received against the front-line retail store employees will generally be dealt with by the relevant branch manager or assistant branch manager and may be reported to the marketing department of the Group for further review. Customers may also make complaints through other channels, such as emails and social platform of the Group which will be reviewed by the marketing manager. Where certain complaints are prevalent, the Group may devise additional training and guidelines for front-line employees so as to prevent recurrences.

During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that they were not aware of any customer complaints requesting compensation that would have a material adverse impact upon the Group's results of operations or financial conditions.

## PRODUCT RETURNS AND WARRANTY

The Group generally accepts customer request for product returns or product returns for cash where the optical product is defective or damaged, provided that the product warranty period has not expired. In general, the product warranty period offered by the Group ranges from one to two years depending upon the brand of the optical product. For optical products from International Brands, the suppliers generally provides back-to-back warranties to the Group and the defective or damaged product returned to the Group will subsequently be returned to the supplier after identifying and verifying the defects.

During the Track Record Period, the Directors confirm that the Group did not experience any material claim for product returns or product returns for cash due to product quality defects or damages or any related product liability claims. The rate of product returns or product returns for cash in respect of the optical products sold by the Group during the Track Record Period was immaterial.

## INFORMATION TECHNOLOGY

The Group has installed a POS system in all of its self-owned and franchised retail stores in order to record sales and other information relating to its retail customers. The Group will review the data collected from time to time, and the Directors believe that through the utilisation of such data, the Group can gain relevant market knowledge as to customer preferences and demands, which allow it to tailor its product line up to suit their demands. The Group may also utilise such data to assist in the analysis of its operation results and to improve its operating efficiency.

## EMPLOYEES

The Directors consider that the employees of the Group are invaluable assets and one of the key factors to its continued success. The Group has always used its best endeavours to attract and retain the best talent and its approach is to enhance its employees' potential and contribution to the Group through providing training, competitive compensation and opportunities to become business partners of the Group's retail stores. As at the Latest Practicable Date, the Group had a total of 554 employees in Malaysia. The following table sets out a breakdown of the employees of the Group by function as at Latest Practicable Date:

| Function | Number of employees |
|---|---|
| Management | 7 |
| Self-owned retail stores | 473 |
| Merchandising | 31 |
| Accounting and finance | 20 |
| Marketing | 6 |
| Business development | 6 |
| Human resources | 5 |
| Management information system | 6 |
| **Total** | **554** |

### Employee recruitment and remuneration

The Group recruits its employees through the open market and the Directors consider that recruitment in the eyewear retail market is competitive. In order to facilitate recruitment, the Group offers to its employees competitive salaries and benefits based on their experience in the eyewear retail market. The Group will review the performance of its employee's periodically and revise their salaries and award bonuses accordingly. The Directors confirm that the Group had not encountered any material difficulty in the recruitment and retention of employees during the Track Record Period and up to the Latest Practicable Date. As required by the relevant laws and regulations in Malaysia, the Group enrolls all of its eligible employees in the employees provident fund and also makes the relevant contributions accordingly. The amount of contribution is calculated based on the monthly salary of an employee. For employees aged up to 60 years old and receives monthly salary of RM5,000 and below, the portion of employee's contribution is 11% of their monthly salary while the employer contributes 13%. For employees aged up to 60 years old and receives monthly salary exceeding RM5,000, the employee's contribution of 11% remains, while the employer's contribution is 12%. For employees aged above 60 and receives monthly salary of RM5,000 and below, the portion of employee's contribution is 5.5% of their monthly salary while the employer contributes 6.5%. For employees aged above 60 and receives monthly salary exceeding RM5,000, the employee's contribution of 5.5% remains, while the employer's contribution is 6%.

The Directors confirm that the Group has complied with all applicable labour and social welfare laws and regulations in all material respects and had made the relevant contributions in accordance with such laws and regulations during the Track Record Period and up to the Latest Practicable Date.

### Labour Union

The Group has not established labour union as at the Latest Practicable Date. The Directors confirm that the Group was not involved in any labour disputes that had a material adverse effect on its business during the Track Record Period and up to the Latest Practicable Date. Further, the Directors believe that the Group maintains a good working relationship with its employees.

### Employee training

The Group has various internal policies and operating guidelines in place to provide training to its employees and it also provides to new and existing employees relevant hands-on training from time to time. Employee training is provided by the corporate affairs department of the Group. Where there are new industry regulations or new marketing events, the Group may provide supplement guidance to its employees.

### Employee safety

The Group promotes occupational health and safety measures to ensure that it is in compliance with the applicable laws and regulations in Malaysia, through establishing and implementing workplace safety guidelines for its employees. When accidents do occur, it is the Group's policy that it will be reported to the relevant department and handled accordingly. The Directors confirm that there were no material accidents, health injuries or any material insurance claims relating to employee injuries during the Track Record Period and up to the Latest Practicable Date.

## INSURANCE

The Group primarily maintains insurance policies covering (i) employee's compensation for injuries or death in the course of employment, (ii) insurance for loss of cash in transit or at the business premises, (iii) public liability insurance to cover against, among other things, claims relating injuries suffered by or damages to the personal property of the customers of the Group at the business premises and (iv) claims in respect of fire or other damages to the retail stores or the central warehouses of the Group. The Directors are of the view that the aforesaid insurance coverage is sufficient and the nature of coverage is in line with normal industry practice in Malaysia. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the insurance expenses of the Group were approximately RM241,000, RM232,000, RM322,000 and RM179,000, respectively. During the Track Record Period and as at the Latest Practicable Date, the Directors confirm that the Group had not made any material claims against any of the abovementioned insurance policies.

## AWARDS AND RECOGNITIONS

The following table sets out the awards and recognitions received by the Group up to the Latest Practicable Date:

| Year of award/recognition | Award/recognition | Awarding body |
|---|---|---|
| 2009 . . . . . . . . . . . . . | MRCA Award 2009 — Excellent Customer Service Retailer Award | Malaysia Retail Chain Association |
| 2009/2010 . . . . . . . . . | Asia Pacific Top Excellence Brand 2009/2010 | Global Business Magazine |
| 2010 . . . . . . . . . . . . . | MRCA Award 2010 — Best Visual Presentation Outlet Award — Gold | Malaysia Retail Chain Association |
| 2011 . . . . . . . . . . . . . | MRCA Award 2011 — National Growth Award — Gold | Malaysia Retail Chain Association |
| 2013 . . . . . . . . . . . . . | ASEAN Outstanding Business Awards 2013 — Leading in Optical Retail Industry | ASEAN Retail & Franchise Federation |

| Year of award/recognition | Award/recognition | Awarding body |
|---|---|---|
| 2014 | MRCA Brand Achievement 2014 | Malaysia Retail Chain Association |
| 2017 | ASEAN Master Class Entrepreneur of the Year Award in Eyewear Excellence | ASEAN Retail — Chains & Franchise Federation |
| 2019 | Sin Chew Business Excellence Awards — Retail Excellence Awards | Sin Chew Daily |

## MARKET COMPETITION

According to the Ipsos Report, the eyewear retail market in Malaysia is considered a mature market and it is expected that the market size will grow at a CAGR of approximately 5.9% from 2019 to 2023, driven largely by the growing number of people requiring vision correction and the introduction of innovative optical products which attracts higher demand for optical products. Further, the high-end, mid-end and mass-market segments of the eyewear retail market in Malaysia is expected to grow at a CAGR of approximately 4.7%, 6.2% and 6.6% respectively from 2019 to 2023, with the mid-end segment expected to account for the largest share of the revenue in 2023 at approximately 37.3%.

In 2018, there were 1,106 retailers of optical products in Malaysia and approximately 3,542 eyewear retail stores throughout the country that offered similar optical products to those offered by Group. However, the eyewear retail market in Malaysia is fairly consolidated with the top five retailers of optical products accounting for approximately 26.1% of the industry revenue in 2018.

The eyewear retail market in Malaysia generally has low entry barriers as the industry is not heavily regulated and primarily the entry barriers relate to (i) the initial investment costs; (ii) the hiring of licensed opticians and optometrists; and (iii) the reliance of on small number of suppliers for imported optical products. Despite the low entry barriers, new retailers in the eyewear retail market without a credible track record may face difficulties in seeking prime locations for their stores, difficulties in hiring opticians and optometrists as well as establishing relationships with suppliers as they may prefer retailers with a more established presence and history. Accordingly, the Directors believe that given the Group's competitive strengths which are set out in "Competitive strengths" in this section, the Group is able to distinguish itself from its competitors.

## ENVIRONMENTAL MATTERS

Due to the nature of the Group's business, the Group's operational activities do not directly generate industrial pollutants, and as such the Group did not incur any costs relating to compliance with applicable environmental protection rules and regulations in Malaysia during the Track Record Period.

The Directors expect that the Group will not incur significant costs for compliance with applicable environmental protection rules and regulations in Malaysia in the future. As at the Latest Practicable Date, the Group had not been involved in any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

## PROPERTIES

### Owned properties

The following table sets out a summary of the properties owned by the Group as at the Latest Practicable Date:

| | Address | Owner | Use | Approximate floor area (sq. ft.) |
|---|---|---|---|---|
| 1. | Unit No. G.30 of Mahkota Parade, Jalan Merdeka, 75000 Melaka[(1)] | Metro Eyewear Holdings | Commercial | 807 |
| 2. | No. 93, Villa Shoplex, Pudu Impian III, Jalan Pudu Ulu, 56100 Kuala Lumpur | Metro Eyewear Holdings | Shoplot and office | 1,561 |

*Note:*

1. On 13 November 2019, the Group entered into a sale and purchase agreement with an Independent Third Party for the disposal of the property at a consideration of RM2.8 million and the completion is yet to occur as at the Latest Practicable Date.

### Leased properties

The following table sets out a summary of the properties leased by the Group for uses other than as retail stores as at the Latest Practicable Date:

| | Address | Use | Approximate floor area (sq. ft.) | Term |
|---|---|---|---|---|
| 1. | No. 5-1, Jalan Kajang Indah 1, Taman Kajang Indah, Sungai Chua, 43000 Kajang, Selangor | Office | 1,833 | 3 years |
| 2. | No.17-1, First Floor, Jalan Kajang Indah 1, Taman Kajang Indah, Sungai Chua, 43000 Kajang Selangor | Warehouse | 2,131 | 2 years |
| 3. | No. 41, Jalan Seksyen 3/4 Taman Kajang Utama, 43000 Kajang, Selangor | Warehouse | 3,138 | 2 years |
| 4. | No. 62, Jalan Villa, Mutiara Indah 4, Villa Mutiara Indah, 14200 Simpang Ampat, Pulau Pinang | Staff quarters | 1,663 | 2 years |

As at the Latest Practicable Date, the Group also leased three properties from connected persons for office and residential use and the Group intends to continue the leasing of these properties after the Listing. For further details, please refer to "Connected Transactions" in this prospectus.

As at the Latest Practicable Date, the properties used by the Group's self-owned retail stores were all leased from Independent Third Parties. The following table sets out a summary of the self-owned retail stores premises leased by the Group as at the Latest Practicable Date:

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| **Self-owned retail stores** | | | | |
| 1. | Aeon AU2 Shopping Centre | G07 (Ground Floor), No. 6 Jalan Taman Setiawangsa (Jalan 37/56), AU2, Taman Keramat, Bandar Baru Ampang, 54200 Kuala Lumpur | 894 | 3 years |
| 2. | Aeon Mall Bandar Dato' Onn | G32 (Ground Floor), No. 3, Jalan Dato' Onn 3, Bandar Dato' Onn, 81100 Johor Bahru | 1,514 | 3 years |
| 3. | Aeon Bukit Indah Shopping Centre | F41, First Floor, Grand Mezzanine, No. 8, Jalan Indah 15/2, Bukit Indah, 81200 Johor Bahru, Johor Darul Takzim | 547 | 1 year |
| 4. | Aeon Bukit Indah Shopping Centre | F32, Grand Mezzanine, No. 8, Jalan Indah 15/2, Bukit Indah, 81200 Johor Bahru, Johor Darul Takzim | 434 | tenancy-at-will |
| 5. | Aeon Mall Bukit Mertajam | F48, First Floor, Lot No. 30908, Jalan Rozhan Alma, Seberang Perai Tengah, 14000 Bukit Mertajam, Pulau Pinang | 748 | 3 years |
| 6. | Aeon Bukit Tinggi Shopping Centre | F21, First Floor, No 1, Persiaran Batu Nilam 1/KS 6, Bandar Bukit Tinggi 2, 41200 Klang, Selangor Darul Ehsan | 870 | 3 years |
| 7. | Aeon Ipoh Klebang Store | F03, First Floor, Lot 12080, Klebang Perdana 31200 Chemor, Perak | 1,279 | 2 years |
| 8. | Aeon Kinta City Shopping Centre | F10, First Floor, No 2, Jalan Teh Lean Swee, Off Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak | 588 | 2 years |
| 9. | Aeon Mall Kota Bharu | G30 (Ground Floor), Lembah Sireh, 15050, Kota Bharu, Kelantan | 750 | 2 years |
| 10. | Aeon Mall Bandaraya Melaka | G78 (Ground floor), No. 2 Jalan Lagenda, Taman 1-Lagenda, 75400 Melaka | 505 | 3 years |
| 11. | Aeon Mall Rawang Anggun | F08, First Floor, No. 1, Kompleks Beli-belah AEON Rawang Anggun, Persiaran Anggun, Taman Anggun 48000 Rawang, Selangor Darul Ehsan | 1,120 | 2 years |
| 12. | Aeon Taman Equine Shopping Centre | LG01, No. 2, Jalan Equine Taman Equine, Bandar Putra Permai 43300 Seri Kembangan Selangor Darul Ehsan | 650 | 2 years |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 13. | Aeon Tebrau City Shopping Centre | F25, No 1, Jalan Desa Tebrau Taman Desa Tebrau 81000 Johor Bahru Johor | 788 | 2 years |
| 14. | Aeon BIG Penang Prai Shopping Centre | Lot F2.15&16, Penang Prai Shopping Centre 2929 Jalan Kelisa Emas 1, Seberang Jaya, 13700 Perai, Penang | 956 | 2 years |
| 15. | Aman Central | Lot 1-K01, First Floor, No. 1, Aman Central, Lebuhraya Darul Aman, 05100 Alor Setar, Kedah | 441 | 3 years |
| 16. | G10 Ampang Point Shopping Centre | G10 (Ground Floor) Jalan Mamanda 3, Taman Dato Ahmad Razali, 68000 Ampang, Selangor, Selangor Darul Ehsan, Malaysia | 517 | 3 years |
| 17. | F27 Ampang Point Shopping Centre | F27, First Floor, Jalan Mamanda 3, Taman Dato Ahmad Razali, 68000 Ampang, Selangor, Selangor Darul Ehsan, Malaysia | 905 | 3 years |
| 18. | Central Square Shopping Centre | No. GF-24, Ground Floor, Complex Central Square, No. 23, Jalan Kampung Baru, Sungai Petani 08000 Kedah | 520 | 3 years |
| 19. | Cheras Leisure Mall | L2-39, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Cheras, Kuala Lumpur | 528 | 3 years |
| 20. | M4-13 & M4-14 Johor Bahru City Square | Lot No. M4-13 & M4-14, Level 4, 106–108 Jalan Wong Ah Fook, 80000 Johor Bahru | 1,370 | 2 years |
| 21. | M2-16 Johor Bahru City Square | Lot No. M2-16, Level 2, 106–108 Jalan Wong Ah Fook, 80000 Johor Bahru | 911 | 2 years |
| 22. | J2-1 Johor Bahru City Square | Lot No. J2-1, Level 2, 106–108 Jalan Wong Ah Fook, 80000 Johor Bahru | 1,074 | 1 year |
| 23. | Design Village Outlet Mall | Lot G-86, 733, Jalan Cassia Barat 2, Bandar Cassia, 14110 Pulau Pinang | 2,034 | 3 years |
| 24. | East Coast Mall | L1–41, Level 1, East Coast Mall, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang, Malaysia | 434 | 3 years |
| 25. | EkoCheras Mall | Lot No. LG30, Lower Ground Floor, No. 693, Batu 5, 56000 Jalan Cheras, Kuala Lumpur | 764 | 3 years |
| 26. | G-086 & G-087 R&F Mall | Lot G-086 & G-087, Mercu 1, Jalan Tanjung Puteri 1, R&F Tanjung Puteri, 80300 Johor Bahru, Johor | 1,199 | 2 years |
| 27. | 1-053 R&F Mall | Lot 01-053, Mercu 1, Jalan Tanjung Puteri 1, R&F Tanjung Puteri, 80300 Johor Bahru, Johor | 664 | 2 years |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 28. | Metro Point Complex | Lot No. 6, Jalan Jelok 6, Metro Point, 43000, Kajang, Selangor | 1,540 | 2 years |
| 29. | Plaza Gurney | Unit No. 170-01-43, Plaza Gurney Persiaran Gurney, 10250 Penang, Pulau Pinang | 775 | 3 years |
| 30. | IOI City Mall | Lot No. L1-1, First Floor, IOI City Mall, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Sepang, Selangor | 705 | 3 years |
| 31. | IOI Mall | Lot G35, Ground Floor, IOI Mall, Batu 9 Jalan Puchong, Bandar Puchong Jaya, 47100 Puchong, Selangor | 851 | 3 years |
| 32. | Ipoh Parade | Lot G42, Ground Floor, Ipoh Parade 105, Jalan Sultan Abdul Jalil, Greentown 30450 Ipoh, Perak, Malaysia | 1,044 | 3 years |
| 33. | Kip Mart Kota Tinggi | Lot No. S059-060, No. 1, Jalan Maju, 81900 Kota Tinggi, Johor | 258 | 2 years |
| 34. | Kip Mart Masai | Lot No. S023, Jalan Persiaran Dahlia 2, Taman Bukit, Dahlia, 81700 Pasir Gudang, Johor | 861 | 2 years |
| 35. | Kip Mart Tampoi | Lot No. S117, Kip Mart Tampoi, Taman Tampoi Indah, 81200 Johor Bahru | 354 | 1 year 9 months |
| 36. | Kip Mart Masai | S063A, Kip Mart Masai, Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor | 430 | 1 year 9 months |
| 37. | Giant Hypermarket Bandar Kinrara | G13, Lot 449, Jalan BK 5A/1, Bandar Kinrara, 47100 Puchong, Selangor | 655 | 2 years |
| 38. | Kip Mall Bangi | Lot No. G-09, Ground Floor, Bangi Utama Shopping Complex, No 1, Jalan Medan Bangi, Off Persiaran Kemajuan, Seksyen 6, 43650 Selangor | 527 | 2 years |
| 39. | Kip Mart Melaka | L1-S076, Kip Mart Melaka, Jalan Tun Fatimah, 75250 Bachang, Melaka | 549 | 2 years 2 months |
| 40. | G-020 KSL City | Lot G-020, Ground Floor, KSL City, No. 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru | 1,027 | 2 years |
| 41. | G-023 KSL City | Lot G-023, Ground Floor, KSL City, No. 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru | 898 | 2 years |
| 42. | G-P10-01 KSL City | Lot G-P10-01, Ground Floor, KSL City, No. 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru | 300 | 1 year |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 43. | Gf-32 Kuantan City Mall | Lot No Gf-32, Ground Floor, Kuantan City Mall, Jalan Putra Square 6/1, Putra Square, 25300 Kuantan, Pahang | 700 | 3 years |
| 44. | Lg-15 Kuantan City Mall | Lot No Lg-15, Lower Ground Floor, Kuantan City Mall, Jalan Putra Square 6/1, Putra Square, 25300 Kuantan, Pahang | 562 | 3 years |
| 45. | Kuantan Parade | Lot K05, Ground Floor, Kuantan Parade Jalan Haji Abdul Rahman, 25000 Kuantan, Pahang | 678 | 2 years |
| 46. | Mahkota Parade | Lot No KG3E, KG3F, Ground Floor, No. 1, Jalan Merdeka, 75000 Melaka | 704 | tenancy-at-will |
| 47. | Megamall Penang | Lot G49, Megamall Penang, No. 2828 Complex Megamall Penang, Jalan Baru, Bandar Prai Jaya, 13700 Prai, Penang | 804 | 2 years |
| 48. | Mydin Mall Semenyih | Lot F.01, First Floor, Mydin Wholesale Hyper-market Semenyih, Lot 21452, Jalan Anggerik Perdana 1, Tama Anggerik Perdana, 43500 Semenyih, Selangor | 326 | 2 years |
| 49. | Mytown Shopping Centre | Lot G-051, Ground Floor, No. 6, Jalan Cochrane, Seksyen 90, 55100 Kuala Lumpur | 767 | 2 years |
| 50. | 1 Utama Shopping Centre | Lot F103A, First Floor, 1 Utama Shopping Centre, No. 1 Lebuh Bandar Utama, Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan | 960 | 2 years |
| 51. | Paradigm Mall Johor Bahru | Lot UG-68, Upper Ground Floor, Paradigm Mall Johor Bahru, Jalan Skudai, 81200 Johor Bahru | 983 | 3 years |
| 52. | Parkson IOI City Mall | Lot L1-AT3-1, Level 1, Parkson IOI City Mall, IOI City Mall, Lebuh IRC, IOI Resort City, 65202 Putrajaya, Sepang, Selangor | 777 | 3 years |
| 53. | Bandar Sri Permaisuri | No. 33, Ground Floor, First Floor and Second Floor, Jalan Sri Permaisuri 9, Bandar Sri Permaisuri, 56000 Cheras Kuala Lumpur(1) | 1,650(2) | 3 years |
| 54. | Plaza Angsana | Lot L2.34, Bangunan Plaza Angsana, Jalan Skudai, Pusat Bandar Tampoi, 81200 Johor Bahru, Johor Darul Ta'zim | 863 | tenancy-at-will |
| 55. | G19A&B Plaza Shah Alam | Lot G19A&B, Ground Floor, Plaza Shah Alam, No. 2, Jalan Tengku Ampuan Zabedah, E9/E, Seksyen 9, 40100 Shah Alam, Selangor | 590 | 2 years |
| 56. | G22 Plaza Shah Alam | Lot G22, Ground Floor, Plaza Shah Alam, No. 2, Jalan Tengku Ampuan Zabedah, E9/E, Seksyen 9, 40100 Shah Alam, Selangor | 689 | 2 years |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 57. | Queensbay Mall | Lot GF16 & GF17, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang | 960 | 3 years |
| 58. | Quill City Mall | Lot G41, Ground Floor, Quill City Mall, 1018, Jalan Sultan Ismail, 50250 Kuala Lumpur | 420 | 1 year |
| 59. | Setapak Central | Lot G-08, Ground Floor, Setapak Central No.67, Jalan Taman Ibu Kota, Taman Danau Kota, Setapak 53300 Kuala Lumpur | 1,044 | 3 years |
| 60. | Sungei Wang Plaza | LG-103, Lower Ground Floor, Sungei Wang Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur | 621 | 2 years |
| 61. | Subang Parade Shopping Centre | Lot G24A, Ground Floor, Subang Parade, No. 5, Jalan Ss16/1, 47500 Subang Jaya, Selangor | 804 | 3 years |
| 62. | Sunway Carnival Shopping Mall | Lot UG-10, Upper Ground Floor, Sunway Carnival Shopping Mall, 3068 Jalan Todak, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang | 689 | 2 years 4 months and 24 days |
| 63. | Sunway Putra Shopping Mall | Lot 2-18, Second Floor, Sunway Putra Mall, 100, Jalan Putra, 50350 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur | 720 | 3 years |
| 64. | Lg1.55 Sunway Pyramid Shopping Mall | Lot Lg1.55, Lower Ground One, Sunway Pyramid Shopping Centre, No. 3 Jalan Pjs 11/15, Sunway City, 46150 Pertaling Jaya, Selangor Darul Ehsan Malaysia | 872 | 2 years |
| 65. | Lg1.128 Sunway Pyramid Shopping Centre | Lot Lg1.128, Lower Ground One, Sunway Pyramid Shopping Centre, No. 3 Jalan Pjs 11/15, Sunway City, 46150 Petaling Jaya, Selangor Darul Ehsan Malaysia | 811 | 3 years |
| 66. | Lg2.139 Sunway Pyramid Shopping Centre | Lot Lg2.139, Lower Ground Two, Sunway Pyramid Shopping Centre, No. 3 Jalan Pjs 11/15, Sunway City, 46150 Petaling Jaya, Selangor Darul Ehsan Malaysia | 638 | 2 years |
| 67. | Sunway Velocity | Lot No. 1-69, First Floor, Sunway Velocity Mall, Lingkaran SV, Sunway Velocity Mall, 55100 Kuala Lumpur | 598 | 3 years |
| 68. | Tesco Melaka | Lot No. L2, Ground Floor, Tesco Hypermarket, Melaka, No. 1, Jalan Tun Abd Razak, 75400 Peringgit, Melaka | 622 | 3 years |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 69. | Tesco Puchong | Lot No. 5A First Floor, Tesco Puchong, Jalan Bandar Puchong, Pusat Bandar Puchong, 47100 Puchong, Selangor | 522 | 2 years |
| 70. | The Curve | Lot No. G120, Ground Floor, The Curve Mutiara Damansara, No. 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor | 789 | 3 years |
| 71. | The Mines | Lot L2-45, The Mines, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor | 773 | 3 years |
| 72. | The Starling | Lot No. B-002, Basement Floor, The Starling Mall @ Uptown, 6, Jalan Ss21/37, Damansara Utama, 47400 Petaling Jaya, Selangor | 635 | 3 years |
| 73. | The Summit Subang USJ | Lot LG47, The Summit Subang USJ, Persiaran Kewajipan, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan | 583 | 3 years |
| 74. | BMC Mall | Lot G23L, Ground Floor, BMC Mall Jalan Temenggung 21/9, Persiaran Mahkota Cheras 1, Bandar Mahkota Cheras, 43200 Cheras, Selangor | 474 | 2 years |
| 75. | 0-6a Today's Market | Lot 0-6A, Today's Market, Ptd 174172, Jalan Suria 1, Bandar Seri Alam, 81750 Masai, Johor | 750 | 2 years |
| 76. | Tropicana City Mall | Unit No. G-03a, Ground Floor, Tropicana City Mall, No. 3 Jalan Ss20/27, 47400 Petaling Jaya, Selangor | 390 | 3 years |
| 77. | Wangsa Walk Mall | Lot G-53A, Ground Floor, Wangsa Avenue, No. 9, Jalan Wangsa Perdana 1, Wangsa Maju, 53300 Kuala Lumpur | 861 | 2 years |
| 78. | Wetex Parade | Lot G-12, Level G, Wetex Parade Shopping Centre, No. 69, Jalan Ali, Muar 84000 Johor | 398 | 3 years |
| 79. | Sogo Mid Valley Megamall Southkey | Lot, WACC#6, Sogo Department Store, AT-1, The Mall, Mid Valley Southkey, Persiaran Southkey 1, Southkey, 80150 Johor Bahru, Johor | 699 | 1 year |
| 80. | Mitsui Outlet Park KLIA | Lot No. G57, Ground Floor, Mitsui Outlet Park KLIA Sepang, Persiaran Komersial, 64000 KLIA, Sepang, Selangor Darul Ehsan | 523 | tenancy-at-will |

| | Store | Address | Approximate floor area (sq.ft.) | Term |
|---|---|---|---|---|
| 81. | Nu Sentral | Lot CC.17A, Level Concourse, Nu Sentral Shopping Centre, Jalan Tun Sambanthan Brickfields, 50470 Kuala Lumpur | 317 | 2 years |
| 82. | S'Mart Hypermarket | Lot BD 83, BD 85, BD 88, and BD 89, S'Mart Hypermarket PTD 154409, Batu 7 1/2, Jalan Kota Tinggi, 81100 Johor Bahru, Johor | 528 | 2 years |
| 83. | NSK Ulu Tiram | Lot 17, Level 1, Lot.151222 & Lot 151223, KM 20, Jalan Kota Tinggi, 81800, Ulu Tiram, Johor Darul Takzim | 500 | 2 years |

*Notes:*

1. The Group has entered into a sub-lease agreement with the consent of landlord with an Independent Third Party in respect of the first floor of the leased premises for a term of 2 years. The Group has used the second floor of the leased premises as office.

2. The approximate floor area only includes the area used by the Group as retail store.

The following table sets out the maturity profile of the lease agreements relating to the self-owned retail stores leased by the Group as at the Latest Practicable Date:

| Maturity profile | Number of tenancy agreements |
|---|---|
| Within 12 months | 39 |
| More than 12 months and within 24 months | 32 |
| More than 24 months | 12 |

The Directors and senior management are responsible for negotiating with the owner of the property in relation to the renewal of an existing lease before the expiry of the term. In general, the Group will commence negotiations with the landlord three to six months in advance of the expiry of the existing term to discuss renewal matters. When renewing the lease agreement, the Group will consider various factors such as, the revenue and performance of the particular retail store and the amount of the rental increase (if any). For the 39 lease agreements that are expiring within 12 months, the Group intends to renew all of them, subject to the terms being commercially acceptable. The Directors confirm that they do not anticipate any material impediment for the Group to renew the lease agreements that are expiring within 12 months.

As for the renewal of leases of the 20, 20, 31 and nine leases which were set to expire during the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 respectively, 19, 17, 29 and seven had been renewed on or prior to their expiry, representing rate of renewal of approximately 90%.

## INTELLECTUAL PROPERTY

The Group has in place internal control measures to ensure that its optical products which are designed by third parties do not infringe on the intellectual property rights of others. The majority of the Group's optical products are sourced from International Brands, whose brand owners generally adopt stringent measures to safeguard their intellectual property rights and to ensure that they do not infringe on the intellectual property rights of others. It has been the Group's policy to only source its International Brands optical products from their brand owners or authorised suppliers. Given the stringent measures of the suppliers of the Group's International Brands optical products, the Directors consider that the Group's own policies of only sourcing its International Brands optical products from the brand owners or their authorised suppliers provide sufficient safeguards to ensure that those optical products under its International Brands do not infringe on the intellectual property rights of others. For the optical products under the Group's Own Brands and the Manufacturers' Brands, it has been the Group's policy to review the designs of the optical products against those sourced from the International Brands to ensure that there is no infringement on their intellectual property rights and the Group may also request the relevant supplier to warrant that the optical products supplied do not infringe upon the intellectual property rights of others. During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that the Group had not received any claim against it for infringement of any intellectual property rights nor were they aware of any pending or threatened claims in relation to such infringements, and the Group had not made any claims against any third party with respect to the infringement of any intellectual property rights owned by it. For details of the Group's intellectual property rights, please refer to "B. Further information about the Group's business — 2. Intellectual property rights of the Group" in Appendix IV to this prospectus.

## LICENSES, PERMITS AND APPROVALS

As at the Latest Practicable Date, the Group had obtained all the requisite licenses, permits and approvals which are material to the business operations of the Group in Malaysia. The Group will renew all such licenses, permits and approvals upon their expiry and as advised by the Malaysian Legal Advisers, the renewal of such licenses, permits and approvals are procedural in nature and there is no legal impediment to renewing such licenses, permits and approvals. For further details as to the licenses which the Group required to obtain in connection with its business, please refer to the "Regulatory Overview — A. Laws and regulations relating to the operation of the Group's business" in this prospectus.

## LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, the Group was not engaged in any material litigation, arbitration or claim and as confirmed by the Directors no material litigation, arbitration or claim is pending or threated by or against the Group that would have a material adverse effect on its results of operations or financial condition. The Directors confirm that the Group had not been involved in any non-compliance matters which had or may have a material adverse effect on its results of operations or financial conditions during the Track Record Period and up to the Latest Practicable Date.

## INTERNAL CONTROL AND RISK MANAGEMENT

With the growth and expansion of the Group's operations, potential risks associated with the business of the Group increases. It is the responsibility of the Board to ensure that the Group maintains sound and effective internal control measures to safeguard Shareholders' investment and the assets of the Group at all times. In order to identify, assess and control the risks that may create impediments to the growth of the business of the Group, the Group has adopted before the Listing, a series of internal control policies, and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations and to implement risk management policies to address various potential risks identified in relation to its operations, including operational risks, credit risks, market risks, financial risk and legal risks. In particular, the Group has taken certain measures and have established various structures and policies as follows to strengthen its internal control and to manage its risks:

1. a thorough examination by the Board of any material risks associated with any material business decision before approving such decision;

2. the Directors and senior management are required to keep track of day-to-day operations and monitor any associated operational risks of the Group and to formulate policies and resolutions to mitigate or resolve these risks;

3. the engagement of an independent internal control consultant to assist the Group in reviewing and to provide recommendations on improving its internal control system. Taking into account the recommendation of such review by the independent internal control consultant, the Group enhanced its internal control system accordingly, and no significant deficiencies were identified during the follow-up reviews performed by the internal control consultant;

4. the establishment of the Audit Committee which will review the Group's internal control system and procedures for compliance with the requirements prescribed by the applicable laws, rules and regulations;

5. the appointment of Zhongtai International Capital Limited as the Company's compliance adviser pursuant to Rule 3A.19 of the Listing Rules upon the Listing to advise it on compliance with the Listing Rules;

6. the provision of training to relevant employees in order to enhance their industry knowledge and to encourage an encompassing culture of risk management ensuring that relevant employees are aware of and responsible for risk management; and

7. the establishment of an in-house compliance team which is overseen by the chief executive officer of the Group to organise, review and maintain its internal control system and to provide assistance to the Directors, senior management and employees with respect to internal control policies (where necessary).

### Risk management regarding the on-going COVID-19 epidemic

Recently there has been a global outbreak of COVID-19 that has affected many parts of the world including Malaysia and on 16 March 2020, the Malaysian government implemented a movement control order which is effective from 18 March 2020 until 31 March 2020. Pursuant to the movement control order which is made under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967, (i) there is to be a general prohibition of mass movements and gatherings across the country including religious, sports, social and cultural activities; (ii) all Malaysians travelling abroad are required to undergo a health check and quarantine for 14 days upon their return; (iii) all foreigners are prohibited from entering Malaysia; (iv) all primary and secondary schools (whether private or government funded) are to be closed; (v) all higher education institutions are to be closed; and (vi) all government and private premises are to be closed except those involved in essential services such as water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defense, cleaning, retail and food supply. As confirmed by the Malaysian Legal Advisers, the Malaysian government has not in spite of COVID-19 declared a national emergency and the movement control order does not require the closure of eyewear retail stores as they are considered essential services. Further, (i) given the temporary nature of the movement control order as it is in effect for only a limited period of time; (ii) government enunciations; (iii) its impact upon the society and economy of Malaysia as the long term imposition of the movement control order would negatively affect the Malaysian economy and disrupt the movement of people and goods; and (iv) the success of similar measures in limiting the spread of COVID-19 in other countries, the Directors believe that it is unlikely to be in place for a significant period of time and that normal business activities will gradually resume upon its expiry. Nevertheless, according to the Ipsos Report it is expected that COVID-19 will have both a direct and indirect impact upon the Malaysian economy, though the impact is not expected to result in any long-term negative implications as the Malaysian government has announced a series of stimulus measures including a special 15% discount on monthly electricity bills for six categories of businesses including shopping malls.

The Group will closely monitor and adopt the measures suggested by the Malaysian government in response to COVID-19 and has also adopted the following measures:

(i) sanitary masks and thermometers will be provided to employees at their workplace;

(ii) employees who have travelled to overseas and are subject to quarantine are required to inform the Group's human resources department;

(iii) employees who develop any respiratory disease symptoms are required to seek treatment, abstain from attending their workplace and inform their supervisors;

(iv) employees will be reminded of the importance of maintaining good personal health and hygiene;

(v) the Group will coordinate with the management of the shopping complexes where the retail stores are located to implement their measures in response to COVID-19;

(vi) notwithstanding that the Group's business is not subject to the movement control order, the Group will close all its self-owned retail stores during the period from 18 March 2020 to 31 March 2020 to reduce the risks to its employees and customers. The Directors estimate that the closure of the Group's self-owned retail stores for the period from 18 March 2020 to 31 March 2020 will result in a loss of revenue of approximately RM5.7 million (calculated with reference to the Group's average daily sales during Track Record Period); and

(vii) the Group will also review its monthly expenses and adopt measures to reduce its operating costs.

The Directors consider that even if the scale of the outbreak of COVID-19 in Malaysia increases or there is a long-term imposition of the movement control order which results in the suspension of the Group's revenue-generating business, the Group will still be financially viable for more than five months after taking into account the bank balances and cash as at 29 February 2020 which amounted to approximately RM43.7 million.

During the Track Record Period, to the best knowledge and belief of the Directors, the manufacturers of the optical products supplied to the Group by its five largest suppliers were mainly based in the United States, Costa Rica, the United Kingdom, Republic of Ireland, Italy, Belgium, Malaysia, Singapore, Thailand, Vietnam, the PRC and Japan. The Group has received confirmations from the majority of these suppliers which generally confirmed that (i) the recent outbreak of COVID-19 has not materially affected their supply chain; (ii) they do not anticipate any difficulty in supplying to the Group the International Brands optical products at the Group's historical purchase volumes; and (iii) they do not expect there to be any material fluctuations in the prices at which these International Brands optical products will be supplied. For the supply of the Group's Own Brands and Manufacturers' Brands optical products, to the best knowledge and belief of the Directors, the manufacturers were primarily based in the PRC. Up to the Latest Practicable Date, the Group has not experienced any material difficulties or issues relating to the sourcing of optical products under the Group's Own Brands and Manufacturers' Brands. The Group also does not anticipate that COVID-19 would impact upon the continuous supply of the optical products under the Group's Own Brands and the Manufacturers' Brands given that (i) the Group as a whole has approximately RM30.3 million of inventory on hand as at the Latest Practicable Date which the Directors consider is sufficient for at least three months of operations; (ii) the PRC government has recently begun mandating companies to resume their work activities; and (iii) no export restriction is imposed for the goods manufactured in the PRC. Accordingly, the Directors do not anticipate that COVID-19 will impact upon the Group's supply chain as a whole, also as confirmed by the Malaysian Legal Advisers the movement control order is not applicable to logistics service providers, as such its impact upon the Group's supply chain is likely to be minimal.

Based on the above, the Directors believe that the outbreak of COVID-19 in Malaysia, barring any unforeseen changes, will not have any long term material adverse impact upon the Group's business, operations or supply chain.

## CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), each of the ultimate Controlling Shareholders, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, acting in concert as a group of Controlling Shareholders and through Alliance Vision (an investment holding company incorporated in the BVI and is wholly owned by Dato' Frankie Ng), Sky Pleasure (an investment holding company incorporated in the BVI and is wholly owned by Dato' Henry Ng) and Delightful Fortune (an investment holding company incorporated in the BVI and is wholly owned by Datin Bernice Low), will indirectly hold in aggregate 75% interest in the Company. Please refer to "Substantial Shareholders" in this prospectus for details of the shareholding interest of the Controlling Shareholders.

## ACTING IN CONCERT CONFIRMATION

In preparation for the Listing, on 20 September 2019, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low (the "**Parties**") executed the Acting in Concert 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 and its subsidiaries (including members acquired by the Group during the Track Record Period) (the "**Operating Subsidiaries**") since 17 May 2001 (the "**Acting in Concert Effective Date**"), through Metro Eyewear Holdings.

Under the acting in concert arrangements, the Parties confirmed that since the Acting in Concert Effective Date and up to the date of the Acting in Concert Confirmation, the Parties (as the case may be), whether by themselves or via any corporate vehicles, have been cooperating and acting in concert with each other as shareholder of the Company in exercising and implementing the management and operation of the Operating Subsidiaries, in particular, the Parties (i) had consulted and discussed with each other and reached unanimous consensus among themselves before making any commercial decisions in relation to different subject matters of the Operating Subsidiaries' operations and management; (ii) had voted unanimously in all shareholders' meetings of each Operating Subsidiary; and (iii) had managed and controlled the Operating Subsidiaries on a collective basis and had made collective decisions on the financial and operating policies of the Operating Subsidiaries.

The Parties confirm that until the earlier of completion of the acquisition of Metro Eyewear Holdings by MOG (BVI) as set out in "History, Reorganisation and Corporate Structure — Corporate reorganisation — Step 5 — Acquisition of Metro Eyewear Holdings by MOG (BVI)" in this prospectus ("**Metro Eyewear Holdings Reorganisation**") or the termination of the Acting in Concert Confirmation, (i) they shall continue to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the Operating Subsidiaries, and have historically voted on such resolution in the same way; (ii) they shall continue to centralise the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of the Operating Subsidiaries; (iii) they shall continue to operate the Operating Subsidiaries as a single business venture; and (iv) they shall enjoy the economic benefits generated, including but not limited to dividends declared, from the business and projects of the Operating Subsidiaries in proportion to their respective shareholdings in the Operating Subsidiaries.

The Parties also confirm that upon completion of Metro Eyewear Holdings Reorganisation, where Metro Eyewear Holdings becomes an indirect wholly owned subsidiary of the Company, (i) they shall continue to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of the Group; (ii) they shall continue to centralise the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of the members of the Group; (iii) they shall continue to operate the members of the Group as a single business venture; and (iv) they shall enjoy the economic benefits generated, including but not limited to dividends declared, from the business and projects of the members of the Group in proportion to their respective shareholdings in the members of the Group.

## OTHER COMPANIES AND THEIR BUSINESSES

### Introduction

The Group principally engages in retail of optical products in Malaysia.

Dato' Frankie Ng, an executive Director and one of the Controlling Shareholders, currently has interests in other businesses, which include but not limited to (i) property development; (ii) construction; and (iii) property investment holding. Besides these businesses, Dato' Frankie Ng also holds interests in business of retail sales of spectacles and other optical goods (other than the Group) through the following Thai Interested Companies, which are not members of the Group:

| Thai Interested Companies[1] | Location | Total interests held by Dato' Frankie Ng[2] |
|---|---|---|
| MOG Thailand | Thailand | 34% |
| MOG Bangkok | Thailand | 49% |
| Oppa Eyewear | Thailand | 24% |

The following table sets out certain financial information of the Thai Interested Companies:

| | Revenue (฿'000) | | Net Income (฿'000) | |
|---|---|---|---|---|
| | For the year ended 31 December | | | |
| | 2017 | 2018 | 2017 | 2018 |
| MOG Thailand[3] | 809 | 9,857 | 560 | 2,107 |

| | Revenue (฿'000) | | | Net Profit/(loss) (฿'000) | | |
|---|---|---|---|---|---|---|
| | For the year ended 31 March | | | | | |
| | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| MOG Bangkok[4] | — | 12,859 | 8,529 | (206) | 2,674 | (1,542) |
| Oppa Eyewear[4] | — | 14,076 | 23,145 | — | (2,167) | 37 |

*Notes:*

1. Although Dato' Frankie Ng is a director of each of the Thai Interested Companies, he is a passive investor. Dato' Frankie Ng is ordinarily resident in Malaysia, and he does not actively involve in the day-to-day operation of the Thai Interested Companies, whereas provides strategic advice on their business occasionally.

2. The remaining interests of each of the Thai Interested Companies are held by Independent Third Parties.

3. The figures are based on the audited financial statements of MOG Thailand.

4. The figures are based on the unaudited management accounts of MOG Bangkok and Oppa Eyewear.

**Business delineation between the Thai Interested Companies and the Group**

During the Track Record Period and up to the Latest Practicable Date, the Thai Interested Companies were retailers of spectacles and other optical goods in Thailand (the "**Other Business**"). None of the Thai Interested Companies has engaged in any business relating to the provision of optical products and accessories in Malaysia.

The Group had granted license to each of the Thai Interested Companies to use the trademark "OOPPA" at specified retail outlets of the Thai Interested Companies in Thailand. Oppa Eyewear, Dato' Frankie Ng and MOG Management have entered into a license agreement on 1 September 2019, pursuant to which MOG Management and Dato' Frankie Ng agreed to grant a license to Oppa Eyewear to use the trademark "OOPPA" at specified retail outlets in Thailand. In respect of MOG Thailand and MOG Bangkok, since Dato' Frankie Ng is a director and holds more than 30% equity interests in MOG Thailand and MOG Bangkok, each of them is an associate of Dato' Frankie Ng and hence a connected person of the Company, therefore the grant of license to these two companies constitutes continuing connected transactions of the Group upon the Listing. For details of the grant of such license, please refer to "Connected Transactions" in this prospectus.

The Directors are of the view that the Other Business can be clearly delineated from the business operated by the Group and will not be in competition with the Group's business due to different geographical locations. Pursuant to the relevant license agreements entered into between the relevant Group member and the relevant Thai Interested Companies, the license and rights granted under the relevant license agreements are exclusively for the conduct of the business in certain specified locations in Thailand. It is the Group's strategy to focus on retail of optical products and accessories in Malaysia and the Group does not intend to have any business in Thailand. The clear geographical delineation is essential and effective in ring-fencing the Group's business and the Other Business of the Thai Interested Companies. The Other Business is also considered to be located outside the Group's geographical areas of focus due to different markets and customers, and hence is excluded from the Group.

The other shareholders of the Thai Interested Companies have confirmed that (i) Dato' Frankie Ng is a passive investor in the Thai Interested Companies; (ii) they do not intend the Thai Interested Companies to become part of the Group; and (iii) the Thai Interested Companies have not been or are not currently subject to or involved in any material litigation in Thailand or any other jurisdiction since their incorporation. Dato' Frankie Ng will be, like in the past, devoting his time and effort on the Group's operation on a full time basis upon Listing.

Based on the above reasons, the Directors are of the view that there is a clear delineation between the Other Business of the Thai Interested Companies and the business operated by the Group, and the Other Business is not in competition, either directly or indirectly, with the Group's business.

The Other Business was not included in the Group, as the Group would like to focus on those lines of the Group's business which are retail of optical products and accessories in Malaysia. The Directors are of the view that the Other Business is unable to provide synergy to the Group's business, and it would not be in line with the strategic direction and development plan for the Group to engage in the Other Business.

As at the Latest Practicable Date, Dato' Frankie Ng confirmed that he has no current plan to inject the Other Business into the Group.

In view of the aforesaid, as at the Latest Practicable Date, none of the Controlling Shareholders, the Directors and their respective close associates is interested in any business (except for the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Directors consider that the Group is capable of carrying on its business independent of the Controlling Shareholders and their respective close associates after the Listing for the following reasons:

### 1. Management independence and operational independence

Although the Controlling Shareholders will retain a controlling interest in the Company after the Listing, the Company has full rights to make all decisions on, and to carry out, its own business operations independently. The Company (through its subsidiaries) holds all relevant licences necessary to carry on the business, and has sufficient capital, equipment and employees to operate the businesses independently from the Controlling Shareholders.

The Company's management and operational decisions are made by the executive Directors and senior management, most of whom have served the Company and/or its subsidiaries for a long time and all have substantial relevant experience in the industry in which the Group is engaged. Each of the Directors is aware of his or her fiduciary duties as a Director and his or her personal interest. In the event of any conflict of interest or duty, such Director shall abstain from voting when a conflicted resolution is to be discussed and voted on. Further, the Company's three independent non-executive Directors will bring independent judgment to the decision-making process of the Board.

Save as otherwise disclosed in "Connected Transactions" in this prospectus, the Directors do not expect any other significant transactions to be entered into between the Group, the Controlling Shareholders and their respective close associates upon or shortly after the Listing.

Based on the above, the Directors are of the view that the Group is independent of the Controlling Shareholders in terms of management and business operations.

### 2. Administrative independence

The Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management, inventory management and product design and development. The company secretary and senior management staff are independent of the Controlling Shareholders.

### 3. Financial independence

The Group has its own financial management system and the ability to operate independently from the Controlling Shareholders from a financial perspective. All the amounts due to the Controlling Shareholders as well as all guarantees, indemnities and/or other securities provided by the Controlling Shareholders for the benefits of the Group's banking facilities during the Track Record Period will be fully settled or released upon the Listing. The Directors believe that the Group is capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

## UNDERTAKINGS

Each of the Controlling Shareholders has given certain undertakings in respect of the Shares to the Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), details of which are set out in "Underwriting — Underwriting arrangements and expenses — Undertakings — Lock-up undertakings to the Stock Exchange — Undertakings by the Controlling Shareholders" in this prospectus.

## CORPORATE GOVERNANCE MEASURES

The Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

(1) the interested Directors will not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;

(2) the independent non-executive Directors will also review, on an annual basis, all decisions made in relation to any new business opportunities offered during the year. The Company will disclose such decisions and basis for them in the annual report of the Company or by way of announcement to the public;

(3) the independent non-executive Directors will also review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of the minority Shareholders;

(4) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(5) the Company has appointed Zhongtai International Capital Limited as its compliance adviser who shall provide it with professional advice and guidance, in respect of compliance with the Listing Rules and applicable laws; and

(6) any transaction (if any) between (or proposed to be made between) the Company and connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

## OVERVIEW

During the Track Record Period, the Group entered into a number of related party transactions, details of which are set out in note 32 of the Accountants' Report in Appendix I to this prospectus. Following the Listing, the following transactions will continue between the Group and the relevant connected persons, which will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Details of such transactions are set out below.

## EXEMPT CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions below are fully exempt from the relevant reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### (i) The tenancy agreements with Dato' Frankie Ng and Dato' Henry Ng

*Description of transaction*

On 15 November 2017, Metro Eyewear Holdings (as lessee) and Dato' Frankie Ng and Dato' Henry Ng (as lessors) entered into a tenancy agreement (the "**Tenancy Agreement IA**") in respect of the leasing of the premises located at No.1-1 & 1-2, Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang, Selangor, Malaysia (the "**Premises A**") for a period commencing from 1 January 2018 to 31 March 2021, at a rent of RM3,000.00 per month (equivalent to approximately HK$5,700.00 per month). Tenancy Agreement IA was terminated on 22 July 2019 and superseded by Tenancy Agreement IB (as defined in the next paragraph).

On 22 July 2019, Metro Eyewear Holdings, Dato' Frankie Ng and Dato' Henry Ng renewed the Tenancy Agreement IA (the "**Tenancy Agreement IB**") in respect of the leasing of the Premises A commencing from 1 April 2019 and expiring on 31 March 2021, at a rent of RM3,000.00 per month (equivalent to approximately HK$5,700.00 per month). Metro Eyewear Holdings currently uses the Premises A as an office of the Group.

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

*Historical transaction amounts*

For the Premises A, the aggregate amounts paid by the Group to Dato' Frankie Ng and Dato' Henry Ng for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 were RM36,000.00, RM36,000.00, RM36,000.00 and RM18,000.00 (equivalent to approximately HK$68,400.00, HK$68,400.00, HK$68,400.00 and HK$34,200.00, respectively). The historical amounts were determined by the parties through arm's length negotiation with reference to the market rent for similar properties in the vicinity of the Premises A.

**(ii) The tenancy agreements with Ng Mui Quee**

*Description of transactions*

On 13 November 2018, Metro Eyewear Holdings (as lessee) and Ng Mui Quee (as lessor) entered into a tenancy agreement (the "**Tenancy Agreement II**") in respect of the leasing of the premises located at No. 3-G (Ground Floor), 3-1 (1st Floor) & 3-2 (2nd Floor), Jalan Kajang Indah 1, Taman Kajang Indah, Sg Chua, 43000 Kajang, Selangor, Malaysia (the "**Premises B**") for a period commencing from 1 April 2019 and expiring on 31 March 2021 (with an option to renew for a further term of 2 years), at a rent of RM4,400.00 per month (equivalent to approximately HK$8,360.00 per month). Metro Eyewear Holdings currently uses the Premises B as an office of the Group.

On 13 November 2018, M Optic Project & Event (as lessee) and Ng Mui Quee (as lessor) entered into a tenancy agreement (the "**Tenancy Agreement III**") in respect of the leasing of the premises located at No. 29, Jalan Bidara 5, Taman Bidara Kajang, Sg Chua, 43000 Kajang Selangor, Malaysia (the "**Premises C**") for a period commencing from 1 April 2019 and expiring on 31 March 2021 (with an option to renew for a further term of 2 years), at a rent of RM500.00 per month (equivalent to approximately HK$950.00 per month). M Optic Project & Event currently uses the Premises C as a place of residence for its employee.

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

*Historical transaction amounts*

For the Premises B, the aggregate amounts paid by the Group to Ng Mui Quee for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 were RM16,800.00 (without No. 3-G (Ground Floor)), RM28,800.00 (without No. 3-G (Ground Floor) from 1 April 2017 to 30 November 2017), RM52,800.00 and RM26,400.00 (equivalent to approximately HK$31,920.00, HK$54,720.00, HK$100,320.00 and HK$50,160.00, respectively). The historical amounts were determined by the parties through arm's length negotiation with reference to the market rent for similar properties in the vicinity of the Premises B.

For the Premises C, the aggregate amounts paid by the Group to Ng Mui Quee for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 were RM6,000.00, RM6,000.00, RM6,000.00 and RM3,000.00 (equivalent to approximately HK$11,400.00, HK$11,400.00, HK$11,400.00 and HK$5,700.00, respectively). The historical amounts were determined by the parties through arm's length negotiation with reference to the market rent for similar properties in the vicinity of the Premises C.

**(iii) The license agreements with MOG Bangkok and MOG Thailand**

*Description of transaction*

On 1 September 2019, MOG Bangkok (as licensee) and Dato' Frankie Ng and MOG Management (as licensors) entered into a license agreement (the "**License Agreement I**"), in respect of the grant of license to use the trademark "OOPPA" (registered in Malaysia by Dato' Frankie Ng and assigned to MOG Management) in Thailand, for a management fee of a sum equivalent to five per cent (5%) of the monthly turnover for the particular retail outlet in the territory, payable by MOG Bangkok and commencing from 1 September 2019 for a period of thirty-six months and shall extend to such a period by way of mutual agreement between the parties, which are expected to be RM72,000, RM119,000 and RM174,000 (equivalent to approximately HK$136,800.00, HK$226,100.00 and HK$330,600.00), respectively, for the years ending 31 March 2020, 2021 and 2022.

On 1 September 2019, MOG Thailand (as licensee) and Dato' Frankie Ng and MOG Management (as licensors) entered into a license agreement (the "**License Agreement II**", together with License Agreement I, the "**License Agreements**") in respect of the grant of license to use the trademark "OOPPA" (registered in Malaysia by Dato' Frankie Ng and assigned to MOG Management) in Thailand, for a management fee of a sum equivalent to five per cent (5%) of the monthly turnover for the particular retail outlet in the territory, payable by MOG Thailand and commencing from 1 September 2019 for a period of thirty-six months and shall extend to such a period by way of mutual agreement between the parties, which are expected to be RM12,000, RM27,000 and RM44,000 (equivalent to approximately HK$22,800.00, HK$51,300.00 and HK$83,600.00), respectively, for the years ending 31 March 2020, 2021 and 2022.

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

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

*Historical transaction amounts*

The transaction amounts for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 were nil, nil, nil and nil, for both MOG Bangkok and MOG Thailand, respectively.

**Listing Rules Implications**

As Ng Mui Quee is connected with Dato' Frankie Ng and Dato' Henry Ng, the Stock Exchange may aggregate the connected transactions between them and the Group. The relevant percentage ratios with respect to the aggregation of transactions contemplated under the Tenancy Agreement IB, Tenancy Agreement II and Tenancy Agreement III on an annual basis is more than 0.1% but less than 5% and the total consideration does not exceed RM300,000.00 (equivalent to approximately HK$570,000.00), which is less than HK$3,000,000.00, the entering into of the Tenancy Agreement IB, Tenancy Agreement II and Tenancy Agreement III constitutes a de minimis continuing connected transaction of the

Company under Rule 14A.76 of the Listing Rules which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Dato' Frankie Ng is a director and a shareholder of MOG Bangkok and MOG Thailand, and both companies were granted the license to use the Group's trademark "OOPPA" in Thailand, the Stock Exchange may aggregate the connected transactions between them and the Group. The relevant percentage ratios with respect to the aggregation of transactions contemplated under the License Agreements on an annual basis is more than 0.1% but less than 5% and the total consideration does not exceed RM500,000.00 (equivalent to approximately HK$950,000.00), which is less than HK$3,000,000.00, the entering into of the License Agreements constitutes a de minimis continuing connected transaction of the Company under Rule 14A.76 of the Listing Rules which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed that the transactions contemplated under the Tenancy Agreement IB, Tenancy Agreement II, Tenancy Agreement III and the License Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms or better, fair and reasonable, and in the interests of the Company and Shareholders as a whole.

## COMPLIANCE WITH THE LISTING RULES

If the material terms of the Tenancy Agreement IB, Tenancy Agreement II, Tenancy Agreement III and the License Agreements are altered to the extent that the transactions contemplated thereunder are no longer exempt continuing connected transactions or if the Group enters into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by the Group exceed the limits for exempt continuing connected transactions referred to in the Listing Rules, the Group will comply with the relevant requirements of the Listing Rules.

## BOARD OF DIRECTORS

The Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The power, functions and duties of the Board include convening general meetings, determining the Group's business and investment plans, preparing annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of the registered capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association. The Company has entered into a service agreement with each of the executive Directors. It has also entered into a letter of appointment with each of the independent non-executive Directors.

The following table shows certain information with respect to the Directors and senior management:

### Members of the Board

| Name | Age | Date of joining the Group | Date of appointment as Director | Existing position(s) in the Group | Roles and responsibilities | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Dato' Ng Kwang Hua ("**Dato' Frankie Ng**") . . . . . . . . . . | 49 | 2 October 1996 | 4 June 2019 | Executive Director, chairman | Responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group | Husband of Datin Bernice Low and younger brother of Dato' Henry Ng |
| Dato' Ng Chin Kee ("**Dato' Henry Ng**") | 52 | 31 May 1997 | 4 June 2019 | Executive Director | Responsible for management and operation of the Group with focus on purchasing and merchandising | Elder brother of Dato' Frankie Ng and brother-in-law of Datin Bernice Low |
| Datin Low Lay Choo ("**Datin Bernice Low**") . . . . . . . . . | 49 | 1 April 1999 | 4 June 2019 | Executive Director, chief executive officer | Responsible for overall management and operation of the Group | Wife of Dato' Frankie Ng and sister-in-law of Dato' Henry Ng |
| Mr. Ng Kuan Hua . . . | 41 | 23 March 2020 | 23 March 2020 | Independent non-executive Director | Providing independent opinion and judgement to the Board and the chairman of the remuneration committee, and a member of the audit committee and the nomination committee | None |
| Mr. Ng Chee Hoong . . . . . . . . . | 53 | 23 March 2020 | 23 March 2020 | Independent non-executive Director | Providing independent opinion and judgement to the Board and the chairman of the audit committee, and a member of the remuneration committee and the nomination committee | None |
| Ms. Jiao Jie (焦捷) . . . | 39 | 23 March 2020 | 23 March 2020 | Independent non-executive Director | Providing independent opinion and judgement to the Board and a member of the audit committee | None |

### Members of the senior management

| Name | Age | Date of joining the Group | Date of appointment as senior management | Existing position(s) in the Group | Roles and responsibilities | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Mr. Ooi Guan Hoe . . | 44 | 1 January 2019 | 1 January 2019 | Chief financial officer | Responsible for the overall finance function | None |
| Mr. Lee Ben Keong . | 44 | 1 May 2015 | 1 February 2017 | General manager (marketing communication and business development) | Responsible for marketing communication and business development | None |
| Ms. Seow Ai Ting . . | 38 | 1 July 2011 | 1 February 2015 | Finance manager | Responsible for the full spectrum of the financial and management account functions | None |
| Ms. Goh Seat Yuin . | 33 | 1 February 2016 | 1 February 2017 | Corporate affairs manager | Responsible for human resources | None |

### Executive Directors

**Dato' Ng Kwang Hua**, aged 49, is the founder of the Group, one of the Controlling Shareholders, the chairman of the Board and the nomination committee, a member of the remuneration committee and an executive Director. He is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Mr. Ng is also a director of 54 subsidiaries of the Company.

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

Mr. Ng was a director of the following companies prior to their respective dissolution:

| Name of company | Place of incorporation | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|---|
| Bond Tact (M) Sdn. Bhd. . . | Malaysia | 18 January 2007 | Dissolved by striking off under Section 308(1) of the Companies Act 1965 upon an application by the directors and member of the company | General merchants importers and exporters manufacturers' representative |
| Good Billion Supply & Trading Sdn. Bhd. . . . . . | Malaysia | 10 February 2016 | Dissolved by striking off under Section 308(1) of the Companies Act 1965 upon an application by the directors and member of the company | Dormant |

| Name of company | Place of incorporation | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|---|
| Trilink Emphasis Sdn. Bhd. . | Malaysia | 30 May 2017 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company *(Note 1)* | Dormant |
| M&E Eyewear Sdn. Bhd. . . . | Malaysia | 11 July 2019 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company *(Note 1)* | Dormant |
| Hilton (HK) Limited (毅泰(香港)有限公司) . . . . | Hong Kong | 4 May 2018 | Dissolved by deregistration under section 751 of the Companies Ordinance *(Note 2)* | Dormant |
| Optic Point@Orchard Pte. Ltd. . . . . . . . . . . . . . . . . | Singapore | 4 July 2017 | Dissolved by striking off | Dormant |
| MOG Eyewear Pte. Ltd. . . . | Singapore | 6 May 2019 | Dissolved by striking off | Dormant |

*Note 1:* Pursuant to Section 551 of the Companies Act 2016 (pari materia to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017), where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

*Note 2:* Under section 750 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members agree to the deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (c) the company has no outstanding liabilities; (d) the company is not a party to any legal proceedings; (e) the company's assets do not consist of any immovable property situate in Hong Kong; and (f) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Ng confirmed that (i) each company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) each company above was solvent and/or dormant immediately prior to its dissolution; (iii) their respective dissolution had not resulted in any liability or obligation being imposed against him; (iv) there was no wrongful act, omission, misconduct or misfeasance on his part leading to their respective dissolution and that his involvement in each company above was in relation to his appointment as a director of that company.

**Dato' Ng Chin Kee**, aged 52, is an executive Director of the Group. He is responsible for management and operation of the Group with focus on purchasing and merchandising. He is currently a director of 54 subsidiaries of the Company. Prior to joining the Group, Mr. Ng ran family business of a grocery store from 1988 to 1991. He then invested in and managed a Chinese restaurant from 1992 to 1995. His first directorship within the Group was in Metro Designer Eyewear in June 1997. Mr. Ng has more than 22 years of experience in the eyewear retail industry. Mr. Ng was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) which carries the honourary title "Dato" by His Majesty Sultan Haji Ahmad of Pahang Darul Makmur in 2014. Mr. Ng became a registered optician in Malaysia in May 1999.

Mr. Ng graduated from Sekolah Menengah Yu Hua Kajang (Yu Hua Kajang High School*), Selangor in November 1985.

Mr. Ng was a director of the following companies, which were incorporated in Malaysia prior to their respective dissolution:

| Name of company | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|
| Bond Tact (M) Sdn. Bhd. | 18 January 2007 | Dissolved by striking off under Section 308(1) of the Companies Act 1965 upon an application by the directors and member of the company | General merchants importers and exporters manufacturers' representative |
| Trilink Emphasis Sdn. Bhd. . . . . . . . . . . . . . | 30 May 2017 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company[(Note)] | Dormant |
| M&E Eyewear Sdn. Bhd. | 11 July 2019 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company[(Note)] | Dormant |

*Note:* Pursuant to Section 551 of the Companies Act 2016 (pari materia to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017), where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

Mr. Ng confirmed that (i) each company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) each company above was solvent and/or dormant immediately prior to its dissolution; (iii) their respective dissolution had not resulted in any liability or obligation being imposed against him; (iv) there was no wrongful act, omission, misconduct or misfeasance on his part leading to their respective dissolution and that his involvement in each company above was in relation to his appointment as a director of that company.

**Datin Low Lay Choo**, aged 49, is the chief executive officer and an executive Director. She is responsible for the overall management and operation of the Group. She joined the Group on 1 April 1999. She also holds directorship in 27 subsidiaries of the Company. Ms. Low has more than 20 years of experience in the eyewear retail industry. Prior to joining the Group, she worked as a customer support supervisor in Upha Corporation (M) Sdn. Bhd. from September 1990 to March 1999 and was mainly responsible for supervising the customer service team. Upha Corporation (M) Sdn. Bhd. is currently known as CCM Pharmaceuticals Sdn. Bhd. and it is a related company of Chemical Company of Malaysia Berhad, a company listed on Kuala Lumpur Stock Exchange (stock code: 2879). Ms. Low became a registered optician in Malaysia in March 2000.

Ms. Low graduated from Sekolah Menengah Yu Hua Kajang (Yu Hua Kajang High School*), Selangor in November 1988.

**Independent non-executive Directors**

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

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

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

Mr. Ng was a director of the following company, which was incorporated in Malaysia prior to its dissolution:

| Name of company | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|
| Gulfway Designs Sdn. Bhd. . . . . . . . . . . . . . | 27 June 2019 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company(Note) | Dormant |

*Note:* Pursuant to Section 551 of the Companies Act 2016 (pari materia to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017), where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

Mr. Ng confirmed that (i) the company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) the company above was solvent and/or dormant immediately prior to its dissolution; (iii) its dissolution had not resulted in any liability or obligation being imposed against him; (iv) there was no wrongful act, omission, misconduct or misfeasance on his part leading to its dissolution and that his involvement in the company above was in relation to his appointment as a director of that company.

**Mr. Ng Chee Hoong**, aged 53, was appointed as an independent non-executive Director on 23 March 2020, and is mainly responsible for providing independent opinion and judgement to the Board. Mr. Ng is the chairman of the audit committee, as well as a member of the nomination and remuneration committees. Mr. Ng does not hold any other position with the members of the Group.

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

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

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

Ms. Jiao has over 11 years of experience in initial public offerings, private equity financing and corporate legal affairs. Ms. Jiao worked as a legal assistant at Beijing Jingtian & Gongcheng* Attorneys at Law (北京市競天公誠律師事務所) from November 2004 to February 2007. Thereafter, she joined China Sunshine Paper Holdings Company Limited (stock code: 2002) ("**China Sunshine**"), the shares of which are listed on the Main Board of the Stock Exchange, as the board secretary and special assistant to the chairman of China Sunshine from March 2007 to

January 2010. From January 2010 to February 2012, Ms. Jiao worked as chief counsel and head of investor relations in Beijing Soufun Network Technology Company Limited* (北京搜房網絡技術有限公司), a subsidiary of Fang Holdings Limited, a company listed on the NYSE (stock code: SFUN). She then joined Huijin Stone (Xiamen) Co. Ltd.* (滙金石(廈門)有限公司), a subsidiary of ArtGo Holdings Limited (formerly known as ArtGo Mining Holdings Limited) (stock code: 3313), the shares of which are listed on the Main Board of the Stock Exchange, as vice president and general counsel from March 2012 to June 2014. She was appointed to the position of joint company secretary of Artgo Holdings Limited in December 2013 and resigned in May 2014. Ms. Jiao served as the chief financial officer at iClick Interactive Asia Group Limited, a company listed on the NASDAQ (stock code: ICLK), from June 2014 to December 2018. Ms. Jiao has been an independent non-executive director of China Sunshine since January 2014 and TradeGo FinTech Limited (捷利交易寶金融科技有限公司) (stock code: 8017) since August 2018, the shares of which are listed on GEM of the Stock Exchange, and an independent director of China Index Holdings Limited since May 2019, a company listed on the NASDAQ (stock code: CIH). Save as being independent director/non-executive director, Ms. Jiao has also served as the supervisor of Opt Aim Technology Co., Ltd.* (北京智雲眾網絡科技有限公司) since April 2017.

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

Ms. Jiao was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

| Name of company | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|
| Buzzinate Company Limited (百智能信息科技有限公司) | 29 March 2019 | Dissolved by deregistration under section 751 of the Companies Ordinance (Note) | Digital marketing |

*Note:* Under section 750 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members agree to the deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (c) the company has no outstanding liabilities; (d) the company is not a party to any legal proceedings; (e) the company's assets do not consist of any immovable property situate in Hong Kong; and (f) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Ms. Jiao confirmed that (i) the company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) the company above was solvent and/or dormant immediately prior to its dissolution; (iii) its dissolution had not resulted in any liability or obligation being imposed against her; (iv) there was no wrongful act, omission, misconduct or misfeasance on her part leading to its dissolution and that her involvement in the company above was in relation to her appointment as a director of that company.

Save as disclosed in this prospectus, none of the Directors held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus, and there is no other matter that needs to be brought to the attention of the Board and the Shareholders in connection with the above Directors and there is no information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

## SENIOR MANAGEMENT

**Mr. Ooi Guan Hoe**, aged 44, has been the chief financial officer of the Group since 1 January 2019, being responsible for the overall finance function.

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

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

**Mr. Lee Ben Keong**, aged 44, was the head of business development and marketing department of the Group from May 2015 to January 2017, and has been the general manager (marketing communication and business development) of the Group since February 2017, being responsible for marketing communication and business development.

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

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

Mr. Lee was a director of the following companies, which were incorporated in Malaysia prior to their respective dissolution:

| Name of company | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|
| Zania (M) Sdn. Bhd. . . . . | 13 February 2019 | Dissolved by striking off under Section 551 of Companies Act 2016 upon an application by the directors and member of the company*(Note)* | Dormant |
| Confident Touch Sdn. Bhd. . . . . . . . . . . . . . | 6 December 2011 | Dissolved by striking off under Section 308(1) of the Companies Act 1965 upon an application by the directors and member of the company | Boutique |

*Note:* Pursuant to Section 551 of the Companies Act 2016 (pari materia to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017), where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

Mr. Lee confirmed that (i) each company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) each company above was solvent and/or dormant immediately prior to its dissolution; (iii) their respective dissolution had not resulted in any liability or obligation being imposed against him; (iv) there was no wrongful act, omission, misconduct or misfeasance on his part leading to their respective dissolution and that his involvement in each company above was in relation to his appointment as a director of that company.

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

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

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

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

Ms. Goh has more than nine years of experience in human resources field. Prior to joining the Group, she was an assistant human resources manager in Megaduct Technology Sdn. Bhd., a manufacturer of electric busbar trunking systems, from December 2010 to November 2012 and in

Miwaki Sdn. Bhd., a trader in garments and accessories, from November 2012 to July 2014, being responsible for HR related matters. She then joined Wong and Partners, a law firm where she worked as a talent management specialist and responsible for HR related matters from July 2014 to January 2016.

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

## COMPANY SECRETARY

**Mr. Lau Wai Piu Patrick (劉偉彪)**, aged 46, the company secretary of the Group, was appointed on 2 July 2019.

Mr. Lau has over 20 years of experience in auditing and accounting. From June 1997 to August 2000, he worked at C.B. Wong & Co., an accounting firm, with his last position as an audit senior. He served as an audit supervisor at Yau & Leung, an accounting firm, from October 2000 to May 2004. From May 2004 to May 2006, he acted as a senior accounting supervisor at Eyston Company Limited, a home safety product manufacturer and he was primarily responsible for heading the accounting department and handling the company secretarial matters. From May 2006 to December 2006, he was an accounting manager at Takson Garment Manufacturing Company Limited, a company principally engaged in the sourcing and sales of outerwear garments. He was responsible for preparing the group consolidated financial statements and budgets. He served at Hembly Garment Manufacturing Limited, a company principally engaged in the sale of garments, from December 2006 to April 2012 and his last position was financial controller. He joined Shinhint Acoustic Link Holdings Limited (currently known as Jintai Energy Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 02728) ("**Shinhint**") as an accounting manager and company secretary and he was later promoted to assistant financial controller and company secretary during the period from June 2012 to March 2013. He then rejoined Shinhint, and from May 2013 to September 2017, he served as its financial controller and company secretary and he was mainly responsible for monitoring the finance department in Hong Kong and handling the company secretarial and listed company related matters. Mr. Lau founded Ascent Corporate Services Limited in December 2018 and has served as its director since its incorporation. Since May 2019, he has been the company secretary of Infinity Logistics and Transport Ventures Limited, which was listed on the Main Board of the Stock Exchange (stock code: 1442) on 21 January 2020.

Mr. Lau obtained a higher diploma in accountancy with distinction and a master of art degree in international accounting from City University of Hong Kong in November 1997 and November 2002, respectively. He has been a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants since July 2005 and September 2007 respectively.

Pursuant to Rule 3.28 and Rule 8.17 of the Listing Rules, the secretary of the Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. The Stock Exchange considers (a) an ordinary member of The Hong Kong Institute of Company Secretaries; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or (c) a certified public accountants as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as acceptable academic and professional qualification. Mr. Lau satisfies the qualification requirements under Rules 3.28 and 8.17 of the Listing Rules.

Mr. Lau was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

| Name of company | Date of dissolution | Means of dissolution | Business nature |
|---|---|---|---|
| Bright Create Development Limited (駿富發展有限公司) . . . . . | 10 May 2019 | Dissolved by deregistration under section 751 of the Companies Ordinance *(Note)* | No business operation since the date of incorporation |

*Note:* Under section 750 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members agree to the deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (c) the company has no outstanding liabilities; (d) the company is not a party to any legal proceedings; (e) the company's assets do not consist of any immovable property situate in Hong Kong; and (f) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Lau confirmed that (i) the company above had not been and was not involved in any material legal proceedings in any jurisdiction since the date of its incorporation till its dissolution; (ii) the company above was solvent and/or dormant immediately prior to its dissolution; (iii) its dissolution had not resulted in any liability or obligation being imposed against him; (iv) there was no wrongful act, omission, misconduct or misfeasance on his part leading to its dissolution and that his involvement in the company above was in relation to his appointment as a director of that company.

## BOARD COMMITTEES

### Audit committee

The Group established an audit committee pursuant to a resolution of the Directors passed on 23 March 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of an external auditor, and to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The audit committee of the Company consists of three members, being Mr. Ng Kuan Hua, Mr. Ng Chee Hoong and Ms. Jiao Jie. Mr. Ng Chee Hoong is the chairman of the audit committee.

### Remuneration committee

The Group established a remuneration committee pursuant to a resolution of the Directors passed on 23 March 2020, with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to evaluate and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure that none of the Directors determine their own remuneration. The remuneration committee consists of three members, being Dato' Frankie Ng, Mr. Ng Kuan Hua and Mr. Ng Chee Hoong. Mr. Ng Kuan Hua is the chairman of the remuneration committee.

### Nomination committee

The Group established a nomination committee pursuant to a resolution of the Directors passed on 23 March 2020, with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee consists of three members, comprising Dato' Frankie Ng, Mr. Ng Kuan Hua and Mr. Ng Chee Hoong. Dato' Frankie Ng is the chairman of the nomination committee.

## REMUNERATION POLICY

The Group values its employees and recognise the importance of a good relationship with them. The remuneration to the employees includes salaries and allowances.

After the Listing, the Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to "D. Share Option Scheme" in Appendix IV to this prospectus.

The primary goal of the Group's remuneration policy with regard to the remuneration packages of the Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. The principal elements of the Directors remuneration packages include basic salaries and discretionary bonuses and housing benefits. The Group offers competitive remuneration packages to the Directors, the aggregate amount of emoluments (including fees, salaries and other benefits, performance related bonus and retirement benefit scheme contribution) paid to the Directors for the years ended 31 March 2017, 2018, 2019 and the six months ended 30 September 2019 were approximately RM1,382,000, RM1,411,000, RM1,538,000 and RM861,000, respectively. The aggregate amount of emoluments (including fees, salaries and other benefits, performance related bonus and retirement benefit scheme contribution) paid to the five highest paid individuals of the Group were approximately RM1,865,000, RM1,845,000, RM2,128,000 and RM1,155,000 for the years ended 31 March 2017, 2018, 2019 and the six months ended 30 September 2019, respectively.

The Group has not paid any remuneration to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived any remuneration during the Track Record Period.

Under the arrangements currently in force, the Group estimates that the aggregate remuneration (including fees, salaries, contributions to defined contribution plans, allowances and benefits in kind but excluding discretionary bonus, if any) payable to the Directors for the year ending 31 March 2020 will be approximately RM1,785,000.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced staff.

## BOARD DIVERSITY POLICY

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

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the Corporate Governance Report annually in accordance with the Listing Rules. The nomination committee of the Company is responsible for monitoring the achievement of the measurable objectives set out in the board diversity policy.

The Board comprises of six members, including three executive Directors and three independent non-executive Directors. The Directors have a balanced mix of experiences, including overall management and strategic development, quality assurance and control, business and risk management, and finance and accounting experiences in addition to corporate legal affair experiences.

**COMPLIANCE ADVISER**

The Company has appointed Zhongtai International Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company on the following matters:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share buy-backs;

(3) where the Group proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which the Company distributes its annual report in respect of the financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

## SHARE CAPITAL

The following table sets out the authorised and issued share capital of the Company as at the Latest Practicable Date and immediately after Listing:

| | | |
|---|---|---|
| *Authorised:* | | **HK$** |
| 2,000,000,000 | Shares of HK$0.01 each | 20,000,000 |
| *Issued and to be issued, fully paid or credited as fully paid:* | | |
| 100 | Shares in issue as at the date of this prospectus | 1 |
| 374,999,900 | Shares to be issued pursuant to the Capitalisation Issue | 3,749,999 |
| 125,000,000 | New Shares to be issued pursuant to the Global Offering | 1,250,000 |
| 500,000,000 | Shares | 5,000,000 |

## ASSUMPTIONS

The above table assumes the Capitalisation Issue and the Global Offering become unconditional and the issue of Shares pursuant thereto is made as described herein. It assumes the Over-allotment Option is not exercised and does not take into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to the Directors as referred to below or otherwise.

## MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of Listing and at all times thereafter, the Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of the Company in the hands of the public (as defined in the Listing Rules).

## RANKING

The Offer Shares will rank equally with all Shares now in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

## SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in "D. Share Option Scheme" in Appendix IV to this prospectus. As at the Latest Practicable Date, no option has been granted under the Share Option Scheme.

## GENERAL MANDATE TO ISSUE SHARES

Subject to the Capitalisation Issue and the Global Offering becoming unconditional, the Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares with an aggregate number of not more than:

(a) 20% of the aggregate number of issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any options which may be granted under the Share Option Scheme); and

(b) the aggregate number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares as described below.

This mandate will expire at the earliest of:

(a) the conclusion of the Company's next annual general meeting;

(b) the expiration of the period within which the Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or

(c) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate.

The Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of the Company, scrip dividends or similar arrangements or options to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

Further details of this general mandate are set out in "A. Further information about the Company — 3. Written resolutions of all the Shareholders passed on 23 March 2020" in Appendix IV to this prospectus.

## GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Capitalisation Issue and the Global Offering becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total number of not more than 10% of the aggregate number of issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "A. Further information about the Company — 6. Repurchase by the Company of its own securities" in Appendix IV to this prospectus.

This mandate will expire at the earliest of:

(a) the conclusion of the Company's next annual general meeting;

(b) the expiration of the period within which the Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or

(c) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of this general mandate, please refer to "A. Further information about the Company — 3. Written resolutions of all the Shareholders passed on 23 March 2020" and "A. Further information about the Company — 6. Repurchase by the Company of its own securities" in Appendix IV to this prospectus.

## CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, the Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, the Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, see "2(a)(iii) Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see "2(a)(ii) Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

So far as the Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons/entities will have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, be, directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

| | | Shares held immediately prior to the completion of the Capitalisation Issue and the Global Offering | | Shares held immediately following the completion of the Capitalisation Issue and the Global Offering | |
|---|---|---|---|---|---|
| **Name of Shareholders** | **Capacity and nature of interests** | **Number** *(Note 1)* | **Percentage** | **Number** *(Note 1)* | **Percentage** |
| Alliance Vision *(Notes 2 and 3)* | Beneficial owner | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Dato' Frankie Ng *(Notes 2 and 3)* | Interest in controlled corporation and interest of spouse | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Sky Pleasure *(Notes 2 and 4)* | Beneficial owner | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Dato' Henry Ng *(Notes 2 and 4)* | Interest in controlled corporation | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Delightful Fortune *(Note 2 and 5)* | Beneficial owner | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Datin Bernice Low *(Notes 2 and 5)* | Interest in controlled corporation and interest of spouse | 100 (L) | 100% | 375,000,000 (L) | 75% |
| Datin Lee Kwai Fah *(Note 6)* | Interest of spouse | 100 (L) | 100% | 375,000,000 (L) | 75% |

*Notes:*

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. Pursuant to the Acting in Concert Confirmation, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, through Alliance Vision, Sky Pleasure and Delightful Fortune, are regarded as a group of Controlling Shareholders 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 upon completion of the Global Offering.

3. The issued share capital of Alliance Vision is wholly and beneficially owned by Dato' Frankie Ng. Dato' Frankie Ng is therefore deemed to be interested in the Shares held by Alliance Vision pursuant to the SFO. Dato' Frankie Ng is the spouse of Datin Bernice Low and thus he is deemed to be interested in the Shares in which Datin Bernice Low is interested for the purpose of the SFO.

4. The issued share capital of Sky Pleasure is wholly and beneficially owned by Dato' Henry Ng. Dato' Henry Ng is therefore deemed to be interested in the Shares held by Sky Pleasure pursuant to the SFO.

5. The issued share capital of Delightful Fortune is wholly and beneficially owned by Datin Bernice Low. Datin Bernice Low is therefore deemed to be interested in the Shares held by Delightful Fortune pursuant to the SFO. 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.

6. Datin Lee Kwai Fah is the spouse of Dato' Henry Ng and thus she is deemed to be interested in the Shares in which Dato' Henry Ng is interested for the purpose of the SFO.

Save as disclosed above, the Directors are not aware of any persons who will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in any Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights at general meetings of any member of the Group, and are therefore, regarded as substantial shareholders under the Listing Rules.

***You should read this section in conjunction with the audited combined financial information of the Group, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus (the "Combined Financial Information"). The Combined Financial Information has been prepared in accordance with the IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.***

***The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by the Group in light of the experience and perception of historical trends, current conditions and expected future developments of the Group, as well as other factors the Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet the expectations and projections depend on a number of risks and uncertainties over which the Group does not have control. Please refer to "Risk Factors" in this prospectus for details.***

***Discrepancies between totals and sums of amounts listed herein in any table or elsewhere in this prospectus may be due to rounding.***

## OVERVIEW

The Group is the second largest retailer of optical products in Malaysia in terms of revenue, accounting for approximately 7.1% of the market share in 2018. The Group offers a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses which are from (i) International Brands; (ii) the Group's Own Brands; and (iii) Manufacturers' Brands carried by the Group. The Group's optical product brands portfolio as at the Latest Practicable Date consisted of more than 220 International Brands and Own Brands catering to multiple price points in the eyewear retail market. In 2009 and 2010, the Group commenced its licensing business and franchising business respectively with a view to deepening its penetration in the Malaysian eyewear retail market. As at the Latest Practicable Date, the Group's retail network comprised 83 self-owned, 10 franchised and two licensed retail stores located across Central, Southern, Northern and Eastern Peninsular Malaysia. The Group adopts a multi-brand strategy catering to different demographics within the eyewear retail market. As at the Latest Practicable Date, the Group had 10 retail brands covering the high-end, mid-end and mass-market segments of the Malaysian eyewear retail market. In addition to the aforementioned 10 retail brands, the Group's retail brand portfolio also included a retail brand which focuses on the sales of contact lenses. The following table sets out a breakdown of the Group's revenue by its principal business activities:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Retailing Business | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| Franchising and Licensing Business | 2,626 | 2.6 | 1,489 | 1.3 | 1,632 | 1.2 | 816 | 1.3 | 972 | 1.3 |
| Minority Sales Business(Note) | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

*Note:* As at the Latest Practicable Date, the Group has ceased the sale of optical products to the Thai Interested Companies and the Group also acquired a controlling interest in Mido Eyewear and New Success Eyewear during the year ended 31 March 2019.

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group's revenue was approximately RM101.9 million, RM115.5 million, RM133.6 million, RM61.0 million and RM74.5 million, respectively, and profit attributable to owners of the Company was approximately RM10.4 million, RM13.2 million, RM20.6 million, RM8.8 million and RM6.2 million, respectively.

## BASIS OF PRESENTATION AND PREPARATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 June 2019. For further details regarding the Reorganisation, please refer to "History, Reorganisation and Corporate Structure — Corporate reorganisation" in this prospectus, the Company became the holding company of the companies now comprising the Group on 6 March 2020. Immediately prior to and after the Reorganisation and the 2017 and 2019 Restructuring (as defined in the Accountants' Report in Appendix I to this prospectus), the Company and its subsidiaries (except for the acquisition of subsidiaries as detailed in note 31 of the Accountants' Report in Appendix I to this prospectus) now comprising the Group are ultimately controlled by the Controlling Shareholders. As the Reorganisation and the 2017 and 2019 Restructuring did not result in any change in the ultimate control of the Group's business, therefore, the Reorganisation and the 2017 and 2019 Restructuring are considered to be a restructuring of entities and business under common control.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholders and changes therein are presented as non-controlling interests in equity. All intra-group transactions and balances have been eliminated on combination.

The Combined Financial Information of the Group for the Track Record Period has been prepared in accordance with IFRSs. The Combined Financial Information is presented in RM and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated. For details of the basis of presentation and preparation, please refer to note 2 of the Accountants' Report in Appendix I to this prospectus.

### Impact from the adoption of IFRS 9, IFRS 15 and IFRS 16

The IASB has issued a number of new/revised IFRSs during the Track Record Period. For the purpose of preparing this Combined Financial Information, the Group has adopted all applicable new/revised IFRSs that are relevant to its operations and are effective during the Track Record Period, including IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" consistently throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting year beginning 1 April 2019. Details of the new/revised accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 April 2019 are set out in note 3 of the Accountants' Report in Appendix I to this prospectus.

The adoption of IFRS 9 and IFRS 15 did not have significant impact on the Group's financial position and performance throughout the Track Record Period when compared to its presentation under IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 18 "Revenue".

During the Track Record Period, the Group's leased properties include self-owned retail stores, office premises and central warehouse. After due and careful consideration and taking into account the significance of the operating leases to the Group amongst other things, the Directors have elected to early apply IFRS 16 consistently throughout the Track Record Period.

IFRS 16 will result in almost all leases being recognised on the combined statements of financial position of the lessees, as the distinction between operating leases and finance leases has been removed. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the period of lease term and the expected useful life of the underlying asset on a straight-line basis.

Assets and liabilities arising from the leases are initially measured on a present value basis. Lease liabilities include the present value of fixed lease payments (including in-substance fixed payments), less any lease incentives, variable lease payments that depend on a rate, the exercise price of a purchase option if the receivable lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease. The lease payments are discounted using the incremental borrowing rate of the Group. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs and an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Payments associated with short-term leases with a lease term of 12 months or less and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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

Following the early adoption of IFRS 16, leases (except for those with lease term of less than 12 months or of low value) are recognised in the form of an asset (being the right-of-use assets in the combined statements of financial position) together with financial liabilities (being the lease liabilities in the combined statements of financial position) and in respect of which depreciation expenses and finance costs are charged instead of rental expenses (under selling and distribution costs). The table below sets forth the summary of major impacts of the adoption of IFRS 16 on the Group's (a) combined statements of financial position; (b) combined statements of profit or loss and other comprehensive income; (c) combined statements of cash flows; and (d) certain key financial ratios when compared to that of IAS 17.

### (a) *Impact to combined statements of financial position*

Based on the Group's initial assessment, if IAS 17 was applied instead of IFRS 16 throughout the Track Record Period, the management of the Group estimates that the key items in the Group's combined statements of financial position as at 31 March 2017, 2018 and 2019 and 30 September 2019 would have been affected as follows:

| | Total assets | | | | Total liabilities | | | |
|---|---|---|---|---|---|---|---|---|
| | As at 31 March | | | As at 30 September | As at 31 March | | | As at 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As if reported under IAS 17 <A> | 76,869 | 83,252 | 83,415 | 92,076 | 37,850 | 34,271 | 25,088 | 32,154 |
| Currently reported under IFRS 16 <B> | 91,416 | 96,261 | 99,242 | 107,221 | 53,182 | 48,232 | 42,200 | 48,881 |
| Difference (<B> – <A>) | 14,547 | 13,009 | 15,827 | 15,145 | 15,332 | 13,961 | 17,112 | 16,727 |

| | Right-of-use assets | | | | Lease liabilities | | | |
|---|---|---|---|---|---|---|---|---|
| | As at 31 March | | | As at 30 September | As at 31 March | | | As at 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As if reported under IAS 17 <A> | — | — | — | — | — | — | — | — |
| Currently reported under IFRS 16 <B> | 16,542 | 14,690 | 17,489 | 16,081 | 17,039 | 15,210 | 17,675 | 16,183 |
| Difference (<B> – <A>) | 16,542 | 14,690 | 17,489 | 16,081 | 17,039 | 15,210 | 17,675 | 16,183 |

| | Total equity | | | |
|---|---|---|---|---|
| | As at 31 March | | | As at 30 September |
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| As if reported under IAS 17 <A> | 39,019 | 48,981 | 58,327 | 59,922 |
| Currently reported under IFRS 16 <B> | 38,234 | 48,029 | 57,042 | 58,340 |
| Difference (<B> – <A>) | (785) | (952) | (1,285) | (1,582) |

Upon adoption of IFRS 16, there was no significant impact on the Group's net assets as at 31 March 2017, 2018 and 2019 and 30 September 2019 as compared with those that would have been presented under IAS 17, whereas there was an impact on the Group's total non-current assets, current liabilities, non-current liabilities and net current assets. According to IFRS 16, the Group as a lessee is required to recognise a right-of-use asset (i.e. non-current assets) representing its right to use the underlying leased asset and a lease liability (i.e. current and non-current liabilities) representing its obligation to make lease payments resulting in the increase in the Group's total non-current assets, current liabilities and non-current liabilities and the decrease in the Group's net current assets.

### (b) *Impact to combined statements of profit or loss and other comprehensive income*

If IAS 17 was applied instead of IFRS 16 throughout the Track Record Period, the key items in the Group's combined statements of profit or loss and other comprehensive income during the Track Record Period would have been affected as follows:

| | **Net profit** | | | | **Selling and distribution costs** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Year ended 31 March** | | | **Six months ended 30 September** | **Year ended 31 March** | | | **Six months ended 30 September** |
| | **2017** | **2018** | **2019** | **2019** | **2017** | **2018** | **2019** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| As if reported under IAS 17 <A> | 11,812 | 15,785 | 23,083 | 8,131 | 35,471 | 41,590 | 47,309 | 27,612 |
| Currently reported under IFRS 16 <B> | 11,490 | 15,617 | 22,751 | 7,833 | 35,136 | 40,958 | 46,800 | 27,424 |
| Difference (<B> – <A>) | (322) | (168) | (332) | (298) | (335) | (632) | (509) | (188) |

| | **Administrative expenses** | | | | **Finance costs** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Year ended 31 March** | | | **Six months ended 30 September** | **Year ended 31 March** | | | **Six months ended 30 September** |
| | **2017** | **2018** | **2019** | **2019** | **2017** | **2018** | **2019** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| As if reported under IAS 17 <A> | 6,083 | 6,881 | 8,328 | 4,578 | 360 | 398 | 403 | 66 |
| Currently reported under IFRS 16 <B> | 6,182 | 6,983 | 8,474 | 4,649 | 918 | 1,096 | 1,098 | 481 |
| Difference (<B> – <A>) | 99 | 102 | 146 | 71 | 558 | 698 | 695 | 415 |

The adoption of IFRS 16 did not result in significant changes to the Group's profit and total comprehensive income for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019 as compared with those that would have been presented under IAS 17, however, there was an impact on the composition of certain profit and loss items (such as selling and distribution costs, administrative expenses and finance costs) mainly due to the recognition of depreciation on right-of-use assets and interest expenses on leases liabilities as well as de-recognition of rental expenses. The impact of IFRS 16 on the Group's profit and total comprehensive income depends on the pattern of expenses recognised (i.e. depreciation on right-of-use assets and finance charges on lease liabilities). The depreciation on right-of-use assets was charged on a straight-line basis, whereas the finance charges on lease liabilities was charged based on the effective interest rate method. The combination of depreciation and finance charge recognised in accordance with IFRS 16 results in an expenses recognition pattern where a higher charge will be recognised on the statements of profit or loss and other comprehensive income in the initial years of the lease and lead to a lower net profit.

### (c) *Impact to combined statements of cash flows*

| | Net cash from operating activities | | | | Net cash used in financing activities | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 31 March | | | Six months ended 30 September | Year ended 31 March | | | Six months ended 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As if reported under IAS 17 <A> | 14,690 | 17,417 | 23,071 | 15,079 | (2,148) | (10,724) | (21,036) | (8,875) |
| Currently reported under IFRS 16 <B> | 23,996 | 28,362 | 36,032 | 21,817 | (11,454) | (21,669) | (33,997) | (15,613) |
| Difference (<B> — <A>) | 9,306 | 10,945 | 12,961 | 6,738 | (9,306) | (10,945) | (12,961) | (6,738) |

The adoption of IFRS 16 resulted in significant impact on the net change of the Group's cash and cash equivalents for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019 as compared with those that would have been presented under IAS 17, whereas there was an increase in the Group's net cash from operating activities and net cash used in financing activities which was mainly due to the classification and recognition of lease payments in accordance with IFRS 16. The major difference in the classification and recognition of cash flows in relation to lease payment between IFRS 16 and IAS 17 is that the payment of leases is classified as cash outflows under financing activities under IFRS 16, whereas it was classified as a cash outflow under operating activities under the IAS 17.

### (d) *Impact to certain key financial ratios*

If IAS 17 was applied instead of IFRS 16 throughout the Track Record Period, the net profit margin, interest coverage ratio, return on equity, return on asset, the current ratio and gearing ratio of the Group during the Track Record Period would have been affected as follows:

| | Net profit margin(1) | | | | Interest coverage ratio | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 31 March | | | Six months ended 30 September | Year ended 31 March | | | Six months ended 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | % | % | % | % | (times) | (times) | (times) | (times) |
| As if reported under IAS 17 <A> | 11.59% | 13.67% | 17.28% | 10.92% | 44.04 | 52.31 | 75.02 | 178.41 |
| Currently reported under IFRS 16 <B> | 11.27% | 13.53% | 17.03% | 10.52% | 17.53 | 19.48 | 27.87 | 24.72 |

| | Return on equity | | | | Return on assets | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 31 March | | | Six months ended 30 September | Year ended 31 March | | | Six months ended 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | % | % | % | % | % | % | % | % |
| As if reported under IAS 17 <A> | 30.27% | 32.23% | 39.58% | N/A(3) | 15.37% | 18.96% | 27.67% | N/A(3) |
| Currently reported under IFRS 16 <B> | 30.05% | 32.52% | 39.88% | N/A(3) | 12.57% | 16.22% | 22.92% | N/A(3) |

| | Current ratio | | | | Gearing ratio(2) | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 31 March | | | Six months ended 30 September | Year ended 31 March | | | Six months ended 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | (times) | (times) | (times) | (times) | (times) | (times) | (times) | (times) |
| As if reported under IAS 17 <A> . . . . . . . . . . | 1.78 | 2.15 | 3.07 | 2.59 | 0.22 | 0.15 | 0.08 | 0.05 |
| Currently reported under IFRS 16 <B> . . . . . . . . . | 1.42 | 1.71 | 2.15 | 1.91 | 0.61 | 0.43 | 0.37 | 0.30 |

*Notes:*

1. Net profit margin was calculated by dividing the profit for the period by the revenue for the respective financial period.

2. Debts are defined to include payables (i) incurred not in the ordinary course of business; and (ii) are interest-bearing. The Group's total debts include bank overdrafts, interest-bearing borrowings and lease liabilities/obligations under finance leases.

3. Such ratio is not applicable as it is not comparable to annual numbers.

The above hypothetical amounts or financial ratios are estimates only and are presented solely to illustrate the impact on the Combined Financial Statements of the Group during the Track Record Period based on IAS 17.

## CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The Directors have identified certain accounting policies that are significant to the preparation of the Group's Combined Financial Statements. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing the Group's financial statements, the prospective investors should consider: (i) the Group's selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. For the Group's accounting estimates on impairment and estimated useful lives of investment properties, plant and equipment and right-of-use assets, estimated allowance for inventories and expected credit loss on trade and other receivables, lease terms of contracts with renewal options and provision for restoration costs, the Directors had not noted material difference of its estimates from the actual results during the Track Record Period. Also, the Directors had not experienced any change in estimates nor its underlying assumptions in the past. The method and assumptions on such estimates will unlikely be changed in the future. Please refer to note 3 of the Accountants' Report in Appendix I to this prospectus for more details.

## KEY FACTORS AFFECTING RESULTS OF OPERATIONS

The Group's results of operations and financial condition have been and will continue to be affected by a number of factors, mainly including those set out below:

### Macro-economic environment and demand for optical products in Malaysia

All of the Group's operations are conducted in Malaysia and therefore, the Group's financial condition and results of operations are affected by the macro-economic environment and the demand for its optical products in Malaysia.

According to the Ipsos Report, Malaysia's economic competitiveness is strengthened by its favourable judicial framework, solid infrastructure, skilled workforce, stable political climate and favourable tax systems. In 2018, GDP growth rate in Malaysia slowed to approximately 5.5% on a year-on-year growth compared to 2017, which had a GDP growth rate of approximately 9.8% which was mainly impacted by one-off factors such as government spending rationalisation and post-election policy uncertainty. For 2019, it is estimated that the GDP growth rate will slow down to approximately 4.4%. The outlook for the Malaysia economy in 2019 is expected to remain steady as economic risks are expected to moderate, with clarity in domestic policy direction. Beyond 2019, Malaysia's economy is expected to remain resilient, reflecting a well-diversified and open economy that has successfully cushioned the impact of external shocks over the years. As for the Malaysian eyewear retail industry, demand for optical products has been growing, due to the increasing number of cases of myopia, hyperopia and presbyopia. The population with myopia in Malaysia increased from approximately 17.2 million in 2014 to approximately 18.4 million in 2018, while the population with hyperopia in Malaysia grew from approximately 9.4 million to approximately 9.9 million during the same period. Also, the population with presbyopia grew from approximately 7.5 million in 2014 to approximately 8.9 million in 2018. Demand for optical products has also been strengthened as the 6% goods and services tax ("**GST**") on imported sunglasses and prescription glasses and frames which was introduced in 2015 was revised to zero in June 2018.

The Group is indirectly exposed to the economic factors and risks which affect its retail customers. Government policies and economic conditions which negatively affect the disposable income of the Group's retail customers will also have a negative impact upon the business and financial conditions of the Group.

**Price of optical products**

The price of the Group's optical products may vary from period to period due to factors such as brands, categories, customer preference and market conditions. If the Group is not able to anticipate market trends and respond to the changes in customer preferences in a timely manner, it could result in lower sales volume, lower selling prices, obsolete inventory and lower profit, which may materially affect the market share, operational results and business prospects of the Group.

**Staff costs**

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 years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group incurred staff costs of approximately RM22.0 million, RM25.3 million, RM30.3 million, RM14.1 million and RM17.0 million, accounting for approximately 21.6%, 21.9%, 22.7%, 23.1% and 22.8% of the Group's revenue, respectively.

Any change to the general market for employee compensation, for example, any adjustment of the statutory minimum wage, will have a direct impact on the Group's results of operations. According to the Ipsos Report, it is forecasted that for the period from 2019 to 2023, the average salary of employees engaged in the sales and services industry in Malaysia will grow at a CAGR of approximately 5.1%. As such, it is possible that the Group's staff costs will increase in the future, and if it cannot transfer such increase to its customers, the Group's profitability and results of operations may be adversely affected. For further details please refer to "Risk Factors — Risks relating to the Group's business — Minimum wage requirements in Malaysia may further increase and impact the staff costs of the Group in the future" in this prospectus.

### Rental Expenses

Rental Expenses (as defined below) is one of the major costs of the Group's Retailing Business. During the Track Record Period, the Group had leased properties mainly for the use as its self-owned retail stores, office premises and central warehouses. According to the Ipsos Report, the rent per square foot for private commercial premises in Kuala Lumpur is forecasted to grow at a range of a CAGR of approximately 2.3% to 2.9% for the period from 2019 to 2023. Despite the relatively low growth rate of the rent per square foot for private commercial premises in Malaysia, the Group's financial results are highly susceptible to changes in the rental market in Malaysia. Where there are significant increases in the rent per square foot for private commercial premises in Malaysia, the Group's financial conditions would be negatively affected.

During the Track Record Period, the Group had leased properties mainly for the use as its self-owned retail stores, office premises and central warehouses. Accordingly, if the Group is unable to enter into or renew its tenancy agreements on terms commercially acceptable to the Group, or if the tenancy agreements are terminated for any reason prior to their expiration, the Group will need to close or relocate the relevant retail stores. Landlords may look for a variety of reasons to terminate the lease with the Group or offer commercial terms which the Group considers unreasonable. In general, commercial terms offered to the Group may vary based on a number of factors, including location and market conditions. Where there are closures or relocations, the resulting disruptions may negatively impact the business of the Group, resulting in a loss of revenue during the period of closure of business; further the Group may incur additional expenses such as renovation cost and payment of rental deposits. In addition, the Group cannot assure that the relocated retail stores can generate the same or more revenue and profit previously generated from the closed retail stores.

The following table sets out the breakdown of depreciation charges of right-of-use assets arising from the Group's leased properties (including its self-owned retail stores, office premises and central warehouses), other rental and related expenses, and the finance charges on lease liabilities relating to the relevant leased properties ("**Rental Expenses**") during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Rental Expenses** | | | | | |
| Depreciation charges of right-of-use assets arising from leased properties | 7,757 | 10,309 | 12,206 | 5,459 | 6,119 |
| Other rental and related expenses | 3,683 | 3,544 | 3,464 | 1,566 | 2,797 |
| Finance charges on lease liabilities relating to the relevant leased properties | 558 | 698 | 734 | 390 | 414 |
| **Total** | **11,998** | **14,551** | **16,404** | **7,415** | **9,330** |

### Product mix

In order to cater to a broad customer base and provide a comprehensive shopping experience, the Directors believe that it is necessary to provide a wide range of optical products covering different styles and price ranges. According to the Ipsos Report, product variety is a key factor for attracting and retaining customers, as retail customers are more likely to repeat their purchases from optical product retailers who are capable of fulfilling their needs.

The Group's profitability is dependent upon its product mix, as the different optical products and optical product brands carry different gross profit margins which may affect the Group's overall profitability. For details relating to the profit margins of the Group's optical products and optical product brands, please refer to "Gross profit and gross profit margin" in this section. The Directors believe that, the Group's product mix should be capable of catering to various customer preferences and demands, which may change or evolve over time. Accordingly, where the Group is unable to tailor its product mix to suit customer preferences, its business, financial conditions and results of operations may be affected.

## RESULTS OF OPERATIONS

The following table summarises the Group's combined statements of profit or loss and other comprehensive income for the periods indicated:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Revenue | 101,911 | 100.0 | 115,462 | 100.0 | 133,615 | 100.0 | 60,998 | 100.0 | 74,488 | 100.0 |
| Cost of sales | (45,659) | (44.8) | (47,562) | (41.2) | (49,655) | (37.2) | (23,259) | (38.1) | (27,199) | (36.5) |
| Gross profit | 56,252 | 55.2 | 67,900 | 58.8 | 83,960 | 62.8 | 37,739 | 61.9 | 47,289 | 63.5 |
| Other income | 1,128 | 1.1 | 1,352 | 1.2 | 1,872 | 1.4 | 1,318 | 2.2 | 944 | 1.3 |
| Selling and distribution costs | (35,136) | (34.5) | (40,958) | (35.5) | (46,800) | (35.0) | (21,411) | (35.1) | (27,424) | (36.8) |
| Administrative expenses | (6,182) | (6.1) | (6,983) | (6.1) | (8,474) | (6.3) | (4,115) | (6.8) | (4,649) | (6.3) |
| Reversal of impairment loss of trade receivables, net | 27 | 0.0 | 40 | 0.0 | 38 | 0.0 | – | – | – | – |
| Finance costs | (918) | (0.9) | (1,096) | (0.9) | (1,098) | (0.8) | (530) | (0.9) | (481) | (0.7) |
| Listing expenses | – | – | – | – | – | – | – | – | (4,268) | (5.7) |
| Profit before tax | 15,171 | 14.8 | 20,255 | 17.5 | 29,498 | 22.1 | 13,001 | 21.3 | 11,411 | 15.3 |
| Income tax expense | (3,681) | (3.6) | (4,638) | (4.0) | (6,747) | (5.0) | (2,917) | (4.8) | (3,578) | (4.8) |
| **Profit for the year** | **11,490** | **11.2** | **15,617** | **13.5** | **22,751** | **17.1** | **10,084** | **16.5** | **7,833** | **10.5** |

## DESCRIPTION OF SELECTED ITEMS IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### Revenue

The Group's revenue during the Track Record Period mainly comprised of sales of optical products to (i) retail customers under its Retailing Business; (ii) franchisees under its Franchising and Licensing Business; and (iii) the Malaysian Interested Companies and the Thai Interested Companies under its Minority Sales Business. The Group also derived a lesser portion of its revenue from franchise and royalty fees under its Franchising and Licensing Business. The following table sets out a breakdown of the Group's total revenue during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| **Sales of optical products** | | | | | | | | | | |
| – Sales to retail customers | 96,594 | 94.8 | 111,360 | 96.4 | 131,362 | 98.3 | 59,561 | 97.7 | 73,516 | 98.7 |
| – Sales to franchisees | 2,081 | 2.0 | 1,050 | 0.9 | 1,209 | 0.9 | 607 | 1.0 | 762 | 1.0 |
| – Sales to Malaysian Interested Companies and Thai Interested Companies | 2,691 | 2.6 | 2,613 | 2.3 | 621 | 0.5 | 621 | 1.0 | – | – |
| | 101,366 | 99.4 | 115,023 | 99.6 | 133,192 | 99.7 | 60,789 | 99.7 | 74,278 | 99.7 |
| **Franchise and royalty fees** | 545 | 0.6 | 439 | 0.4 | 423 | 0.3 | 209 | 0.3 | 210 | 0.3 |
| **Total** | **101,911** | **100.0** | **115,462** | **100.0** | **133,615** | **100.0** | **60,998** | **100.0** | **74,488** | **100.0** |

The Group's total revenue increased gradually from approximately RM101.9 million for the year ended 31 March 2017 to approximately RM133.6 million for the year ended 31 March 2019, representing a CAGR of approximately 14.5%. The Group's total revenue also increased by approximately RM13.5 million or 22.1% from approximately RM61.0 million for the six months ended 30 September 2018 to approximately RM74.5 million for the six months ended 30 September 2019. Revenue from the sales of optical products was the most significant contributor to the Group's total revenue, representing approximately 99.4%, 99.6%, 99.7%, 99.7% and 99.7% of its total revenue for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively.

Out of the Group's revenue from the sales of optical products, revenue from the sales of optical products to retail customers under its Retailing Business was the largest contributor, which increased by approximately RM14.8 million or 15.3% from approximately RM96.6 million for the year ended 31 March 2017 to approximately RM111.4 million for the year ended 31 March 2018, and further increased by approximately RM20.0 million or 18.0% to approximately RM131.4 million for the year ended 31 March 2019. The revenue from the sales of optical products to retail customers also increased by approximately RM13.9 million or 23.3% from approximately RM59.6 million for the six months ended 30 September 2018 to approximately RM73.5 million for the six months ended 30 September 2019. Such increase reflected the increasing demand for optical products in Malaysia and the Group's strategy of expanding its retail network by continuously opening new self-owned retail stores during the Track Record Period. The Group's self-owned retail stores increased from 55 retail stores as at 31 March 2017 to 84 retails stores as at 30 September 2019.

A lesser portion of the Group's revenue was from the sales of optical products to the franchisees, and the Malaysian Interested Companies and Thai Interested Companies, which decreased by approximately RM1.1 million or 22.9% from approximately RM4.8 million for the year ended 31 March 2017 to approximately RM3.7 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in the number of franchised retail stores. The revenue from the sales of optical products to the franchisees, and the Malaysian Interested Companies and Thai Interested Companies further decreased by approximately RM1.9 million or 51.4% to approximately RM1.8 million for the year ended 31 March 2019. The revenue from the sales of optical products to the franchisees, and the Malaysian Interested Companies and Thai Interested Companies also decreased by approximately RM0.4 million or 33.3% from approximately RM1.2 million for the six months ended 30 September 2018 to approximately RM0.8 million for the six months ended 30 September 2019. Such decreases was mainly attributable to the acquisition of a controlling interest in the Malaysian Interested Companies by the Group and the cessation of the sales of optical products to the Thai Interested Companies during the year ended 31 March 2019. Upon completion of the acquisition of a controlling interest in the Malaysian Interested Companies by the Group, those retail stores held by the Malaysian Interested Companies were reclassified as "self-owned" retail stores of the Group.

Revenue from franchise and royalty fees decreased by approximately RM0.1 million or 20.0% from approximately RM0.5 million for the year ended 31 March 2017 to approximately RM0.4 million for the year ended 31 March 2018. Such decrease was also mainly attributable to the decrease in the number of franchised retail stores as disclosed above. Revenue derived from franchise and royalty fees remained stable at approximately RM0.4 million for the year ended 31 March 2019 as compared to the year ended 31 March 2018, as the effect from the closure of a franchised retail store was offset by the improved sales from the remaining franchised retail stores. The Group's revenue from franchise and royalty fees remained stable for the six months ended 30 September 2019 at approximately RM0.2 million when compared to the six months ended 30 September 2018.

***Analysis of retail revenue by retail brands***

The following table sets out the Group's revenue from its Retailing Business by retail brands during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Retail revenue | % of total retail revenue | Retail revenue | % of total retail revenue | Retail revenue | % of total retail revenue | Retail revenue | % of total retail revenue | Retail revenue | % of total retail revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| MOG Boutique | 3,850 | 4.0 | 5,287 | 4.7 | 5,632 | 4.3 | 2,783 | 4.7 | 2,136 | 2.9 |
| MOG Eyewear | 60,394 | 62.5 | 66,221 | 59.5 | 72,156 | 54.9 | 33,717 | 56.6 | 39,345 | 53.5 |
| Optical Arts | 9,728 | 10.1 | 8,692 | 7.8 | 8,879 | 6.7 | 4,330 | 7.3 | 4,599 | 6.3 |
| Sunglass Art | 2,223 | 2.3 | 2,111 | 1.9 | 2,888 | 2.2 | 1,067 | 1.8 | 1,627 | 2.2 |
| MOG Creations | 1,944 | 2.0 | 2,049 | 1.8 | 2,213 | 1.7 | 1,083 | 1.8 | 1,194 | 1.6 |
| OOPPA | 9,725 | 10.1 | 13,762 | 12.4 | 19,056 | 14.5 | 8,316 | 14.0 | 10,925 | 14.9 |
| M-Trend | 7,921 | 8.2 | 11,172 | 10.0 | 15,228 | 11.6 | 6,871 | 11.5 | 7,573 | 10.3 |
| Watch Out | 809 | 0.8 | 2,066 | 1.9 | 2,376 | 1.8 | 959 | 1.6 | 1,651 | 2.2 |
| Eyezone | – | – | – | – | 1,856 | 1.4 | 435 | 0.7 | 1,240 | 1.7 |
| MOG Express | – | – | – | – | 32 | 0.1 | – | – | 1,474 | 2.0 |
| Lens:Me | – | – | – | – | 1,046 | 0.8 | – | – | 1,752 | 2.4 |
| **Total** | **96,594** | **100.0** | **111,360** | **100.0** | **131,362** | **100.0** | **59,561** | **100.0** | **73,516** | **100.0** |

The Group's flagship retail brand "MOG Eyewear" which targets the mid-end segment of the eyewear retail market was launched in 2004. Revenue from the Group's "MOG Eyewear" retail brand gradually increased from approximately RM60.4 million for the year ended 31 March 2017 to approximately RM72.2 million for the year ended 31 March 2019, representing a CAGR of approximately 9.3%. The revenue from the Group's "MOG Eyewear" retail brand also increased by approximately RM5.6 million or 16.6% from approximately RM33.7 million for the six months ended 30 September 2018 to approximately RM39.3 million for the six months ended 30 September 2019. The increase in the Group's revenue during the Track Record Period was largely attributable to the increase in the number of self-owned retail stores operating under the Group's "MOG Eyewear" retail brand which increased from 32 retail stores as at 31 March 2017 to 39 retail stores as at 30 September 2019.

Subsequent to the launch of the Group's flagship retail brand, the Group adopted a multi-brand strategy to enable it to target different segments in the eyewear retail market in Malaysia. As the Group considers the mid-end segment of the eyewear retail market as a key target segment, in 2007 the Group launched its "MOG Creations" retail brand which focuses on the mid-end segment. In 2008 and 2009 respectively, the Group further launched its "Optical Arts" and "Sunglass Art" retail brands to capture a greater market share of the mid-end segment. During the Track Record Period, the retail brands focusing on the mid-end segment of the eyewear retail market were the largest contributor of revenue to the Group's Retailing Business. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, revenue from the Group's Retailing Business contributed by retail brands focusing on the mid-end segment amounted to approximately RM74.3 million, RM79.1 million, RM86.1 million, RM40.2 million and RM46.8 million, representing approximately 76.9%, 71.0%, 65.5%, 67.5% and 63.6% of the Group's revenue from its Retailing Business, respectively.

Seizing upon the opportunities in the mass-market segment of the eyewear retail market in Malaysia, in particular the fast fashion element of the mass-market segment, the Group launched its "M-Trend" retail brand in 2014 and its "OOPPA" retail brand in 2015, respectively. As at 31 March 2017, 2018 and 2019, and 30 September 2019 respectively, the Group had eight, 10, 13 and 13 self-owned retail stores operating under its "M-Trend" retail brand and six, six, nine and

12 self-owned retail stores operating under its “OOPPA” retail brand. The Group further launched/ acquired additional retail brands targeting the mass-market segment, namely “Eyezone”, “Watch Out” and “MOG Express” retail brands. Revenue from the Group’s Retailing Business contributed by retail brands focusing on the mass-market segment increased from approximately RM18.5 million for the year ended 31 March 2017 to approximately RM38.5 million for the year ended 31 March 2019 representing a CAGR of approximately 44.3%. It also increased by approximately RM6.3 million or 38.0% from approximately RM16.6 million for the six months ended 30 September 2018 to approximately RM22.9 million for the six months ended 30 September 2019.

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, revenue from the sales of optical products to retail customers under the Group’s Retailing Business was approximately RM96.6 million, RM111.4 million, RM131.4 million, RM59.6 million and RM73.5 million, respectively. The increase in revenue of approximately RM14.8 million or 15.3% from approximately RM96.6 million for the year ended 31 March 2017 to approximately RM111.4 million for the year ended 31 March 2018 was mainly attributable to the increase in revenue of approximately RM5.8 million and RM3.3 million resulting from the opening of additional four “MOG Eyewear” and two “M-Trend” self-owned retail stores, respectively, and the increase in revenue derived from the existing “OOPPA” self-owned retail stores of approximately RM4.0 million. The increase in revenue of approximately RM20.0 million or 18.0% from approximately RM111.4 million for the year ended 31 March 2018 to approximately RM131.4 million for the year ended 31 March 2019 was mainly attributable to the increase in revenue of approximately RM5.9 million, RM4.1 million, RM1.9 million and RM5.3 million resulting from the opening or acquisition of additional one “MOG Eyewear”, three “M-Trend”, two “Eyezone” and three “OOPPA” self-owned retail stores, respectively, as well as the increase in revenue of approximately RM1.0 million resulting from the launch of two self-owned retail stores under the new “Lens:Me” retail brand, which mainly focuses on the sales of contact lenses. Revenue from the sales of optical products to retail customers increased by approximately RM13.9 million or 23.3% from approximately RM59.6 million for the six months ended 30 September 2018 to approximately RM73.5 million for the six months ended 30 September 2019. Such increase was mainly attributable to the increase in revenue of approximately RM5.6 million resulting from the increase in the number of “MOG Eyewear” self-owned retail stores and the increase in revenue from the other self-owned retail stores operating under the “MOG Eyewear” retail brand as well as the increase in revenue of approximately RM2.6 million resulting from the increase in the number of “OOPPA” self-owned retail stores. The increase in revenue of approximately RM4.0 million from the self-owned retails stores operating under the Group’s “Eyezone”, “MOG Express” and “Lens: Me” retail brands which were launched/acquired towards the end of the year ended 31 March 2019 was also a contributing factor for the increase in revenue from the sales of optical products to retail customers for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018.

### *Average daily/monthly sales and range of daily/monthly sales by retail brands*

The following table sets out certain operational statistics of the self-owned retail stores of the Group and its retail brands relating to the average daily/monthly sales and range of daily/monthly sales during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Average daily sales per self-owned retail store[(1)]** | 5.6 | 5.3 | 5.3 | 4.9 |
| **Range of daily sales per self-owned retail store[(2)]** | 0[(3)] – 47 | 0[(3)] – 53 | 0[(3)] – 50 | 0[(3)] – 45 |
| **Average monthly sales per self-owned retail store** | 168 | 159 | 159 | 147 |
| **Range of monthly sales per self-owned retail store** | 20 – 820 | 19 – 832 | 22 – 1,160 | 24 – 838 |
| **MOG Boutique** | | | | |
| Average monthly sales by retail brand | 237 | 216 | 234 | 351 |
| Range of monthly sales by retail brand[(4)] | 172 – 282 | 129 – 413 | 119 – 409 | 310 – 399 |
| **MOG Eyewear** | | | | |
| Average monthly sales by retail brand | 165 | 159 | 162 | 168 |
| Range of monthly sales by retail brand[(4)] | 20 – 687 | 30 – 679 | 22 – 613 | 27 – 530 |
| **Optical Arts** | | | | |
| Average monthly sales by retail brand | 201 | 180 | 150 | 135 |
| Range of monthly sales by retail brand[(4)] | 78 – 583 | 85 – 415 | 86 – 396 | 43 – 326 |
| **Sunglass Art** | | | | |
| Average monthly sales by retail brand | 183 | 174 | 159 | 132 |
| Range of monthly sales by retail brand[(4)] | 110 – 258 | 140 – 233 | 41 – 221 | 68 – 189 |
| **MOG Creations** | | | | |
| Average monthly sales by retail brand | 159 | 168 | 183 | 195 |
| Range of monthly sales by retail brand[(4)] | 141 – 218 | 137 – 243 | 148 – 229 | 175 – 228 |
| **OOPPA** | | | | |
| Average monthly sales by retail brand | 192 | 186 | 213 | 168 |
| Range of monthly sales by retail brand[(4)] | 51 – 820 | 50 – 832 | 67 – 1,160 | 24 – 838 |
| **M-Trend** | | | | |
| Average monthly sales by retail brand | 123 | 102 | 102 | 96 |
| Range of monthly sales by retail brand[(4)] | 68 – 318 | 19 – 278 | 26 – 353 | 30 – 329 |
| **Watch Out** | | | | |
| Average monthly sales by retail brand | 213 | 171 | 156 | 135 |
| Range of monthly sales by retail brand[(4)] | 127 – 184 | 129 – 236 | 100 – 232 | 92 – 207 |
| **Eyezone** | | | | |
| Average monthly sales by retail brand | — | — | 114[(5)] | 102 |
| Range of monthly sales by retail brand[(4)] | N/A | N/A | 77 – 173 | 86 – 135 |
| **MOG Express** | | | | |
| Average monthly sales by retail brand | — | — | 105[(6)] | 63 |
| Range of monthly sales by retail brand[(4)] | N/A | N/A | N/A | 36 – 91 |
| **Lens:Me** | | | | |
| Average monthly sales by retail brand | — | — | 165[(7)] | 144 |
| Range of monthly sales by retail brand[(4)] | N/A | N/A | 85 – 280 | 73 – 255 |

*Notes:*

1. Average daily sales per self-owned retail store is approximated by taking the average monthly sales per self-owned retail store and dividing by 30.

2. The lower range of daily sales per self-owned retail store is arrived at by taking the lowest daily sales of a self-owned retail store and the higher range of the daily sales is arrived at by taking the highest daily sales of a self-owned retail store during the relevant period.

3. The lowest daily sales was smaller than RM1,000.

4. The lower range of the monthly sales by retail brand is arrived at by taking the lowest monthly sales of a self-owned retail store under the relevant retail brand and the higher range of the monthly sales is arrived at by taking the highest monthly sales of a self-owned retail store under the relevant retail brand during the relevant period.

5. Two "Eyezone" retail stores were acquired by the Group in August 2018, accordingly the operating statistics may not be fully comparable.

6. The "MOG Express" retail brand was launched in late March 2019, accordingly the operating statistics may not be fully comparable.

7. The "Lens:Me" retail brand was first launched in December 2018, accordingly the operating statistics may not be fully comparable.

The Group's average daily/monthly sales per self-owned retail store slightly decreased by approximately 5.4%/5.4% from approximately RM5,600/RM168,000 for the year ended 31 March 2017 to approximately RM5,300/RM159,000 for the year ended 31 March 2018 mainly due to the negative same-store sales growth resulting from the slowdown in the overall economic growth in Malaysia in 2018 as compared to 2017 and the relatively lower average daily/monthly sales of those self-owned retail stores opened during the year ended 31 March 2018. The average daily/monthly sales per self-owned retail store remained stable at approximately RM5,300/RM159,000 for both years ended 31 March 2018 and 2019 as the positive same-store growth resulting from the improved market sentiments was offset by the relatively lower average daily/monthly sales of those self-owned retail stores which were opened/acquired during the year ended 31 March 2019. For the six months ended 30 September 2019, the Group recorded a decrease in the average daily/monthly sales per self-owned retail store. Such decrease was mainly attributable to the impact from the launch/acquisition of the retail brands, "Eyezone", "MOG Express" and "Lens: Me", as these retail brands generally had average daily/monthly sales which were lower than the average daily/monthly sales of the Group's other retail brands.

The average monthly sales of the "MOG Boutique" retail brand remained fairly stable for the years ended 31 March 2017, 2018 and 2019. The significant increase in average monthly sales for the six months ended 30 September 2019 was mainly due to the closure of a self-owned retail store during the year ended 31 March 2019 which had a relatively lower average monthly sales, as well as the continued increase in the average monthly sales of the remaining self-owned retail store.

The average monthly sales of the "MOG Eyewear" retail brand remained stable during the Track Record Period. The Directors attribute such stability to its extensive retail network which leaves it less susceptible to the individual performance of any single self-owned retail store under the Group's "MOG Eyewear" retail brand.

The average monthly sales of the "Optical Arts" retail brand recorded a declining trend during the Track Record Period which was mainly attributable to the performance of a major self-owned retail store which is located in an aging shopping complex. The retail store recorded a decrease in the number of its transactions and in the average spending per transaction during the Track Record Period. The relatively lower average monthly sales of those self-owned retail stores opened during the Track Record Period also contributed to the declining trend in the average monthly sales as those new self-owned retail stores, in general had lower volume of transactions and average spending per transaction.

The average monthly sales of the "Sunglass Art" retail brand recorded a declining trend during the Track Record Period which was mainly attributable to the lower average monthly sales of a self-owned retail store acquired in October 2018. The retail store had a lower volume of transactions, though its average spending per transaction remained comparable to the other self-owned retail store under the Group's "Sunglass Art" retail brand.

The average monthly sales of the "MOG Creations" retail brand recorded a continuous growth throughout the Track Record Period which was mainly attributable to the gradual increase in average spending per transaction. The Directors consider that the increase in the average spending per transaction was mainly attributable to the change in the store composition of the shopping complex at which the Group's sole "MOG Creations" self-owned retail store is located which resulted in a change in the make-up of the shopping complex's customer demographics.

The average monthly sales of the "OOPPA" retail brand recorded a slight decrease for the year ended 31 March 2018 as compared to the year ended 31 March 2017 primarily due to the economic downturn in Malaysia during 2018, which was partially off-set by the continued growth in the average monthly sales of a major self-owned retail store located in Johor which primarily targets tourists from Singapore. The average monthly sales of "OOPPA" recovered to approximately RM213,000 for the year ended 31 March 2019 mainly due, once again, to the continued growth in the average monthly sales of that major self-owned retail store located in Johor which recorded an increase in average monthly sales of approximately 18.7% from RM657,000 for the year ended 31 March 2018 to approximately RM780,000 for the year ended 31 March 2019. The average monthly sales of "OOPPA" decreased to approximately RM168,000 for the six months ended 30 September 2019. Such decrease was mainly attributable to the relatively lower average monthly sales of three new self-owned retail stores which opened during the six months ended 30 September 2019.

The average monthly sales of the "M-Trend" retail brand recorded a decline from approximately RM123,000 for the year ended 31 March 2017 to approximately RM102,000 for the year ended 31 March 2018. Such decrease was mainly attributable to the relatively lower average monthly sales of three new self-owned retail stores which opened during the year ended 31 March 2018. For the remainder of the Track Record Period, the average monthly sales of the "M-Trend" retail brand remained fairly stable.

The average monthly sales of the "Watch Out" retail brand recorded a declining trend during the Track Record Period which was mainly attributable to a relatively lower average monthly sales of a self-owned retail store opened in January 2019. The self-owned retail store focused on selling optical products from the Group's Own Brands and Manufacturers' Brands and has a smaller sales floor area, of approximately 300 sq.ft. as compared to the other "Watch Out" self-owned retail store which has a sales floor area of approximately 2,000 sq.ft..

***Analysis of same-store sales***

The Group operated 83 self-owned retail stores in Malaysia as at the Latest Practicable Date. The Group's profitability is susceptible to its ability to successfully increase the revenue from its existing self-owned retail stores. Same-store sales growth rates provide a period-to-period comparison of store performance as they exclude increases and decreases that are due to the opening and closing of self-owned retail stores during the year. Same-store sales growth represents a comparison between the sales of those self-owned retail stores that were opened throughout the years being compared, and may vary in the way in which other retailers calculate these metrics. Accordingly, these metrics may not be fully comparable with those of the Group's competitors. The following table sets out the Group's same-store sales for the financial years indicated:

| | Year ended 31 March | | | |
|---|---|---|---|---|
| | 2017 | 2018 | 2018 | 2019 |
| Number of same-stores(1) | 39 | | 50 | |
| Same-store sales (RM'000)(2) | 81,689 | 80,924 | 95,628 | 98,160 |
| Same-store sales growth | –0.9% | | 2.6% | |

*Notes:*

(1) The number of same-stores represents self-owned retail stores that were open throughout both years compared and excluded retail stores opened/closed during the relevant year.

(2) The same-store sales represent the sales of self-owned retail stores that were open throughout both years compared and excluded retail stores opened/closed during the relevant year.

For the year ended 31 March 2018, the Group recorded a negative same-store sales growth rate of approximately 0.9% as compared to the year ended 31 March 2017 which was mainly attributable to the slowdown in the overall economic growth in Malaysia during 2018 as compared to 2017. In 2018, GDP growth rate in Malaysia slowed to approximately 5.5% from approximately 9.8% in 2017 mainly due to poor market sentiment resulting from one-off factors such as government spending rationalisation and post-election policy uncertainty. For the year ended 31 March 2019, the Group recorded a same-store sales growth rate of approximately 2.6% as compared to the year ended 31 March 2018 which was mainly attributable to the improved market sentiments as a result of strengthening growth in the Malaysian economy and consumption being stimulated by the elimination of the GST as mentioned above in June 2018.

***Average number of daily transactions and spending per transaction and range of spending per transaction by retail brands***

The average spending per transaction represents the revenue generated from the self-owned retail stores divided by the number of transactions during the relevant period. The average spending per transaction is affected by, among other things, macroeconomic factors, the pricing and product mix, change in consumers' preference and spending patterns and lifestyle trends of the public. The following table sets out certain operational statistics of the self-owned retail stores of the Group and its retail brands relating to the (i) average number of daily transactions; (ii) average spending per transaction and (iii) range of spending under which a transaction would generally fall during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| **Average number of daily transactions** | 18.8 | 18.3 | 17.9 | 16.6 |

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM | RM | RM | RM |
| **Average spending per transaction** | 298 | 290 | 296 | 295 |
| **Range of spending per transaction** | 144 – 2,469 | 140 – 2,642 | 70 – 2,986 | 95 – 2,930 |
| **MOG Boutique** | | | | |
| Average spending per transaction | 388 | 395 | 387 | 414 |
| Range of spending per transaction | 153 – 1,886 | 177 – 2,025 | 179 – 1,990 | 158 – 2,195 |
| **MOG Eyewear** | | | | |
| Average spending per transaction | 304 | 295 | 314 | 329 |
| Range of spending per transaction | 175 – 2,469 | 186 – 2,642 | 185 – 2,986 | 182 – 2,930 |
| **Optical Arts** | | | | |
| Average spending per transaction | 359 | 337 | 300 | 312 |
| Range of spending per transaction | 160 – 2,162 | 165 – 2,075 | 139 – 2,066 | 143 – 1,980 |
| **Sunglass Art** | | | | |
| Average spending per transaction | 257 | 232 | 248 | 249 |
| Range of spending per transaction | 165 – 1,415 | 146 – 1,387 | 149 – 1,425 | 140 – 1,470 |
| **MOG Creations** | | | | |
| Average spending per transaction | 317 | 338 | 380 | 401 |
| Range of spending per transaction | 187 – 1,832 | 160 – 2,001 | 155 – 1,930 | 186 – 2,247 |
| **OOPPA** | | | | |
| Average spending per transaction | 294 | 285 | 293 | 289 |
| Range of spending per transaction | 159 – 1,844 | 171 – 1,906 | 143 – 1,974 | 140 – 2,206 |
| **M-Trend** | | | | |
| Average spending per transaction | 223 | 208 | 235 | 236 |
| Range of spending per transaction | 144 – 1,495 | 140 – 1,599 | 127 – 1,613 | 127 – 1,665 |
| **Watch Out** | | | | |
| Average spending per transaction | 344 | 336 | 244 | 209 |
| Range of spending per transaction | 179 – 1,179 | 189 – 1,176 | 168 – 1,122 | 160 – 1,088 |
| **Eyezone** | | | | |
| Average spending per transaction | — | — | 227(1) | 212 |
| Range of spending per transaction | N/A | N/A | 100 – 1,099 | 112 – 1,178 |
| **MOG Express** | | | | |
| Average spending per transaction | — | — | 182(2) | 185 |
| Range of spending per transaction | N/A | N/A | 83 – 1,200 | 120 – 1,770 |
| **Lens:Me** | | | | |
| Average spending per transaction | — | — | 216(3) | 248 |
| Range of spending per transaction | N/A | N/A | 70 – 1,515 | 95 – 1,625 |

*Notes:*

1. Two "Eyezone" retail stores were acquired by the Group in August 2018, accordingly the operating statistics may not be fully comparable.

2. The "MOG Express" retail brand was launched in late March 2019, accordingly the operating statistics may not be fully comparable.

3. The "Lens:Me" retail brand was first launched in December 2018, accordingly the operating statistics may not be fully comparable.

The Group's average spending per transaction remained fairly stable throughout the Track Record Period. Save for the Group's "Optical Arts", "MOG Creations" and "Watch Out" retail brands, the average spending per transaction for all other retail brands of the Group also remained fairly stable throughout the Track Record Period.

The average spending per transaction of the "Optical Arts" retail brand in general recorded a declining trend during the Track Record Period which was mainly attributable to the performance of a major self-owned retail store located in an aging shopping complex that experienced a decrease in its average spending per transaction. The relatively lower average spending per transaction of those new self-owned retail stores opened during the Track Record Period also contributed to the declining trend in the average spending per transaction for the "Optical Arts" retail brand. However, the average spending per transaction of the "MOG Creations" retail brand recorded a continuous growth during the Track Record Period mainly due to the reasons as previously disclosed in the paragraph headed "Revenue — Average daily/monthly sales and range of daily/monthly sales by retail brands" in this section. For the "Watch Out" retail brand, its average spending per transaction was relatively stable for the year ended 31 March 2017 at approximately RM344 through to the year ended 31 March 2018 at approximately RM336 but substantially decreased to approximately RM244 for the year ended 31 March 2019 and continued to decrease to approximately RM209 for the six months ended 30 September 2019. The declining trend in the average spending per transaction which began during the year ended 31 March 2019 was mainly attributable to the relatively lower average spending per transaction of a self-owned retail store which opened in Johor in January 2019. The new self-owned retail store recorded a relatively lower average spending per transaction due to its main focus of selling optical products from the Group's Own Brands and Manufacturers' Brands, which generally have lower average selling prices.

### *Analysis of sales of optical products by product categories*

The following table sets out the Group's sales of optical products by product categories during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| | | | | | | | *(unaudited)* | | | |
| Lenses | 34,884 | 34.4 | 42,739 | 37.2 | 53,267 | 40.0 | 24,453 | 40.2 | 31,378 | 42.2 |
| Frames | 25,943 | 25.6 | 27,402 | 23.8 | 30,760 | 23.1 | 14,153 | 23.3 | 16,442 | 22.1 |
| Contact lenses | 23,975 | 23.7 | 28,361 | 24.7 | 32,101 | 24.1 | 14,019 | 23.1 | 17,911 | 24.1 |
| Sunglasses | 15,846 | 15.6 | 15,553 | 13.5 | 16,067 | 12.1 | 7,562 | 12.4 | 7,764 | 10.5 |
| Others[(Note)] | 718 | 0.7 | 968 | 0.8 | 997 | 0.7 | 602 | 1.0 | 783 | 1.1 |
| **Total** | **101,366** | **100.0%** | **115,023** | **100.0%** | **133,192** | **100.0%** | **60,789** | **100.0%** | **74,278** | **100.0%** |

*Note:* Others include optical product accessories such as spectacle, sunglass cases and contact lens solutions.

In terms of revenue from the sales of optical products, the sales of lenses was the largest contributor, accounting for approximately 34.4%, 37.2%, 40.0%, 40.2% and 42.2% of the Group's revenue from the sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. Revenue from the sales of lenses increased from approximately RM34.9 million for the year ended 31 March 2017 to approximately RM53.3 million for the year ended 31 March 2019, representing a CAGR of approximately 23.6%. The revenue from the sales of lenses also increased from approximately RM24.5 million for the six months ended 30 September 2018 to approximately RM31.4 million for the six months ended 30 September 2019, representing an increase of approximately RM6.9 million or 28.2%. The sales of frames was also an important contributor to the Group's revenue from the sales of optical products, accounting for approximately 25.6%, 23.8%, 23.1%, 23.3%

and 22.1% of the Group's revenue from the sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. Revenue from the sales of frames increased from approximately RM25.9 million for the year ended 31 March 2017 to approximately RM30.8 million for the year ended 31 March 2019, representing a CAGR of approximately 9.0%. The revenue from the sales of frames also increased from approximately RM14.2 million for the six months ended 30 September 2018 to approximately RM16.4 million for the six months ended 30 September 2019, representing an increase of approximately RM2.2 million or 15.5%. The sales of contact lenses gained increasing importance during the Track Record Period, accounting for approximately 23.7%, 24.7%, 24.1%, 23.1% and 24.1% of the Group's revenue from the sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. The sales of contact lenses recorded growth from approximately RM24.0 million for the year ended 31 March 2017 to approximately RM32.1 million for the year ended 31 March 2019, representing a CAGR of approximately 15.7%. The revenue from the sales of contact lenses also increased from approximately RM14.0 million for the six months ended 30 September 2018 to approximately RM17.9 million for the six months ended 30 September 2019, representing an increase of approximately RM3.9 million or 27.9%. The revenue generated from the sales of sunglasses remained fairly stable throughout the Track Record Period.

The following table sets out the sales volume and average selling price by principal optical product categories from the sales of optical products during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| **Lenses** | | | | |
| Sales volume *('000)*[(1)] | 287 | 348 | 424 | 237 |
| Average selling price *(RM)*[(5)] | 122 | 123 | 126 | 132 |
| **Frames** | | | | |
| Sales volume *('000)*[(2)] | 178 | 203 | 222 | 125 |
| Average selling price *(RM)*[(5)] | 146 | 135 | 139 | 132 |
| **Contact lenses** | | | | |
| Sales volume *('000)*[(3)] | 360 | 411 | 490 | 278 |
| Average selling price *(RM)*[(5)] | 67 | 69 | 66 | 64 |
| **Sunglasses** | | | | |
| Sales volume *('000)*[(4)] | 44 | 46 | 48 | 24 |
| Average selling price *(RM)*[(5)] | 360 | 338 | 335 | 324 |

*Notes:*

1. Each unit represents a single lens.

2. Each unit represents a single spectacle frame.

3. Each unit represents a single box as prepacked by the relevant manufacturer.

4. Each unit represents a single pair of sunglasses.

5. Average selling price represents the average price of optical products sold by the Group to retail customers (excluding GST), franchisees, the Malaysian Interested Companies and Thai Interested Companies.

For the period from the year ended 31 March 2017 to the year ended 31 March 2019, the sales volume of lenses, frames, contact lenses and sunglasses recorded a CAGR of approximately 21.5%, 11.7%, 16.7% and 4.4%, respectively. Such growth was largely attributable to the combined effects of the increase in demand for optical products in Malaysia and the continuous expansion of the Group's retail network. In particular, the sales volume of lenses experienced a strong and sustained growth throughout the Track Record Period due to the increasing demand for functional lenses.

Despite the slowdown in the overall economic growth in Malaysia during 2018 as compared to 2017 and the Group's focus on the development of the mass-market segment, the average selling price of lenses was able to record a slight growth of approximately 0.8% from the year ended 31 March 2017 to the year ended 31 March 2018. The slight growth was mainly due to the increase in demand and sales of functional lenses, such as those with ultraviolet ray protection and anti-blue light as well as transition and progressive lenses which generally have a higher selling price. The average selling price of lenses continued to increase from approximately RM123 per unit for the year ended 31 March 2018 to approximately RM132 per unit for the six months ended 30 September 2019 primarily due to the sustained demand for functional lenses which carried over from the previous financial year and the overall improved market sentiments.

The average selling price of frames and sunglasses decreased from approximately RM146 per unit and RM360 per unit, respectively, for the year ended 31 March 2017 to approximately RM135 per unit and RM338 per unit, respectively, for the year ended 31 March 2018. Such decrease was primarily attributable to the poor market sentiments in Malaysia during the year ended 31 March 2018 and the Group's focus on the development of the mass-market segment. The average selling price of frames and sunglasses remained relatively stable at RM139 per unit and RM335 per unit, respectively, for the year ended 31 March 2019 and continued to remain relatively stable at RM132 per unit and RM324 per unit, respectively, for the six months ended 30 September 2019.

The average selling price of contact lenses during the Track Record Period remained relatively stable and ranged from approximately RM64 per unit to RM69 per unit as contact lenses are regular use items which are less susceptible to market conditions.

***Analysis of sales of optical products by product brands***

The Directors believe that optical product retailers which carry a wide variety of optical products have an advantage over other optical product retailers as the availability of a wide range of optical products increases the chances of catering to retail customers' preferences and needs. Further, a wide range of optical products in terms of price and brands will allow an optical product retailer to enlarge its customer base through catering to different market segments. In order to meet the diverse customer preferences and changing market trends, the Directors intend to continue to grow and develop the Group's relationships with its suppliers. As at the Latest Practicable Date, the Group's optical product brands portfolio consisted of more than 220 International Brands and Own Brands which cater to multiple price points in the eyewear retail market. The following table sets out a breakdown of the revenue of the Group from the sales of optical products under the Group's International Brands, Own Brands and Manufacturers' Brands during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue | Revenue | % of total revenue |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000<br>*(unaudited)* | % | RM'000 | % |
| International Brands | 80,467 | 79.4 | 89,893 | 78.2 | 101,305 | 76.1 | 46,344 | 76.2 | 56,176 | 75.6 |
| Own Brands | 11,805 | 11.6 | 14,574 | 12.6 | 18,122 | 13.6 | 8,216 | 13.5 | 9,192 | 12.4 |
| Manufacturers' Brands | 9,094 | 9.0 | 10,556 | 9.2 | 13,765 | 10.3 | 6,229 | 10.3 | 8,910 | 12.0 |
| **Total** | **101,366** | **100.0** | **115,023** | **100.0** | **133,192** | **100.0** | **60,789** | **100.0** | **74,278** | **100.0** |

During the Track Record Period, the revenue from the sales of optical products under the International Brands, Own Brands and Manufacturers' Brands recorded continuous growth which was in line with the expansion of the Group's retail network. Revenue from the sales of optical products under the International Brands was approximately RM80.5 million, RM89.9 million, RM101.3 million, RM46.3 million and RM56.2 million, representing approximately 79.4%, 78.2%, 76.1%, 76.2% and 75.6% of the Group's revenue from the sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. Revenue from the sales of optical products of the Group's Own Brands and Manufacturers' Brands in aggregate was approximately RM20.9 million, RM25.1 million, RM31.9 million, RM14.4 million and RM18.1 million, accounting for approximately 20.6%, 21.8%, 23.9%, 23.8% and 24.4% of the Group's revenue from the sales of optical products for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. The continuous increase in the contribution of the sales of optical products of the Group's Own Brands and Manufacturers' Brands as a percentage of the Group's revenue from the sales of optical products reflected the Group's effort to further develop its business in the mass-market segment of the eyewear retail market in Malaysia through increasing the number of self-owned retail stores targeting the mass-market segment, in particular the Group's "OOPPA" and "M-Trend" retail brands. For details relating to the Group's revenue from its Retailing Business by retail brands, please refer to "Analysis of retail revenue by retail brands" in this section.

Set out below are details relating to the sales volume, average selling price and the selling price range at which the Group's principal optical products under its International Brands, Own Brands and Manufacturers' Brands would generally fall during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| | **RM** | **RM** | **RM** | **RM** |
| **International Brands** | | | | |
| Lenses | | | | |
| Sales volume *('000)*[(1)] | 223 | 273 | 326 | 181 |
| Average selling price *(RM)*[(5)] | 121 | 124 | 124 | 132 |
| Frames | | | | |
| Sales volume *('000)*[(2)] | 54 | 60 | 66 | 34 |
| Average selling price *(RM)*[(5)] | 292 | 255 | 257 | 263 |
| Contact lenses | | | | |
| Sales volume *('000)*[(3)] | 330 | 367 | 433 | 244 |
| Average selling price *(RM)*[(5)] | 68 | 71 | 67 | 66 |
| Sunglasses | | | | |
| Sales volume *('000)*[(4)] | 35 | 32 | 33 | 15 |
| Average selling price *(RM)*[(5)] | 411 | 424 | 420 | 440 |
| **Own Brands** | | | | |
| Lenses | | | | |
| Sales volume *('000)*[(1)] | 64 | 75 | 89 | 44 |
| Average selling price *(RM)*[(5)] | 123 | 120 | 125 | 120 |
| Frames | | | | |
| Sales volume *('000)*[(2)] | 9 | 12 | 14 | 7 |
| Average selling price *(RM)*[(5)] | 180 | 183 | 189 | 204 |
| Contact lenses | | | | |
| Sales volume *('000)*[(3)] | 30 | 44 | 57 | 34 |
| Average selling price *(RM)*[(5)] | 49 | 53 | 52 | 53 |
| Sunglasses | | | | |
| Sales volume *('000)*[(4)] | 4 | 6 | 7 | 4 |
| Average selling price *(RM)*[(5)] | 208 | 186 | 196 | 206 |

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM | RM | RM | RM |
| **Manufacturers' Brands** | | | | |
| Lenses | | | | |
| Sales volume *('000)*[1] | N/A | N/A | 9 | 12 |
| Average selling price *(RM)*[5] | N/A | N/A | 183 | 183 |
| Frames | | | | |
| Sales volume *('000)*[2] | 115 | 131 | 142 | 84 |
| Average selling price *(RM)*[5] | 75 | 75 | 79 | 73 |
| Sunglasses | | | | |
| Sales volume *('000)*[4] | 5 | 8 | 8 | 5 |
| Average selling price *(RM)*[5] | 96 | 89 | 98 | 91 |

| | Selling price range (RM) | | |
|---|---|---|---|
| | International Brands | Own Brands | Manufacturers' Brands |
| Lenses[1][5] | 25—462 | 94—175 | 170—226 |
| Frames[2][5] | 63—523 | 88—386 | 39—130 |
| Contact lenses[3][5] | 48—127 | 48—66 | N/A |
| Sunglasses[4][5] | 160—700 | 137—300 | 60—158 |

*Notes:*

1. Each unit represents a single lens.

2. Each unit represents a single spectacle frame.

3. Each unit represents a single box as prepacked by the relevant manufacturer.

4. Each unit represents a single pair of sunglasses.

5. Average selling price represents the average price of optical products sold by the Group to retail customers (excluding GST), franchisees, the Malaysian Interested Companies and Thai Interested Companies.

The average selling prices of the Group's principal optical products under the Group's International Brands, Own Brands and Manufacturers' Brands remained fairly stable during the Track Record Period. In general, the average selling price of the Group's principal optical products under the Group's International Brands (save in the case of lenses) was higher than those under the Group's Own Brands and Manufacturers' Brands as its product mix included international luxury fashion and optical brands which has significantly higher selling prices. However, during the Track Record Period, the spread of the price range of optical products under the Group's International Brands was significantly larger than those for the Group's Own Brands and Manufacturers' Brands as due to the brand name recognition of the International Brands, their optical products have a significant mass appeal, and hence the Group strives to maintain a diverse product lineup of its International Brands optical products.

The average selling prices of lenses from the Group's Manufacturers' Brands was higher than the average selling prices of lenses from the Group's International Brands and Own Brands largely due to the differences in product mix. During the year ended 31 March 2019, the Group commenced sales of a limited selection of Manufacturers' Brands lenses being functional lenses. However, unlike the selection of lenses from Manufacturers' Brands, the Group carries a diverse product lineup of lenses including both functional and non-functional lenses at varying price points under its International Brands and Own Brands, and together with the high sales volume of low priced non-functional lenses from the International Brands and Own Brands resulted in a relatively low average selling price of the lenses under the Group's International Brands and Own Brands.

### Cost of sales

Cost of sales represented the cost of optical products purchased by the Group from its suppliers during the Track Record Period. The Group's costs of sales is subject to a number of factors including the quantities of the optical products purchased by the Group and type of optical products. The Group's cost of sales increased by approximately RM1.9 million or 4.2% from approximately RM45.7 million for the year ended 31 March 2017 to approximately RM47.6 million for the year ended 31 March 2018 and further increased by approximately RM2.1 million or 4.4% from approximately RM47.6 million for the year ended 31 March 2018 to approximately RM49.7 million for the year ended 31 March 2019. The Group's costs of sales also increased by approximately RM3.9 million or 16.7% from approximately RM23.3 million for the six months ended 30 September 2018 to approximately RM27.2 million for the six months ended 30 September 2019. The increase in cost of sales was generally in line with the increase in the Group's revenue from the sales of optical products during the Track Record Period.

### Gross profit and gross profit margin

The Group's gross profit was approximately RM56.3 million, RM67.9 million, RM84.0 million, RM37.7 million and RM47.3 million for the year ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. The sales of optical products was the main contributor to the Group's gross profit and accounted for approximately 99.0%, 99.4%, 99.5%, 99.4% and 99.6% of the Group's total gross profit for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively. The remaining portion of the Group's gross profit was contributed by franchise and royalty fees. During the Track Record Period, the increase in the gross profit was mainly driven by the growth of the Group's revenue and the improvement in the Group's gross profit margin which increased from approximately 55.2% for the year ended 31 March 2017 to approximately 62.8% for the year ended 31 March 2019. The Group's gross profit margin also increased from approximately 61.9% for the six months ended 30 September 2018 to approximately 63.5% for the six months ended 30 September 2019. The Directors attribute the continuous growth in the Group's gross profit margins during the Track Record Period to its overall efforts in promoting optical products which carried higher gross profit margins from its International Brands as well as the optical products from its Own Brands and Manufacturers' Brands as they generally carried higher gross profit margins. The following table sets out a breakdown of the Group's gross profit and gross profit margin during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| **Sales of optical products** | | | | | | | | | | |
| Lenses | 28,499 | 81.7 | 36,075 | 84.4 | 46,160 | 86.7 | 20,713 | 84.7 | 27,109 | 86.4 |
| Frames | 13,815 | 53.3 | 15,122 | 55.2 | 17,688 | 57.5 | 7,925 | 56.0 | 9,376 | 57.0 |
| Contact lenses | 7,829 | 32.7 | 10,484 | 37.0 | 13,381 | 41.7 | 5,960 | 42.5 | 7,433 | 41.5 |
| Sunglasses | 5,484 | 34.6 | 5,707 | 36.7 | 6,231 | 38.8 | 2,879 | 38.1 | 3,051 | 39.3 |
| Others*(Note)* | 80 | 11.1 | 73 | 7.5 | 77 | 7.7 | 53 | 8.8 | 110 | 14.0 |
| | 55,707 | 55.0 | 67,461 | 58.7 | 83,537 | 62.7 | 37,530 | 61.7 | 47,079 | 63.4 |
| **Franchise and royalty fees** | 545 | 100.0 | 439 | 100.0 | 423 | 100.0 | 209 | 100.0 | 210 | 100.0 |
| **Total** | **56,252** | **55.2** | **67,900** | **58.8** | **83,960** | **62.8** | **37,739** | **61.9** | **47,289** | **63.5** |

*Note:* Others include optical product accessories such as spectacle and sunglass cases and contact lens solutions.

In general, the gross profit margin of the lenses sold by the Group was higher than the other optical products sold by the Group, as the production of a finalised pair of lenses generally requires the efforts of optometrists and opticians as well as complex machineries used for edging and eye examination. Further, according to the Ipsos Report, lenses are considered the most important component of a pair of prescription glasses and retail customers in general place a significant importance on the capabilities of a pair of lenses as such retail customers are generally willing to pay significant premiums for the lenses of their choice. The Group's gross profit margin in respect of lenses sold increased from approximately 81.7% for the year ended 31 March 2017 to approximately 86.7% for the year ended 31 March 2019 and also increased from approximately 84.7% for the six months ended 30 September 2018 to 86.4% for the six months ended 30 September 2019. Such increase was mainly due to the increase in demand for functional lenses such as those with ultraviolet ray protection and anti-blue light as well as transition and progressive lenses, which generally carried a higher gross profit margin. During the Track Record Period, the revenue from the sales of functional lenses accounted for approximately 36.6%, 45.0%, 54.8% and 56.1% of the Group's total revenue from the sales of lenses, respectively.

The Group's gross profit margin in respect of frames sold increased from approximately 53.3% for the year ended 31 March 2017 to approximately 57.5% for the year ended 31 March 2019 and also increased from approximately 56.0% for the six months ended 30 September 2018 to approximately 57.0% for the six months ended 30 September 2019. As for sunglasses, which generally carried a lower gross profit margin due to the prevalence of retail customers purchasing sunglasses from the Group's International Brands, its gross profit margin increased from approximately 34.6% for the year ended 31 March 2017 to approximately 38.8% for the year ended 31 March 2019 and also increased from approximately 38.1% for the six months ended 30 September 2018 to approximately 39.3% for the six months ended 30 September 2019. Such increases were mainly due to the increase in sales of frames and sunglasses under the Group's Own Brands and Manufacturers' Brands, which generally carried a higher gross profit margin. During the Track Record Period, the revenue from the sales of frames under the Group's Own Brands and Manufacturers' Brands accounted for approximately 39.2%, 44.0%, 45.2% and 46.0% of the Group's total revenue from the sales of frames, while revenue from the sales of sunglasses under the Group's Own Brands and Manufacturers' Brands accounted for approximately 8.6%, 11.6%, 13.2% and 16.1% respectively of the Group's total revenue from the sales of sunglasses.

The gross profit margin of contact lenses sold by the Group during the Track Record Period was generally lower than the other optical products of the Group as the contact lens brands carried by the Group were mainly renowned brands which were commonly sold by other retailers, thus the Group's bargaining power vis-à-vis the supplier and its pricing power vis-à-vis the general public was relatively limited. However, the gross profit margin of contact lenses increased from approximately 32.7% for the year ended 31 March 2017 to approximately 41.7% for the year ended 31 March 2019 which was largely attributable to the Group's effort in promoting certain International Brands' contact lenses which carried a higher gross profit margin. The gross profit margin of contact lenses remained fairly stable for the six months ended 30 September 2019 at approximately 41.5%.

The following table sets out a breakdown of the Group's gross profit and gross profit margin of sales of optical products by brand categories during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| International Brands | 40,808 | 50.7 | 49,397 | 55.0 | 59,716 | 58.9 | 26,677 | 57.6 | 33,573 | 59.8 |
| Own Brands | 8,779 | 74.4 | 11,129 | 76.4 | 14,368 | 79.3 | 6,521 | 79.4 | 7,196 | 78.3 |
| Manufacturers' Brands | 6,120 | 67.3 | 6,935 | 65.7 | 9,453 | 68.7 | 4,332 | 69.5 | 6,310 | 70.8 |
| **Total** | **55,707** | **55.0** | **67,461** | **58.7** | **83,537** | **62.7** | **37,530** | **61.7** | **47,079** | **63.4** |

During the Track Record Period, the gross profit margin of the optical products from the International Brands was generally lower than the gross profit margin of the optical products from the Own Brands and Manufacturers' Brands, as the optical brands comprising the Group's International Bands, included amongst others, many international luxury fashion and eyewear brands which were commonly sold to other retailers, thus limiting the Group's bargaining power vis-à-vis the supplier and its pricing power vis-à-vis the general public. The gross profit margin of optical products from the International Brands increased from approximately 50.7% for the year ended 31 March 2017 to approximately 58.9% for the year ended 31 March 2019. It also increased from approximately 57.6% for the six months ended 30 September 2018 to approximately 59.8% for the six months ended 30 September 2019. Such increase was mainly driven by the increase in sales of lenses from the International Brands as the gross profit margins of lenses sold from the International Brands generally carried a higher gross profit margin than other optical products from the International Brands. During the Track Record Period, the sales of lenses under International Brands accounted for approximately 33.5%, 37.6%, 39.9% and 42.6% of the Group's revenue from the sales of optical products under the International Brands, respectively. The improvement of the gross profit margin of contact lenses from the International Brands also contributed to the increase in the gross profit margin of optical products from the International Brands. The gross profit margin of contact lenses from the International Brands increased from approximately 32.0% for the year ended 31 March 2017 to approximately 36.0% for the year ended 31 March 2018 and further increased to approximately 40.9% for the year ended 31 March 2019. Such increase was mainly attributable to the Group's efforts in promoting certain International Brands' contact lenses which carried higher gross profit margins. The gross profit margin of contact lenses from the International Brands remained fairly stable at approximately 40.3% for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018.

The gross profit margin of optical products from the Group's Own Brands increased from approximately 74.4% for the year ended 31 March 2017 to approximately 79.3% for the year ended 31 March 2019. Such increase was mainly contributed by the improvement in the gross profit margin of lenses from the Group's Own Brands, which increased from approximately 80.5% for the year ended 31 March 2017 to approximately 87.4% for the year ended 31 March 2019. The improvement in the gross profit margin of contact lenses from the Group's Own Brands also contributed to the increase in the gross profit margin of optical products from the Group's Own Brands. The gross profit margin of contact lenses from the Group's Own Brands increased from approximately 43.3% for the year ended 31 March 2017 to approximately 49.7% for the year ended 31 March 2019. Such increase was mainly due to the Group's ability to reduce its purchase costs. The gross profit margin of optical products from the Group's Own Brands for the six months ended 30 September 2019 was approximately 78.3% and was fairly stable compared to the gross profit margin of optical products from the Group's Own Brands for the six months ended 30 September 2018 which was approximately 79.4%.

The gross profit margin of optical products from the Manufacturers' Brands remained fairly stable for the year ended 31 March 2017 at approximately 67.3% through to the year ended 31 March 2018 at approximately 65.7% and experienced a slight increase during the year ended 31 March 2019 to approximately 68.7%. Such increase was primarily attributable to the Group commencing the sales of lenses from Manufacturers' Brands during the year ended 31 March 2019 and as lenses generally carry higher gross profit margins. The gross profit margins of optical products from the Manufacturers' Brands for the six months ended 30 September 2018 and 2019 remained fairly stable at approximately 69.5% and 70.8% respectively.

The following table sets out a breakdown of the Group's gross profit and gross profit margin by its retail brands during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| MOG Boutique | 2,208 | 57.4 | 3,095 | 58.5 | 3,498 | 62.1 | 1,661 | 59.7 | 1,363 | 63.8 |
| MOG Eyewear | 33,645 | 55.7 | 40,106 | 60.6 | 45,835 | 63.5 | 21,450 | 63.6 | 25,147 | 63.9 |
| Optical Arts | 5,388 | 55.4 | 5,252 | 60.4 | 5,607 | 63.1 | 2,698 | 62.3 | 2,939 | 63.9 |
| Sunglass Art | 1,194 | 53.7 | 1,185 | 56.1 | 1,640 | 56.8 | 603 | 56.5 | 931 | 57.2 |
| MOG Creations | 1,035 | 53.2 | 1,247 | 60.9 | 1,455 | 65.7 | 694 | 64.1 | 787 | 65.9 |
| OOPPA | 6,119 | 62.9 | 8,763 | 63.7 | 12,188 | 64.0 | 5,348 | 64.3 | 7,178 | 65.7 |
| M-Trend | 4,496 | 56.8 | 6,765 | 60.6 | 9,789 | 64.3 | 4,390 | 63.9 | 5,006 | 66.1 |
| Watch Out | 420 | 51.9 | 1,184 | 57.3 | 1,442 | 60.7 | 562 | 58.6 | 1,015 | 61.5 |
| Eyezone | – | – | – | – | 1,208 | 65.1 | 252 | 57.9 | 809 | 65.2 |
| MOG Express | – | – | – | – | 21 | 65.6 | – | – | 979 | 66.5 |
| Lens:Me | – | – | – | – | 441 | 42.2 | – | – | 752 | 42.9 |
| **Total** | **54,505** | **56.4** | **67,597** | **60.7** | **83,124** | **63.3** | **37,658** | **63.2** | **46,906** | **63.8** |

During the Track Record Period, the gross profit margins of each of the Group's 11 retail brands all recorded continuous growth. For the Group's "MOG Boutique" retail brand, the rate of growth of its gross profit margins was comparatively slower than the other retail brands of the Group during the Track Record Period as it primarily focused on the high-end segment of the eyewear retail market, in particular international luxury and fashion optical products under the International Brands for which the Group has less pricing flexibility. For the Group's "MOG Eyewear", "Optical Arts" and "MOG Creations" retail brands which focuses on the mid-end segment of the eyewear retail market, the rate of growth of their gross profit margins was comparatively greater than the "MOG Boutique" retail brand, as even though they focused on the sale of International Brands optical products, their optical products are mainly from international high-street fashion and optical brands with which the Group had comparatively greater pricing flexibility, especially in the case of the "MOG Creations" retail brand which focuses on the sale of niche International Brands. The Group's "Sunglass Art" retail brand recorded a stable growth in its gross profit margins as the brand mainly focuses on the sale of sunglasses which in general carries a lower gross profit margin. For the Group's "OOPPA", "M-Trend", "Eyezone" and "MOG Express" retail brands which focuses on the mass-market segment, their gross profit margins were comparatively higher as these retail brands carried a relatively higher proportion of optical products from the Group's Own Brand and Manufacturers' Brands as opposed to the Group's retail brands which focused on the high-end and mid-end segments. Optical products from the Group's Own Brands and Manufacturers' Brands generally carry a higher gross profit margin than those optical products under the Group's International Brands due to the Group's stronger pricing flexibility. For the Group's "Watch Out" retail brand, it had initially focused upon the sale of discounted optical products under the Group's International Brands but had transitioned to include the sale of optical products under the Group's Own Brands and Manufacturers' Brands resulting in a significant increase in its gross profit margins during the Track Record Period. As for the Group's "Lens:Me" retail brand which focuses on the sale of contact lenses, its gross profit margins was relatively in line with the gross profit margins of the contact lenses sold by the Group during the Track Record Period.

### Other income

The Group's other income mainly consisted of the rental income from investment properties, bank interest income, book-keeping fee income received from it's related parties and gain on disposal of plant and equipment and right-of-use assets. The following table sets out a breakdown of the Group's other income and as a percentage of the Group's other income during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Rental income from investment properties | 314 | 27.8 | 275 | 20.3 | 354 | 18.9 | 153 | 11.6 | 159 | 16.8 |
| Bank interest income | 217 | 19.2 | 245 | 18.1 | 198 | 10.6 | 136 | 10.3 | 47 | 5.0 |
| Book-keeping fee income | 215 | 19.1 | 188 | 13.9 | 256 | 13.7 | 162 | 12.3 | 22 | 2.3 |
| Exchange gain, net | 88 | 7.8 | – | – | 140 | 7.5 | 199 | 15.1 | 55 | 5.8 |
| Management fee income | 72 | 6.4 | 94 | 7.0 | 52 | 2.8 | 40 | 3.0 | – | – |
| Gain on disposal of plant and equipment | 48 | 4.3 | 36 | 2.7 | 183 | 9.8 | 83 | 6.3 | 18 | 1.9 |
| Sponsorship income | 41 | 3.6 | 181 | 13.4 | 149 | 7.9 | 79 | 6.0 | 116 | 12.3 |
| Gain on disposal of assets classified as held for sale | – | – | – | – | 13 | 0.7 | – | – | 291 | 30.9 |
| Gain on disposal of right-of-use assets | – | – | – | – | 268 | 14.3 | 268 | 20.4 | – | – |
| Sundry income | 133 | 11.8 | 333 | 24.6 | 259 | 13.8 | 198 | 15.0 | 236 | 25.0 |
| **Total** | **1,128** | **100.0** | **1,352** | **100.0** | **1,872** | **100.0** | **1,318** | **100.0** | **944** | **100.0** |

### Selling and distribution costs

The Group's selling and distribution costs during the Track Record Period mainly consisted of (i) staff costs of the Group's sales and marketing staff, (ii) depreciation of right-of-use assets, (iii) other rental and related expenses for retail stores, (iv) depreciation of plant and equipment, (v) service charges, and (vi) advertising and promotion expenses. The following table sets out the breakdown of the Group's selling and distribution costs and as a percentage of the Group's total selling and distribution costs during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Staff costs | 17,816 | 50.7 | 20,770 | 50.7 | 24,843 | 53.1 | 11,360 | 53.1 | 14,269 | 52.1 |
| Depreciation of right-of-use assets | 8,553 | 24.3 | 10,957 | 26.8 | 12,759 | 27.3 | 5,636 | 26.3 | 6,335 | 23.1 |
| Other rental and related expenses for retail stores | 3,588 | 10.2 | 3,430 | 8.4 | 3,332 | 7.1 | 1,501 | 7.0 | 2,730 | 10.0 |
| Depreciation of plant and equipment | 1,685 | 4.8 | 1,833 | 4.5 | 2,056 | 4.4 | 1,059 | 4.9 | 1,334 | 4.9 |
| Service charges | 839 | 2.4 | 931 | 2.2 | 977 | 2.1 | 501 | 2.3 | 470 | 1.7 |
| Telephone and utilities expenses | 630 | 1.8 | 689 | 1.7 | 808 | 1.7 | 398 | 1.9 | 389 | 1.4 |
| Advertising and promotion expenses | 608 | 1.8 | 809 | 2.0 | 892 | 1.9 | 382 | 1.8 | 802 | 2.9 |
| Repairs and maintenance | 394 | 1.1 | 331 | 0.8 | 350 | 0.7 | 182 | 0.9 | 286 | 1.0 |
| Other expenses | 1,023 | 2.9 | 1,208 | 2.9 | 783 | 1.7 | 392 | 1.8 | 809 | 2.9 |
| **Total** | **35,136** | **100.0** | **40,958** | **100.0** | **46,800** | **100.0** | **21,411** | **100.0** | **27,424** | **100.0** |

The Group incurred selling and distribution costs of approximately RM35.1 million, RM41.0 million, RM46.8 million, RM21.4 million and RM27.4 million, accounting for approximately 34.4%, 35.5%, 35.0%, 35.1% and 36.8% for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively, of the Group's total revenue. The increase in selling and distribution costs was generally in line with the continued expansion of the Group's retail network during the Track Record Period.

Staff costs mainly represented salaries, sales commission, discretionary bonus, allowances and contributions to defined contribution plans paid to the sales and marketing staff of the Group. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group incurred staff costs of approximately RM17.8 million, RM20.8 million, RM24.8 million, RM11.4 million and RM14.3 million, respectively, accounting for approximately 50.7%, 50.7%, 53.1%, 53.1% and 52.1%, respectively, of the Group's total selling and distribution costs. The increase in staff costs during the Track Record Period was mainly due to the hiring of additional employees to cater for the expansion of the Group's retail network and annual increment of staff salaries and allowances. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group's total number of sales and marketing staff was 334, 370, 436 and 465, respectively.

Depreciation of right-of-use assets mainly represented depreciation charges on the lease payments capitalised for shoplots and motor vehicles under IFRS 16 pursuant to which the leased assets are treated as right-of-use assets. The right-of-use assets are depreciated over the shorter period of the lease term or the expected useful life of the underlying assets. Other rental and related expenses for retail stores mainly represented the variable lease payments which were normally calculated on a percentage of the revenue generated from the self-owned retail stores agreed with the landlords of the right-of-use assets and the lease payments for leases that had a lease term of 12 months or less. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group incurred expenses related to leased assets of approximately RM12.1 million, RM14.4 million, RM16.1 million, RM7.1 million and RM9.1 million, respectively, accounting for approximately 34.5%, 35.2%, 34.4%, 33.3% and 33.1%, respectively, of the Group's total selling and distribution costs. The increase in depreciation of right-of-use assets was mainly contributed by the increase in depreciation related to the leased shoplots resulting from the increase in number of self-owned retail stores during the Track Record Period.

Service charges represented service charges paid to credit card payment service providers. For the years ended 31 March 2017, 2018 and 2019, the Group incurred service charges of approximately RM0.8 million, RM0.9 million and RM1.0 million, accounting for approximately 2.4%, 2.2% and 2.1%, respectively, of the Group's total selling and distribution costs. The increase in service charges was in line with the increase in the Group's revenue. For the six months ended 30 September 2018 and 2019, the service charges remained relatively stable at approximately RM0.5 million and RM0.5 million, accounting for approximately 2.3% and 1.7%, respectively, of the Group's total selling and distribution costs. However, the decline in services charges as a percentage of the Group's total selling and distribution charges for the six months ended 30 September 2019 was mainly attributable to the increased use of debit cards which had a relatively lower service charge rate.

Advertising and promotion expenses mainly represented the expenses incurred to promote and market the Group's optical products and retail brands. For the years ended 31 March 2017, 2018 and 2019, the Group incurred advertising and promotion expenses of approximately RM0.6 million, RM0.8 million and RM0.9 million, respectively, which accounted for approximately 1.8%, 2.0% and 1.9%, respectively, of the Group's total selling and distribution costs. For the six months ended 30 September 2018 and 2019, the Group incurred advertising and promotion expenses of approximately RM0.4 million and RM0.8 million, accounting for approximately 1.8%

and 2.9%, respectively. The increase in advertising and promotion expenses during the Track Record Period was primarily due to increased efforts on the part of the Group to promote the optical products carried by the Group and the image of the Group's retail brands.

**Administrative expenses**

The Group's administrative expenses during the Track Record Period mainly consisted of staff costs of the Group's administrative staff (including directors' emoluments), depreciation of investment properties, auditor's remuneration, legal and professional fees and office expenses. The following table sets out a breakdown of the Group's administrative expenses and as a percentage of the Group's total administrative expenses during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 (unaudited) | % | RM'000 | % |
| Staff costs | 4,159 | 67.3 | 4,538 | 65.0 | 5,439 | 64.2 | 2,694 | 65.5 | 2,743 | 59.0 |
| Depreciation of investment properties | 334 | 5.4 | 168 | 2.4 | 111 | 1.3 | 65 | 1.6 | 39 | 0.8 |
| Auditor's remuneration | 293 | 4.7 | 424 | 6.1 | 593 | 7.0 | 257 | 6.2 | 340 | 7.3 |
| Office expenses | 233 | 3.8 | 274 | 3.9 | 485 | 5.7 | 240 | 5.8 | 234 | 5.0 |
| Legal and professional fees | 188 | 3.1 | 325 | 4.7 | 676 | 8.0 | 107 | 2.6 | 306 | 6.6 |
| Depreciation of plant and equipment | 150 | 2.4 | 172 | 2.5 | 148 | 1.7 | 78 | 1.9 | 67 | 1.4 |
| Depreciation of right-of-use assets | 104 | 1.7 | 102 | 1.5 | 146 | 1.7 | 197 | 4.8 | 72 | 1.6 |
| Other rental and related expenses | 95 | 1.5 | 114 | 1.6 | 132 | 1.6 | 65 | 1.6 | 67 | 1.5 |
| Other expenses | 626 | 10.1 | 866 | 12.3 | 744 | 8.8 | 412 | 10.0 | 781 | 16.8 |
| **Total** | **6,182** | **100.0** | **6,983** | **100.0** | **8,474** | **100.0** | **4,115** | **100.0** | **4,649** | **100.0** |

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group incurred administrative expenses of approximately RM6.2 million, RM7.0 million, RM8.5 million, RM4.1 million and RM4.6 million, respectively, accounting for approximately 6.1%, 6.1%, 6.4%, 6.7% and 6.2%, respectively, of the Group's total revenue. The increase in administrative expenses during the Track Record Period was in line with the expansion of the Group's retail network, pursuant to which the Group hired additional employees to handle the increased administrative works resulting from the expansion of the Group's Retailing Business.

Staff costs mainly comprised salaries, discretionary bonus, allowances and contributions to defined contribution plans paid to the Group's administrative staff. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group incurred staff costs of approximately RM4.2 million, RM4.5 million, RM5.4 million, RM2.7 million and RM2.7 million, respectively, which accounted for approximately 67.3%, 65.0%, 64.2%, 65.5% and 59.0%, respectively, of the Group's total administrative expenses. The increase in staff costs was mainly due to the increase in number of the administrative staff and annual increment of staff salaries and allowances. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group's total number of administrative staff was 64, 68, 80 and 79, respectively.

### Finance costs

The Group's finance costs during the Track Record Period consisted of finance charges on lease liabilities, interest on interest-bearing borrowings and interest on bank overdrafts. The following table sets out a breakdown of the Group's finance costs and as a percentage of the Group's total finance costs during the Track Record Period:

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | | 2018 | | 2019 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 *(unaudited)* | % | RM'000 | % |
| Finance charges on lease liabilities | 656 | 71.5 | 822 | 75.0 | 868 | 79.1 | 410 | 77.4 | 448 | 93.1 |
| Interest on interest-bearing borrowings | 244 | 26.6 | 240 | 21.9 | 230 | 20.9 | 120 | 22.6 | 33 | 6.9 |
| Interest on bank overdrafts | 18 | 1.9 | 34 | 3.1 | – | – | – | – | – | – |
| **Total** | **918** | **100.0** | **1,096** | **100.0** | **1,098** | **100.0** | **530** | **100.0** | **481** | **100.0** |

Finance charges on lease liabilities mainly represented imputed interest expenses generated from using the incremental borrowing rate of the Group to discount lease payments under the leases to the present value which accounted for approximately 71.5%, 75.0%, 79.1%, 77.4% and 93.1% of the Group's total finance costs, respectively for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019. The increase in finance charges on lease liabilities was primarily due to the increase in right-of-use assets in respect of the Group's self-owned retail stores during the Track Record Period. The decrease in the interest on interest-bearing borrowings for the six months ended 30 September 2019 was mainly due to the repayment by the Group of its interest-bearing borrowings of approximately RM2.1 million during the financial period.

### Income tax expenses

The Group's income tax expenses during the Track Record Period primarily represented the Group's current and deferred tax expenses under the relevant Malaysian income tax rules and regulations. Current tax consists of Malaysian corporate income tax, which is generally assessed at a rate of 24.0% and paid by the Group's Malaysian subsidiaries on their taxable income. For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, the Group's effective tax rates were approximately 24.3%, 22.9%, 22.9%, 22.4% and 31.4%, respectively. The significant increase in the Group's effective tax rate for the six months ended 30 September 2019 was mainly due to the listing expenses incurred during the six months ended 30 September 2019, which were not tax deductible. The Group's effective tax rates for the Track Record Period were generally in conformity with the Malaysian corporate income tax rate of 24.0%.

During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that the Group has fulfilled all tax obligations and did not have any unresolved tax disputes.

## REVIEW OF HISTORICAL RESULTS OF OPERATION

### Year ended 31 March 2018 compared to year ended 31 March 2017

#### *Revenue*

The Group's revenue increased by approximately RM13.6 million or 13.3% from approximately RM101.9 million for the year ended 31 March 2017 to approximately RM115.5 million for the year ended 31 March 2018. The increase was mainly driven by the Group's Retailing Business which increased from approximately RM96.6 million for the year ended 31 March 2017 to approximately RM111.4 million for the year ended 31 March 2018, representing an increase of approximately 15.3%. The growth in the Group's Retailing Business was primarily due to the increase in sales volume of the various categories of the Group's optical products resulting from the continuous expansion of the Group's retail network. The Group's self-owned retail stores increased from 55 retail stores as at 31 March 2017 to 61 retail stores as at 31 March 2018. The revenue generated from the Franchising and Licensing Business decreased from approximately RM2.6 million for the year ended 31 March 2017 to approximately RM1.5 million for the year ended 31 March 2018, representing a decrease of approximately 42.3%. Such decrease was mainly due to the decrease in sales of optical products to the Group's franchisees.

***Gross profit and gross profit margin***

The Group's gross profit increased by approximately RM11.6 million or 20.6% from approximately RM56.3 million for the year ended 31 March 2017 to approximately RM67.9 million for the year ended 31 March 2018. Such increase was mainly contributed by the combined effect of the increase in the Group's revenue and the improvement of the Group's gross profit margin. The Group's gross profit margin increased from approximately 55.2% for the year ended 31 March 2017 to approximately 58.8% for the year ended 31 March 2018.

***Other income***

The Group's other income increased by approximately RM0.3 million or 27.3% from approximately RM1.1 million for the year ended 31 March 2017 to approximately RM1.4 million for the year ended 31 March 2018, primarily due to an increase in sponsorship income received from the suppliers of the International Brands of approximately RM0.1 million and an increase in sundry income of approximately RM0.2 million.

***Selling and distribution costs***

The Group's selling and distribution costs increased by approximately RM5.9 million or 16.8% from approximately RM35.1 million for the year ended 31 March 2017 to approximately RM41.0 million for the year ended 31 March 2018, primarily due to the increase in (i) staff costs of approximately RM3.0 million resulting from both an increase in number of sales and marketing staff to cater the expansion of the Group's retail network as well as the increase in salaries, sales commission, discretionary bonus, and allowances to the sales and marketing staff; and (ii) depreciation of right-of-use assets of approximately RM2.4 million mainly resulting from the opening of six additional self-owned retail stores during the year ended 31 March 2018.

***Administrative expenses***

The Group's administrative expenses increased by approximately RM0.8 million or 12.9% from approximately RM6.2 million for the year ended 31 March 2017 to approximately RM7.0 million for the year ended 31 March 2018, primarily due to the increase in (i) staff costs of approximately RM0.4 million resulting from the increase in the number of administrative staff as well as increase in salaries, discretionary bonus and allowances to the administrative staff; (ii) legal and professional fees of approximately RM0.1 million; and (iii) other expenses of approximately RM0.2 million.

***Finance costs***

The Group's finance costs increased by approximately RM0.2 million or 22.2% from approximately RM0.9 million for the year ended 31 March 2017 to approximately RM1.1 million for the year ended 31 March 2018, primarily due to the increase in finance charges on lease liabilities of approximately RM0.2 million resulting from the increase in right-of-use assets in respect of the Group's self-owned retail stores.

***Income tax expense***

The Group's income tax expense increased by approximately RM0.9 million or 24.3% from approximately RM3.7 million for the year ended 31 March 2017 to approximately RM4.6 million for the year ended 31 March 2018. The increase was mainly due to the increase in profit before income tax of approximately 33.5%. The effective tax rate was approximately 24.3% and 22.9% for years ended 31 March 2017 and 2018, respectively.

***Profit for the year and net profit margin***

As a result of the foregoing, the Group's net profit increased by approximately RM4.1 million or 35.7% from approximately RM11.5 million for the year ended 31 March 2017 to approximately RM15.6 million for the year ended 31 March 2018. The Group's net profit margin increased from approximately 11.2% for the year ended 31 March 2017 to approximately 13.5% for the year ended 31 March 2018. The improvement in the Group's net profit margin was primarily due to the improvement in the Group's overall gross profit margin from approximately 55.2% for the year ended 31 March 2017 to approximately 58.8% for the year ended 31 March 2018.

**Year ended 31 March 2019 compared to year ended 31 March 2018**

***Revenue***

The Group's revenue increased by approximately RM18.1 million or 15.7% from approximately RM115.5 million for the year ended 31 March 2018 to approximately RM133.6 million for the year ended 31 March 2019. The increase was mainly driven by the Group's Retailing Business which increased from approximately RM111.4 million for the year ended 31 March 2018 to approximately RM131.4 million for the year ended 31 March 2019, representing an increase of approximately 18.0%. Such growth in the Group's Retailing Business was primarily due to the increase in the sales volume of various categories of the Group's optical products resulting from the continuous expansion of the Group's retail network. The Group's retail stores increased from 61 retail stores as at 31 March 2018 to 75 retail stores as at 31 March 2019. The revenue derived from Franchising and Licensing Business slightly increased from approximately RM1.5 million for the year ended 31 March 2018 to approximately RM1.6 million for the year ended 31 March 2019. Such increase was mainly contributed by the increase in sales of optical products to franchisees.

***Gross profit and gross profit margin***

The Group's gross profit increased by approximately RM16.1 million or 23.7% from approximately RM67.9 million for the year ended 31 March 2018 to approximately RM84.0 million for the year ended 31 March 2019. Such increase was mainly contributed by the combined effects of the increase in the Group's revenue and the improvement of the Group's gross profit margin. The Group's gross profit margin increased from approximately 58.8% for the year ended 31 March 2018 to approximately 62.8% for the year ended 31 March 2019.

***Other income***

The Group's other income increased by approximately RM0.5 million or 35.7% from approximately RM1.4 million for the year ended 31 March 2018 to approximately RM1.9 million for the year ended 31 March 2019, primarily due to an exchange gain of approximately RM0.1 million, an increased gain on disposal of plant and equipment of approximately RM0.1 million and a gain on disposal of right-of-use assets arising from leased motor vehicles of approximately RM0.3 million.

***Selling and distribution costs***

The Group's selling and distribution costs increased by approximately RM5.8 million or 14.1% from approximately RM41.0 million for the year ended 31 March 2018 to approximately RM46.8 million for the year ended 31 March 2019, primarily attributable to the increase in (i) staff costs of approximately RM4.1 million resulting from both an increase in the number of sales and marketing staff, and the increase in salaries, sales commission, discretionary bonus, allowances to the sales and marketing staff; and (ii) depreciation of right-of-use assets of approximately RM1.8 million mainly resulting from the opening of 14 additional self-owned retail stores for the year ended 31 March 2019.

***Administrative expenses***

The Group's administrative expenses increased by approximately RM1.5 million or 21.4% from approximately RM7.0 million for the year ended 31 March 2018 to approximately RM8.5 million for the year ended 31 March 2019, primarily due to the increase in (i) staff costs of approximately RM0.9 million resulting from an increase in headcount of administrative staff and the increase in salaries, discretionary bonus and allowances to the administrative staff; (ii) legal and professional fees of approximately RM0.4 million; and (iii) office expenses of approximately RM0.2 million resulting from the growing operations of the Group.

***Finance costs***

The Group's finance costs remained fairly stable at approximately RM1.1 million for the years ended 31 March 2018 and 2019.

***Income tax expense***

The Group's income tax expense increased by approximately RM2.1 million or 45.7% from approximately RM4.6 million for the year ended 31 March 2018 to approximately RM6.7 million for the year ended 31 March 2019. The significant increase was generally in line with the increase in profit before income tax of approximately 45.6%. The effective tax rate for the years ended 31 March 2018 and 2019 remained stable at approximately 22.9%.

***Profit for the year and net profit margin***

As a result of the foregoing, the Group's net profit increased by approximately RM7.2 million or 46.2% from approximately RM15.6 million for the year ended 31 March 2018 to approximately RM22.8 million for the year ended 31 March 2019. The Group's net profit margin increased from approximately 13.5% for the year ended 31 March 2018 to approximately 17.1% for the year ended 31 March 2019. The improvement in the Group's net profit margin was primarily due to the improvement of the Group's gross profit margin from approximately 58.8% for the year ended 31 March 2018 to approximately 62.8% for the year ended 31 March 2019.

**Six months ended 30 September 2019 compared to six months ended 30 September 2018**

***Revenue***

The Group's revenue increased by approximately RM13.5 million or 22.1% from approximately RM61.0 million for the six months ended 30 September 2018 to approximately RM74.5 million for the six months ended 30 September 2019. The increase was mainly driven by the Group's Retailing Business which increased from approximately RM59.6 million for the six months ended 30 September 2018 to approximately RM73.5 million for the six months ended 30 September 2019, representing an increase of approximately RM13.9 million or 23.3%. Such growth in the Group's Retailing Business was primarily due to the increase in the sales volume of various categories of the Group's optical products resulting from the continuous expansion of the Group's retail network and the launch of two retail brands "Lens:Me" and "MOG Express" in December 2018 and March 2019, respectively. The Group's retail stores increased from 70 retail stores as at 30 September 2018 to 84 retail stores as at 30 September 2019. The revenue derived from Franchising and Licensing Business increased by approximately RM0.2 million or 25% from approximately RM0.8 million for the six months ended 30 September 2018 to approximately RM1.0 million for the six months ended 30 September 2019. Such increase was mainly contributed by the increase in sale of optical products to franchisees. The Group recorded no revenue from sales of optical products to Malaysian Interested Companies and Thai Interested Companies during the six months ended 30 September 2019 as its Minority Sales Business ceased during the year ended 31 March 2019.

***Gross profit and gross profit margin***

The Group's gross profit increased by approximately RM9.6 million or 25.5% from approximately RM37.7 million for the six months ended 30 September 2018 to approximately RM47.3 million for the six months ended 30 September 2019. Such increase was mainly contributed by the combined effects of the increase in the Group's revenue and the improvement of the Group's gross profit margin. The Group's gross profit margin increased from approximately 61.9% for the six months ended 30 September 2018 to approximately 63.5% for the six months ended 30 September 2019.

***Other income***

The Group's other income decreased by approximately RM0.4 million or 30.8% from approximately RM1.3 million for the six months ended 30 September 2018 to approximately RM0.9 million for the six months ended 30 September 2019. Such decrease was primarily due to a decrease in bank interest income, book-keeping fee income and exchange gain of approximately RM0.4 million in aggregate.

***Selling and distribution costs***

The Group's selling and distribution costs increased by approximately RM6.0 million or 28.0% from approximately RM21.4 million for the six months ended 30 September 2018 to approximately RM27.4 million for the six months ended 30 September 2019, primarily attributable to the increase in (i) staff costs of approximately RM2.9 million resulting from both an increase in the number of sales and marketing staff, and the increase in salaries, sales commission, discretionary bonus and allowance to the sales and marketing staff; (ii) depreciation of right-of-use assets of approximately RM0.7 million, other rental and related expenses for retail stores of approximately RM1.2 million, and depreciation of plant and equipment of approximately RM0.3 million mainly resulting from the increased number of self-owned retail stores; and (iii) advertising and promotion expenses of approximately RM0.4 million.

***Administrative expenses***

The Group's administrative expenses increased by approximately RM0.5 million or 12.2% from approximately RM4.1 million for the six months ended 30 September 2018 to approximately RM4.6 million for the six months ended 30 September 2019, primarily attributable to the increase in legal and professional fees of approximately RM0.2 million and other expenses of approximately RM0.4 million resulting from the growing operations of the Group.

### *Finance costs*

The Group's finance costs continued to remain stable at approximately RM0.5 million for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018. The decrease in interest on interest-bearing borrowings was partially offset by the increase in finance charges on lease liabilities.

### *Income tax expense*

The Group's income tax expense increased by approximately RM0.7 million or 24.1% from approximately RM2.9 million for the six months ended 30 September 2018 to approximately RM3.6 million for the six months ended 30 September 2019. The effective tax rate for the six months ended 30 September 2019 was approximately 31.4% which was higher than the effective tax rate of approximately 22.4% for the six months ended 30 September 2018. Such increase was mainly due to the listing expenses incurred during the six months ended 30 September 2019, which were not tax deductible.

### *Profit for the year and net profit margin*

As a result of the foregoing, the Group's net profit decreased by approximately RM2.3 million or 22.8% from approximately RM10.1 million for the six months ended 30 September 2018 to approximately RM7.8 million for the six months ended 30 September 2019. The Group's net profit margin decreased from approximately 16.5% for the six months ended 30 September 2018 to approximately 10.5% for the six months ended 30 September 2019. Such decrease was mainly attributable to the listing expenses incurred during the six months ended 30 September 2019.

## SENSITIVITY ANALYSIS

Prospective investors should note that the analysis below are based on assumptions of the historical financials during the Track Record Period and is for reference only. The analysis should not be viewed as the actual effect of such hypothetical fluctuations.

### Cost of sales

The Group's cost of sales represented the cost of the optical products purchased by the Group from its suppliers. In any event which the Group is unable to shift the increase in price to its customers, the Group may experience drop in gross profit or even generate gross loss. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of sales on the Group's profit before tax for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019. Fluctuations in cost of inventories are assumed to be 5%, 10% and 17%, taking into account the historical fluctuations of the Group's cost of sales:

| **Hypothetical fluctuations** | **–17%** | **–10%** | **–5%** | **+5%** | **+10%** | **+17%** |
|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Change in cost of sales** | | | | | | |
| For the year ended 31 March 2017 | (7,762) | (4,566) | (2,283) | 2,283 | 4,566 | 7,762 |
| For the year ended 31 March 2018 | (8,086) | (4,756) | (2,378) | 2,378 | 4,756 | 8,086 |
| For the year ended 31 March 2019 | (8,441) | (4,966) | (2,483) | 2,483 | 4,966 | 8,441 |
| For the six months ended 30 September 2019 | (4,624) | (2,720) | (1,360) | 1,360 | 2,720 | 4,624 |
| **Change in profit before tax** *(Note)* | | | | | | |
| For the year ended 31 March 2017 | 7,762 | 4,566 | 2,283 | (2,283) | (4,566) | (7,762) |
| For the year ended 31 March 2018 | 8,086 | 4,756 | 2,378 | (2,378) | (4,756) | (8,086) |
| For the year ended 31 March 2019 | 8,441 | 4,966 | 2,483 | (2,483) | (4,966) | (8,441) |
| For the six months ended 30 September 2019 | 4,624 | 2,720 | 1,360 | (1,360) | (2,720) | (4,624) |

*Note:* Changes in profit before tax is calculated based on the cost of sales recognised as an expense multiplied by the hypothetical fluctuations for the respective period.

### Rental Expenses

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in Rental Expenses on the Group's profit before tax for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019. The fluctuations in Rental Expenses are assumed to be 5%, 10% and 20% for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, after taking into account (i) the approximate range of the CAGR of the average rental costs for private commercial premises in Malaysia from 2014 to 2018 and (ii) the historical fluctuations of the Group's Rental Expenses:

| Hypothetical fluctuations | –20% | –10% | –5% | +5% | +10% | +20% |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Change in Rental Expenses** | | | | | | |
| For the year ended 31 March 2017 | (2,400) | (1,200) | (600) | 600 | 1,200 | 2,400 |
| For the year ended 31 March 2018 | (2,910) | (1,455) | (728) | 728 | 1,455 | 2,910 |
| For the year ended 31 March 2019 | (3,281) | (1,640) | (820) | 820 | 1,640 | 3,281 |
| For the six months ended 30 September 2019 | (1,866) | (933) | (467) | 467 | 933 | 1,866 |
| **Change in profit before tax** | | | | | | |
| For the year ended 31 March 2017 | 2,400 | 1,200 | 600 | (600) | (1,200) | (2,400) |
| For the year ended 31 March 2018 | 2,910 | 1,455 | 728 | (728) | (1,455) | (2,910) |
| For the year ended 31 March 2019 | 3,281 | 1,640 | 820 | (820) | (1,640) | (3,281) |
| For the six months ended 30 September 2019 | 1,866 | 933 | 467 | (467) | (933) | (1,866) |

### Staff costs

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of staff costs on the profit before tax for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019. Fluctuations in staff costs are assumed to be 5%, 15%, 20% and 25%, after taking into account (i) the wage of employees in the industries of professional services, and the sales and services and (ii) the historical fluctuations of the Group's staff costs:

| Hypothetical fluctuations | –25% | –20% | –15% | –5% | +5% | +15% | +20% | +25% |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Change in staff costs** | | | | | | | | |
| For the year ended 31 March 2017 | (5,494) | (4,395) | (3,296) | (1,099) | 1,099 | 3,296 | 4,395 | 5,494 |
| For the year ended 31 March 2018 | (6,327) | (5,062) | (3,796) | (1,265) | 1,265 | 3,796 | 5,062 | 6,327 |
| For the year ended 31 March 2019 | (7,571) | (6,056) | (4,542) | (1,514) | 1,514 | 4,542 | 6,056 | 7,571 |
| For the six months ended 30 September 2019 | (4,253) | (3,402) | (2,552) | (851) | 851 | 2,552 | 3,402 | 4,253 |
| **Change in profit before tax** | | | | | | | | |
| For the year ended 31 March 2017 | 5,494 | 4,395 | 3,296 | 1,099 | (1,099) | (3,296) | (4,395) | (5,494) |
| For the year ended 31 March 2018 | 6,327 | 5,062 | 3,796 | 1,265 | (1,265) | (3,796) | (5,062) | (6,327) |
| For the year ended 31 March 2019 | 7,571 | 6,056 | 4,542 | 1,514 | (1,514) | (4,542) | (6,056) | (7,571) |
| For the six months ended 30 September 2019 | 4,253 | 3,402 | 2,552 | 851 | (851) | (2,552) | (3,402) | (4,253) |

## LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, the Group principally funded its working capital and other liquidity requirements through a combination of cash inflow from its operations, banking facilities and advances from the Controlling Shareholders. The principal use of those funds was for the purchase of merchandise from suppliers, expansion of the Group's retail network and repayment of bank overdrafts/borrowings.

### Cash flows

The following table sets out a summary of the Group's combined statements of cash flows for the periods indicated:

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* | RM'000 |
| Operating cash inflows before movements in working capital | 26,669 | 34,412 | 45,150 | 20,086 | 19,622 |
| Changes in working capital | 416 | (641) | (3,051) | (2,919) | 5,120 |
| Cash generated from operations | 27,085 | 33,771 | 42,099 | 17,167 | 24,742 |
| Income tax paid | (3,089) | (5,409) | (6,067) | (2,978) | (2,925) |
| Net cash from operating activities | 23,996 | 28,362 | 36,032 | 14,189 | 21,817 |
| Net cash (used in) from investing activities | (4,309) | (2,823) | 6,518 | 3,686 | (1,274) |
| Net cash used in financing activities | (11,454) | (21,669) | (33,997) | (12,370) | (15,613) |
| **Net increase in cash and cash equivalents** | **8,233** | **3,870** | **8,553** | **5,505** | **4,930** |

### Operating activities

The Group's net cash from operating activities of approximately RM24.0 million for the year ended 31 March 2017 was primarily attributable to its profit before tax of approximately RM15.2 million, as adjusted for non-cash and non-operating items of approximately RM11.5 million, net cash inflow from changes in working capital of approximately RM0.4 million and income tax paid of approximately RM3.1 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of plant and equipment of approximately RM1.8 million; (ii) depreciation of right-of-use assets of approximately RM8.7 million; and (iii) finance costs of approximately RM0.9 million. The net cash inflow from changes in working capital was primarily due to an increase in trade and other payables of approximately RM4.9 million which was in line with the Group's business expansion that was partially offset by (i) an increase in inventories of approximately RM3.4 million due to the growing operations of the Group; and (ii) an increase in trade and other receivables of approximately RM1.2 million.

The Group's net cash from operating activities of approximately RM28.4 million for the year ended 31 March 2018 was primarily attributable to its profit before tax of approximately RM20.3 million, as adjusted for non-cash and non-operating items of approximately RM14.1 million, net cash outflow from changes in working capital of approximately RM0.6 million and income tax paid of approximately RM5.4 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of plant and equipment of approximately RM2.0 million; (ii) depreciation of right-of-use assets of approximately RM11.1 million; and (iii) finance costs of approximately RM1.1 million. The net cash outflow from changes in working capital was primarily due to (i) an increase in inventories of approximately RM1.1 million due to the growing operations of the Group and; (ii) an increase in trade and other receivables of approximately RM0.4 million which was partially offset by an increase in trade and other payables of approximately RM0.8 million that was in line with the Group's business expansion.

The Group's net cash from operating activities of approximately RM36.0 million for the year ended 31 March 2019 was primarily attributable to its profit before tax of approximately RM29.5 million, as adjusted for non-cash and non-operating items of approximately RM15.7 million, net cash outflow from changes in working capital of approximately RM3.1 million and income tax paid of approximately RM6.1 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of plant and equipment of approximately RM2.2 million; (ii) depreciation of right-of-use assets of approximately RM12.9 million; and (iii) finance costs of approximately RM1.1 million. The net cash outflow from changes in working capital of approximately RM3.1 million was primarily due to a decrease in trade and other payables of approximately RM7.9 million which was mainly attributable to the timely settlement of the same that was partially offset by (i) a decrease in inventories of approximately RM1.9 million; and (ii) a decrease in trade and other receivables of approximately RM2.7 million primarily due to the decrease in sales of optical products to Malaysian Interested Companies and Thai Interested Companies.

The Group's net cash from operating activities of approximately RM21.8 million for the six months ended 30 September 2019 was primarily attributable to its profit before tax of approximately RM11.4 million, as adjusted for non-cash and non-operating items of approximately RM8.2 million, net cash inflow from changes in working capital of approximately RM5.1 million and income tax paid of approximately RM2.9 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of plant and equipment of approximately RM1.4 million; (ii) depreciation of right-of-use assets of approximately RM6.4 million; and (iii) finance costs of approximately RM0.5 million. The net cash inflow from changes in working capital was primarily due to an increase in trade and other payables of approximately RM9.4 million which was mainly due to the absence of any early settlement by the Group that had occurred towards the end of the previous financial year, which was partially offset by (i) an increase in inventories of approximately RM3.5 million resulting from the significant increase in the number of self-owned retail stores; and (ii) an increase in trade and other receivables of approximately RM0.9 million resulting from the increase in prepayments and refundable rental and other related deposits paid.

**Investing activities**

The Group's net cash used in investing activities for the year ended 31 March 2017 was approximately RM4.3 million which primarily represented the purchase of plant and equipment of approximately RM3.4 million due to expansion of the Group's retail network, and an increase in investment in fixed deposits with licensed banks of approximately RM1.3 million.

The Group's net cash used in investing activities for the year ended 31 March 2018 was approximately RM2.8 million which primarily represented the purchase of plant and equipment of approximately RM2.8 million due to expansion of the Group's retail network.

The Group's net cash from investing activities for the year ended 31 March 2019 was approximately RM6.5 million which was primarily the result of (i) proceeds from disposal of plant and equipment of approximately RM0.2 million, investment properties of approximately RM1.6 million, right-of-use assets of approximately RM0.8 million, assets classified as held for sale of approximately RM0.8 million; (ii) a decrease in investment in fixed deposits with licensed banks of approximately RM5.6 million; and (iii) outflows from the purchase of plant and equipment of approximately RM2.6 million.

The Group's net cash used in investing activities for the six months ended 30 September 2019 was approximately RM1.3 million which was primarily the result of (i) outflows from the purchase of plant and equipment of approximately RM2.9 million; (ii) an increase in investment in fixed deposits with licensed banks of approximately RM1.3 million; and (iii) proceeds from disposal of investment properties of approximately RM2.6 million.

**Financing activities**

The Group's net cash used in financing activities for the year ended 31 March 2017 was approximately RM11.5 million which primarily resulted from the (i) repayment of lease liabilities of approximately RM10.2 million; (ii) repayment to the Controlling Shareholders of approximately RM1.2 million; and (iii) interest paid of approximately RM0.3 million that was partially offset by financing from bank overdrafts of approximately RM0.7 million.

The Group's net cash used in financing activities for the year ended 31 March 2018 was approximately RM21.7 million which primarily resulted from the (i) repayment of lease liabilities of approximately RM12.0 million; (ii) repayment to the Controlling Shareholders of approximately RM2.6 million; (iii) dividends paid to the then equity owners of the entities now comprising the Group of approximately RM5.8 million; and (iv) settlement of bank overdrafts of approximately RM0.7 million.

The Group's net cash used in financing activities for the year ended 31 March 2019 was approximately RM34.0 million which primarily resulted from the (i) repayment of lease liabilities of approximately RM14.5 million; (ii) repayment of interest-bearing borrowings of approximately RM1.9 million; (iii) repayment to the Controlling Shareholders of approximately RM2.6 million; (iv) dividends paid to the then equity owners of the entities now comprising the Group of approximately RM12.7 million; and (v) consideration made to acquire equity interests of certain entities now comprising the Group from the Controlling Shareholders of approximately RM2.1 million for group restructuring.

The Group's net cash used in financing activities for the six months ended 30 September 2019 was approximately RM15.6 million which primarily resulted from the (i) repayment of lease liabilities of approximately RM7.1 million; (ii) repayment of interest-bearing borrowings of approximately RM2.1 million; and (iii) dividends paid to the then equity owners of the entities now comprising the Group of approximately RM8.2 million that was partially offset by capital contribution made by the Controlling Shareholders of approximately RM1.6 million.

### Net current assets

The Group recorded net current assets of RM18.0 million, RM28.0 million, RM37.7 million, and RM37.6 million and RM45.5 million as at 31 March 2017, 2018 and 2019 and 30 September 2019 and 31 January 2020, respectively. The following table sets out a breakdown of the Group's current assets and liabilities as at the dates indicated:

| | As at 31 March | | | As at 30 September | As at 31 January |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* |
| **Current assets** | | | | | |
| Inventories | 22,647 | 23,782 | 23,514 | 27,020 | 28,101 |
| Trade and other receivables | 8,637 | 9,121 | 8,080 | 8,969 | 8,603 |
| Fixed deposits with licensed banks | 7,718 | 8,121 | 2,533 | 3,852 | 3,859 |
| Bank balances and cash | 21,726 | 25,596 | 34,149 | 39,079 | 43,386 |
| Assets classified as held for sale | — | 742 | 2,309 | — | — |
| **Total current assets** | 60,728 | 67,362 | 70,585 | 78,920 | 83,949 |
| **Current liabilities** | | | | | |
| Trade and other payables | 21,169 | 21,970 | 17,074 | 26,502 | 21,735 |
| Bank overdrafts | 715 | — | — | — | — |
| Interest-bearing borrowings | 3,844 | 3,681 | 2,076 | 58 | 58 |
| Lease liabilities | 9,159 | 8,626 | 10,634 | 10,877 | 11,170 |
| Amounts due to the Controlling Shareholders | 7,189 | 4,579 | 1,930 | 2,024 | 4,351 |
| Tax payable | 676 | 472 | 1,191 | 1,820 | 1,091 |
| **Total current liabilities** | 42,752 | 39,328 | 32,905 | 41,281 | 38,405 |
| **Net current assets** | **17,976** | **28,034** | **37,680** | **37,639** | **45,544** |

The Group's net current assets increased by approximately RM10.0 million or 55.6% from approximately RM18.0 million as at 31 March 2017 to approximately RM28.0 million as at 31 March 2018. Such increase was attributable to the combined effect of the increase in the Group's total current assets of approximately RM6.6 million and the decrease in the Group's total current liabilities of approximately RM3.4 million. The increase in the Group's total current assets was primarily contributed by the aggregate increase in fixed deposits with licensed banks and bank balances and cash of approximately RM4.3 million mainly resulting from the cash inflow generated from the Group's operating activities, the increase in inventories of approximately RM1.1 million, and reclassification of investment properties of approximately RM0.7 million to assets classified as held for sale. The decrease in the Group's total current liabilities was primarily contributed by the partial repayment to the Controlling Shareholders of approximately RM2.6 million and settlement of bank overdrafts of approximately RM0.7 million.

The Group's net current assets increased by approximately RM9.7 million or 34.6% from approximately RM28.0 million as at 31 March 2018 to approximately RM37.7 million as at 31 March 2019. Such increase was attributable to the combined effects of the increase in the Group's total current assets of approximately RM3.3 million and the decrease in the Group's total current liabilities of approximately RM6.4 million. The increase in the Group's total current assets was primarily contributed by the net effects of approximately RM3.0 million from an increase in bank balances and cash of approximately RM8.6 million and a decrease in fixed deposits with licensed banks of approximately RM5.6 million, an increase in amount of approximately RM1.6

million in respect of assets classified as held for sale, a decrease in trade and other receivables of approximately RM1.0 million and inventories of approximately RM0.3 million. The decrease in the Group's total current liabilities was primarily due to the net effects from the partial repayment to the Controlling Shareholders of approximately RM2.6 million, repayment of interest-bearing borrowings of approximately RM1.6 million, a decrease in trade and other payables of approximately RM4.9 million mainly resulting from the early settlement of trade debts, an increase in lease liabilities of approximately RM2.0 million and tax payable of approximately RM0.7 million.

The Group's net current assets remained stable at approximately RM37.6 million as at 30 September 2019 as the increase in the Group's total current assets of approximately RM8.3 million was offset by the increase in the Group's total current liabilities of approximately RM8.4 million. The increase in the Group's total current assets was primarily contributed by the increase in inventories of approximately RM3.5 million mainly resulting from the expansion of the Group's retail network and the increase in bank balances and cash of approximately RM4.9 million which was mainly attributable to the cash inflow generated from the Group's operating activities. The increase in the Group's total current liabilities was primarily due to an increase in trade and other payables of approximately RM9.4 million mainly resulting from the absence of any early settlement by the Group which had occurred towards the end of the previous financial year which was partially offset by repayment of interest-bearing borrowings of approximately RM2.0 million.

The Group's net current assets increased by approximately RM7.9 million or 21.0% from approximately RM37.6 million as at 30 September 2019 to approximately RM45.5 million as at 31 January 2020. Such increase was attributable to the increase in the Group's total current assets of approximately RM5.0 million and the decrease in the Group's total current liabilities of approximately RM2.9 million. The increase in the Group's total current assets was mainly contributed by an increase in inventories of approximately RM1.1 million and an increase in bank balances and cash of approximately RM4.3 million mainly from its operations. The decrease in the Group's total current liabilities was primarily contributed by the decrease in trade and other payables of approximately RM4.8 million mainly resulting from the settlement of trade debts.

### Working capital

The Directors are of the opinion that, after due and careful enquiry by the Company and the Directors in relation to the financial resources available to the Group, particularly the funds generated internally from its operations and the estimated net proceeds from the Global Offering, the Group has sufficient working capital for its present requirements and for the next 12 months from the date of this prospectus.

## ANALYSIS OF MAJOR COMPONENTS OF THE COMBINED STATEMENTS OF FINANCIAL POSITION

### Investment properties

The Group's investment properties mainly consisted of shoplots, office suites and residential properties located in Malaysia held for rental income and capital appreciation. The Group's investment properties amounted to approximately RM7.7 million, RM6.8 million, RM2.8 million and RM2.7 million as at 31 March 2017, 2018 and 2019 and 30 September 2019, among which a total carrying amount of approximately RM7.4 million, RM6.8 million, RM2.8 million and RM2.7 million as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively, were pledged to secure mortgage loans. The significant decrease of investment properties during the Track Record Period was mainly due to the disposal of a residential property during the year ended 31 March 2019 and reclassification of certain investment properties, which the Group had decided to dispose, as assets classified as held for sale.

**Right-of-use assets**

The Group's right-of-use assets during the Track Record Period mainly represented lease arrangements in respect of (i) shoplots; (ii) leased motor vehicles; and (iii) furniture, fixtures and office equipment. The leased assets have been recognised in the form of an asset (for the right of use) in the Group's combined statements of financial position in accordance with IFRS 16. These right-of-use assets are depreciated over the shorter period of the underlying asset's expected useful life or the lease terms on a straight-line basis. The following table sets out the Group's right-of-use assets as at the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Shoplots | 14,462 | 12,893 | 16,222 | 14,995 |
| Motor vehicles | 1,472 | 1,328 | 901 | 779 |
| Furniture, fixtures and office equipment | 396 | 249 | 209 | 142 |
| Leasehold improvements | 212 | 220 | 157 | 165 |
| **Total** | **16,542** | **14,690** | **17,489** | **16,081** |

As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group's right-of-use assets amounted to approximately RM16.5 million, RM14.7 million, RM17.5 million and RM16.1 million, respectively. The Group's right-of-use assets decreased from approximately RM16.5 million as at 31 March 2017 to RM14.7 million as at 31 March 2018 primarily due to depreciation charges of approximately RM11.1 million incurred, which was partially offset by additions of leased assets of approximately RM9.3 million for the year ended 31 March 2018. The Group's right-of-use assets increased from approximately RM14.7 million as at 31 March 2018 to approximately RM17.5 million as at 31 March 2019 primarily due to additions of leased assets for the year of approximately RM16.1 million, which was partially offset by depreciation charges of approximately RM12.9 million. The Group's right-of-use assets decreased from approximately RM17.5 million as at 31 March 2019 to approximately RM16.1 million as at 30 September 2019 primarily due to depreciation charges of approximately RM6.4 million incurred, which was partially offset by additions of leased assets of approximately RM5.1 million for the six months ended 30 September 2019.

**Plant and equipment**

The Group's plant and equipment during the Track Record Period primarily consisted of computers and software, furniture, fixtures and office equipment, optical equipment and leasehold improvements. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group's plant and equipment amounted to approximately RM6.4 million, RM7.1 million, RM8.1 million and RM9.2 million, respectively. The Group's plant and equipment increased from approximately RM6.4 million as at 31 March 2017 to approximately RM7.1 million as at 31 March 2018 primarily due to additions of computers and software, furniture, fixtures and office equipment, optical equipment and leasehold improvements for new self-owned retail stores opened during the year of approximately RM2.8 million, which was partially offset by depreciation charges of approximately RM2.0 million for the year ended 31 March 2018. The Group's plant and equipment increased from approximately RM7.1 million as at 31 March 2018 to approximately RM8.1 million as at 31 March 2019 primarily due to additions of computers and software, furniture, fixtures and office equipment, optical equipment and leasehold improvements for new self-owned retail stores opened and acquired during the year of approximately RM3.2 million, which was partially offset by depreciation charges of approximately RM2.2 million for the year ended 31 March 2019. The Group's plant and equipment further increased from approximately RM8.1 million as at 31 March 2019 to approximately RM9.2 million as at 30 September 2019 primarily due to additions of computers and software, furniture, fixtures and office equipment, optical equipment and leasehold improvements for new self-owned retail stores opened during the period of approximately RM2.9 million, which was partially offset by depreciation charges of approximately RM1.4 million for the six months ended 30 September 2019.

**Inventories**

The Group's inventories mainly consisted of optical products as merchandise sourced from suppliers which are maintained at the Group's central warehouses and each of its self-owned retail stores. The following table sets out a summary of the Group's inventory balances as the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Merchandise | 22,647 | 23,782 | 23,514 | 27,020 |

The Group strives to maintain a wide range of products with different styles to cater for the needs of customers while reducing its inventory risks. The Group has in place an inventory policy which provides for minimum prescribed levels of different optical products that is generally determined with reference to historical sales figures. As at 31 March 2017, 2018 and 2019, the Group's inventory remained stable at approximately RM22.6 million, RM23.8 million and RM23.5 million, respectively. However, the Group's inventory as at 30 September 2019 increased to approximately RM27.0 million, primarily due to significant increase in number of self-owned retail stores during the six months ended 30 September 2019. As at the Latest Practicable Date, approximately RM16.4 million or 60.7% of the Group's inventories as at 30 September 2019 was subsequently sold.

The following table sets out the Group's inventory turnover days during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| Inventory turnover days*(note)* | 167 | 178 | 174 | 170 |

*Note:* Inventory turnover days are derived by dividing the average inventory as at the beginning and the end of each period by cost of sales for such period and multiplying by the number of days in that period.

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the Group's inventory turnover days remained stable at 167 days, 178 days, 174 days and 170 days, respectively, primarily due to the Group's effective inventory management. For details relating to the Group's inventory management, please refer to "Business — Inventory control" in this prospectus.

### Trade and other receivables

#### *Trade receivables*

The Group's trade receivables during the Track Record Period mainly represented the receivables due from the Group's franchisees, licensees, Malaysian Interested Companies and Thai Interested Companies in relation to sales of optical products and franchise and royalty fees. During the Track Record Period, the Group generally offered credit period up to 30 days to its franchisees and licensees, and the Malaysian Interested Companies and Thai Interested Companies. The following table sets out the Group's trade receivables as at the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Franchisees, licensees and related parties | 1,262 | 1,250 | 196 | 322 |
| Less: Loss allowances | (78) | (38) | — | — |
| **Total** | **1,184** | **1,212** | **196** | **322** |

The Group's trade receivables remained stable at approximately RM1.2 million as at 31 March 2017 and 2018. The Group's trade receivables decreased from approximately RM1.2 million as at 31 March 2018 to approximately RM0.2 million as at 31 March 2019. Such decrease was due to the fact that (i) following the Group's acquisition of a controlling interest in the Malaysian Interested Companies during the year ended 31 March 2019, the trade balances between the Group and the Malaysian Interested Companies were eliminated in preparation of the Group's combined financial statements; and (ii) the Group ceased the sales of optical products to the Thai Interested Companies during the year ended 31 March 2019. The Group's trade receivables increased from approximately RM0.2 million as at 31 March 2019 to approximately RM0.3 million as at 30 September 2019, mainly due to the increase in sales to its franchisees. As at the Latest Practicable Date, approximately RM0.3 million or 99.1% of the Group's trade receivables as at 30 September 2019 was subsequently settled.

The following table sets out the ageing analysis of the Group's trade receivables, net of loss allowances, as at the dates indicated, based on the invoice date:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within 30 days | 940 | 313 | 173 | 221 |
| 31 to 60 days | 89 | 140 | 23 | 87 |
| 61 to 90 days | 32 | 41 | — | 14 |
| Over 90 days | 123 | 718 | — | — |
| **Total** | **1,184** | **1,212** | **196** | **322** |

The following table sets out the ageing analysis of the Group's trade receivables, net of loss allowances, as at the dates indicated, based on due date:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Not yet due | 940 | 313 | 173 | 221 |
| Past due: | | | | |
| Within 30 days | 89 | 140 | 23 | 87 |
| 31 to 60 days | 32 | 41 | — | 14 |
| 61 to 90 days | 91 | 11 | — | — |
| Over 90 days | 32 | 707 | — | — |
| | 244 | 899 | 23 | 101 |
| **Total** | **1,184** | **1,212** | **196** | **322** |

The Group applies a simplified approach in calculating expected credit losses for trade receivables and recognises loss allowances based on lifetime expected credit losses at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Having considered the default risk of trade receivables is not significant for the balances overdue for less than 90 days and for the certain balances overdue for over 90 days, the Group did not apply an expected credit loss rate on these balances during the Track Record Period. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the Group recognised the loss allowance of approximately RM78,000, RM38,000, nil and nil on the trade receivables, respectively.

The following table sets out the Group's trade receivables turnover days during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| Trade receivables turnover days *(Note)* | 3 | 4 | 2 | 1 |

*Note:* Trade receivables turnover days are derived by dividing the average balance of trade receivables as at the beginning and the end of each period by revenue for such period and multiplying by the number of days in that period.

The Group's trade receivable turnover days remained relatively low at approximately three days, four days, two days and one day during the Track Record Period, respectively. The Group's trade receivable turnover days decreased from approximately four days for the year ended 31 March 2018 to approximately two days for the year ended 31 March 2019 and further decreased to approximately one day for the six months ended 30 September 2019. Such decrease was mainly due to the fact that (i) following the Group's acquisition of a controlling interest in the Malaysian Interested Companies during the year ended 31 March 2019, the trade balances between the Group and the Malaysian Interested Companies were eliminated in preparation of the Group's combined financial statements; and (ii) the Group ceased the sales of optical products to the Thai Interested Companies during the year ended 31 March 2019.

### *Other receivables*

The Group's other receivables during the Track Record Period mainly comprised refundable rental and other related deposits, prepayments, and other receivables. The refundable rental and other related deposits mainly represented rental deposits, security deposits and utilities deposits placed for leasing the self-owned retail stores to the landlords. Prepayments mainly represented advance payments to renovation contractors and suppliers as well as prepaid expenses. The following table sets out a breakdown of the Group's other receivables as at the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Refundable rental and other related deposits | 5,352 | 5,260 | 6,173 | 6,243 |
| Prepayments | 1,014 | 1,218 | 853 | 1,229 |
| Goods and services tax recoverable | 125 | 253 | 331 | 203 |
| Amounts due from related parties | — | 253 | — | — |
| Other receivables | 962 | 925 | 527 | 972 |
| **Total** | **7,453** | **7,909** | **7,884** | **8,647** |

The Group's other receivables slightly increased by approximately RM0.4 million from approximately RM7.5 million as at 31 March 2017 to approximately RM7.9 million as at 31 March 2018, which was primarily due to the increase in prepayments of approximately RM0.2 million and amounts due from related parties of approximately RM0.3 million. The balance of the Group's other receivables remained stable at approximately RM7.9 million as at 31 March 2019 as compared to the balance as at 31 March 2018. The increase in refundable rental and other related deposits of approximately RM0.9 million was mainly attributable to the addition of new self-owned retail stores, which was partially offset by a decrease in other receivables of approximately RM0.4 million, and prepayments of approximately RM0.4 million. The Group's other receivables increased by approximately RM0.7 million from approximately RM7.9 million as at 31 March 2019 to approximately RM8.6 million as at 30 September 2019, which was primarily due to the increase in prepayments of approximately RM0.4 million and other receivables of approximately RM0.4 million arising from the continued growth of the Group's business operations.

## Trade and other payables

### *Trade payables*

The Group's trade payables during the Track Record Period primarily consisted of balances due to its suppliers for purchases of products. During the Track Record Period, the Group's suppliers generally offered credit periods ranging from 30 to 120 days. The Group's trade payables amounted to RM12.6 million, RM14.5 million, RM8.5 million and RM16.9 million as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively. The following table sets out ageing analysis of the Group's trade payables as at the dates indicated, based on the invoice date:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within 30 days | 5,502 | 4,957 | 3,886 | 7,189 |
| 31 to 60 days | 5,207 | 7,072 | 1,649 | 6,377 |
| 61 to 90 days | 1,197 | 1,527 | 2,852 | 2,446 |
| Over 90 days | 696 | 991 | 120 | 865 |
| **Total** | **12,602** | **14,547** | **8,507** | **16,877** |

The Group's trade payables increased from approximately RM12.6 million as at 31 March 2017 to approximately RM14.5 million as at 31 March 2018. Such increase was mainly due to the increase in purchases in the last quarter of the year ended 31 March 2018. However, the Group's trade payables decreased from approximately RM14.5 million as at 31 March 2018 to approximately RM8.5 million as at 31 March 2019. The decrease was mainly attributable to the early settlement of trade payables due to two major suppliers towards the end of financial year. The Group's trade payables increased from approximately RM8.5 million as at 31 March 2019 to approximately RM16.9 million as at 30 September 2019. Such increase was mainly due to the absence of any early settlement by the Group which had occurred towards the end of the previous financial year. As at the Latest Practicable Date, approximately RM16.4 million or 97.0% of the Group's trade payables as at 30 September 2019 was subsequently settled.

The following table sets out the Group's trade payables turnover days during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| Trade payables turnover days*(Note)* . . . . . . | 94 | 104 | 85 | 85 |

*Note:* Trade payables turnover days are derived by dividing the average balance of trade payables as at the beginning and the end of each period by cost of sales for such period and multiplying by the number of days in that period.

During the Track Record Period, the Group's trade payable turnover days increased from approximately 94 days for the year ended 31 March 2017 to approximately 104 days for the year ended 31 March 2018. Such increase was mainly attributable to the increase in the year-end balance of trade payables resulting from the increase in purchases in the last quarter of the year ended 31 March 2018. The Group's trade payable turnover days decreased from approximately 104 days for the year ended 31 March 2018 to approximately 85 days for the year ended 31 March 2019. The decrease was mainly attributable to the decrease in the year-end balance of trade payables as a result of the early settlement of trade debts due to two major suppliers by the end of financial year. The Group's trade payable turnover days remained stable at approximately 85 days for the year ended 31 March 2019 through to the six months ended 30 September 2019 at approximately 85 days.

**Other payables**

The Group's other payables during the Track Record Period mainly comprised (i) amounts due to related parties; (ii) amounts due to minority interests of subsidiaries; (iii) salaries and allowances payable; (iv) payable for purchase of plant and equipment; (v) accrued expenses; (vi) contract liabilities; and (vii) other payables. Amounts due to minority interests of subsidiaries mainly represented the funding provided by the minority interests of subsidiaries for the working capital for those non-wholly owned subsidiaries. Revenue from the sales of optical products is recognised when the product is sold to the customer and control over the product has been transferred to the customer in return for a (right to) payment (i.e. upon fulfillment of the performance obligations). Any prepayments by customers are short-term in nature and are not considered as revenue but are accounted for as contract liabilities at the end of financial year.

Contract liabilities are recognised in subsequent financial year when the optical products are delivered to customers. For details of the Group's contract liabilities, see note 21(a) of the Accountants' Report in Appendix I to this prospectus. The following table sets out a breakdown of the Group's other payables as at the dates indicated:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amounts due to related parties | 2,831 | 1,284 | — | — |
| Amounts due to minority interests of subsidiaries | 2,395 | 2,548 | 2,607 | 2,890 |
| Salaries and allowances payable | 898 | 845 | 2,173 | 1,613 |
| Payables for purchase of plant and equipment | 850 | 466 | 711 | 341 |
| Accrued expenses | 533 | 673 | 930 | 2,734 |
| Contract liabilities | 373 | 482 | 738 | 871 |
| Rent payable | 158 | 318 | 339 | 423 |
| Deposits received | 140 | 159 | 314 | 181 |
| Other payables | 389 | 648 | 755 | 572 |
| **Total** | **8,567** | **7,423** | **8,567** | **9,625** |

The Group's other payables decreased by approximately RM1.2 million from approximately RM8.6 million as at 31 March 2017 to approximately RM7.4 million as at 31 March 2018. Such decrease was primarily due to a decrease in amounts due to related parties of approximately RM1.5 million and payables for purchase of plant and equipment of approximately RM0.4 million, which was partially offset by increases in other items categorised under the Group's other payables arising from the growing operations of the Group. The Group's other payables increased by approximately RM1.2 million from approximately RM7.4 million as at 31 March 2018 to approximately RM8.6 million as at 31 March 2019. The increase was primarily due to an increase in salaries and allowances of approximately RM1.3 million resulting from postponed settlements because of bank holidays, contract liabilities of approximately RM0.3 million, accrued expenses of approximately RM0.3 million and payable for purchase of plant and equipment of approximately RM0.2 million, deposits received related to the Group's investment properties of approximately RM0.2 million, partially offset by the settlement of amounts due to related parties of approximately RM1.3 million. The Group recorded an increase in other payables of approximately RM1.0 million from approximately RM8.6 million as at 31 March 2019 to approximately RM9.6 million as at 30 September 2019. Such increase was mainly due to the increase in accrued expenses of approximately RM1.8 million resulting from increase in legal and professional fees related to the Listing, which was partially offset by a decrease in salaries and allowances payable of approximately RM0.6 million due to the absence of any postponed settlements which occurred towards the end of the previous financial year.

## INDEBTEDNESS

### Bank overdrafts and interest-bearing borrowings

During the Track Record Period, the Group primarily utilised its banking facilities to fund its working capital requirements. The following table sets out the balance of the Group's borrowings as at the dates indicated:

| | As at 31 March | | | As at 30 September | As at 31 January |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* |
| Interest-bearing borrowings — secured | 5,564 | 5,314 | 3,445 | 1,380 | 1,355 |
| Bank overdrafts — secured | 715 | — | — | — | — |
| **Total** | **6,279** | **5,314** | **3,445** | **1,380** | **1,355** |

The Group's bank overdrafts carried interest at 7.35% as at 31 March 2017, which were fully settled during the year ended 31 March 2018. The Group's interest-bearing borrowings carried weighted average effective interest rates of approximately 4.31%, 4.43%, 4.55% and 4.67% per annum as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively.

The following table sets out a breakdown of the Group's interest-bearing borrowings as at the dates indicated:

| | As at 31 March | | | As at 30 September | As at 31 January |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* |
| Carrying amounts of the above borrowings are repayable *(Note)*: | | | | | |
| Within one year | 254 | 175 | 114 | 58 | 58 |
| More than one year, but not exceeding two years | 174 | 162 | 119 | 61 | 61 |
| More than two years, but not exceeding five years | 507 | 531 | 391 | 203 | 203 |
| Over five years | 4,629 | 4,446 | 2,821 | 1,058 | 1,033 |
| | 5,564 | 5,314 | 3,445 | 1,380 | 1,355 |
| Less: amounts shown under current liabilities | (3,844) | (3,681) | (2,076) | (58) | (58) |
| **Amounts shown under non-current liabilities** | **1,720** | **1,633** | **1,369** | **1,322** | **1,297** |

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

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

i) guarantees provided by Dato' Frankie Ng and Dato' Henry Ng;

ii) a property owned by Dato' Frankie Ng and Dato' Henry Ng;

iii) investment properties with aggregate net carrying amount of approximately RM7.4 million, RM6.8 million, RM2.8 million and RM2.7 million as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively;

iv) pledged bank deposits with carrying amount of approximately RM0.1 million, RM0.1 million, nil and nil as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively; and

v) assets classified as held for sale with carrying amount of approximately nil, RM0.4 million, RM2.3 million and nil as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively.

The guarantees provided and pledged of a property owned by Dato' Frankie Ng and Dato' Henry Ng are expected to be released and replaced by a corporate guarantee to be given by the Company upon the Listing.

The Directors confirm that the bank overdrafts and interests-bearing borrowings of the Group were entered into on normal commercial terms and do not contain any restrictive covenants which are not commonly found in banking facilities of such kind. The Directors further confirm that the Group settled all its debt obligations in a timely manner, had not experienced any difficulties in obtaining loans and had not breached any of the financial covenants in its banking facilities during the Track Record Period and up to the Latest Practicable Date. The Directors also confirm that the Group does not have any unutilised banking facilities as at 31 January 2020.

**Lease liabilities**

The Group's lease liabilities during the Track Record Period primarily represented payment obligations under the tenancy agreements the Group had entered into in respect of shoplots for its self-owned retail stores, and certain leased furniture, fixtures and equipment, and motor vehicles under hire purchase. The total lease liabilities as at 31 March 2017, 2018 and 2019 and 30 September 2019 was approximately RM17.0 million, RM15.2 million, RM17.7 million and RM16.2 million, respectively. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. The weighted average effective interest rate for the lease liabilities of the Group was 4.79%, 4.79%, 4.79% and 4.79% per annum as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively. The following table sets out the maturity analysis of the Group's lease liabilities as at the date indicated:

| | Lease payments | | | | | Present value of lease payments | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 March | | | As at 30 September | As at 31 January | As at 31 March | | | As at 30 September | As at 31 January |
| | 2017 | 2018 | 2019 | 2019 | 2020 | 2017 | 2018 | 2019 | 2019 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 *(unaudited)* |
| Amounts payable: | | | | | | | | | | |
| Within one year | 9,810 | 9,272 | 11,044 | 11,393 | 11,639 | 9,159 | 8,626 | 10,634 | 10,877 | 11,170 |
| More than one year, but not exceeding two years | 5,980 | 4,865 | 5,929 | 4,597 | 5,017 | 5,820 | 4,799 | 5,561 | 4,451 | 4,727 |
| More than two years, but not exceeding five years | 2,099 | 1,807 | 1,552 | 869 | 1,370 | 2,033 | 1,775 | 1,480 | 855 | 1,375 |
| Over five years | 28 | 11 | – | – | – | 27 | 10 | – | – | – |
| | 17,917 | 15,955 | 18,525 | 16,859 | 18,026 | 17,039 | 15,210 | 17,675 | 16,183 | 17,272 |
| Future finance charges | (878) | (745) | (850) | (676) | (754) | | | | | |
| **Present value of lease liabilities** | **17,039** | **15,210** | **17,675** | **16,183** | **17,272** | | | | | |
| Less: Amounts due for settlement within 12 months | | | | | | (9,159) | (8,626) | (10,634) | (10,877) | (11,170) |
| **Amounts due for settlement after 12 months** | | | | | | **7,880** | **6,584** | **7,041** | **5,306** | **6,102** |

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

**Amounts due to the Controlling Shareholders**

The amounts due to the Controlling Shareholders were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 March 2017, 2018 and 2019, 30 September 2019 and 31 January 2020, the balance of the amounts due to the Controlling Shareholders was approximately RM7.2 million, RM4.6 million, RM1.9 million, RM2.0 million and RM4.4 million (unaudited), respectively. The amounts due to the Controlling Shareholders will be settled upon the Listing.

**Amounts due to minority interests of subsidiaries (included in trade and other payables)**

The amounts due to minority interests of subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 March 2017, 2018 and 2019, 30 September 2019 and 31 January 2020, the balance of the amounts due to the minority interests of subsidiaries was approximately RM2.4 million, RM2.5 million, RM2.6 million, RM2.9 million and RM2.9 million (unaudited), respectively.

**Amounts due to related parties (included in trade and other payables)**

The amounts due to related parties were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 March 2017, 2018 and 2019 and 30 September 2019, the balance of the amounts due to related parties was approximately RM2.8 million, RM1.3 million, nil and nil, respectively. The amounts due to related parties have been fully settled as at 31 March 2019.

**Contingent liabilities**

As at 30 September 2019 and up to the Latest Practicable Date, the Group did not have any material contingent liabilities.

Except as described above and apart from normal trade and other payables, as at 31 January 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, leases commitments, hire purchase commitments, guarantees or other material contingent liabilities.

## OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, the Group had not entered into any off-balance sheet transaction.

## CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise Shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new Shares.

## CAPITAL EXPENDITURE AND COMMITMENTS

Other than the capitalised right-of-use assets, the Group's capital expenditures principally consisted of expenditures for the purchase of plant and equipment. For the year ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the Group incurred capital expenditures of approximately RM3.4 million, RM2.8 million, RM3.2 million and RM2.9 million, respectively. The majority of the Group's capital expenditures came from the addition of furniture, fixtures and office equipment, optical equipment and leasehold improvements for the Group's self-owned retail stores opened during the Track Record Period. Subsequent to 30 September 2019 and up to the Latest Practicable Date, the Group incurred capital expenditures of approximately RM1.0 million. During the Track Record Period, the Group had no material capital commitment that were not provided for in the Group's combined financial statements.

Upon the Listing, the Group's planned capital expenditures are subject to revision based upon any future changes in the business plan, market conditions, and economic and regulatory environment. Please refer to "Future Plans and Use of Proceeds" in this prospectus for further information.

## PROPERTY INTERESTS

The Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, the property interests do not form part of the Group's property activities and no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of its total assets.

## TRANSACTIONS WITH RELATED PARTIES

During the Track Record Period, the Group had various related party transactions in the ordinary course of business. These related party transactions were based on prices and amounts mutually agreed by both parties. Please refer to note 32 of the Accountants' Report in Appendix I to this prospectus for further details of these related party transactions. The Directors confirm that these transactions were conducted on normal commercial terms or such terms, where applicable, that were no less favourable to the Group than those available to Independent Third Parties and were fair and reasonable and in the interest of the Shareholders as a whole. The Directors further confirm that these related party transactions would not distort the results of operations for the Track Record Period or make the historical results not reflective of its future performance.

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

As at the Latest Practicable Date, the Directors confirmed that there were no circumstances that would give rise to a disclosure requirement under Rules 13.12 to 13.19 of the Listing Rules.

## KEY FINANCIAL RATIOS

The following table sets out a summary of the Group's key financial ratios during the Track Record Period:

| | | As at/Year ended 31 March | | | As at/ Six months ended 30 September |
|---|---|---|---|---|---|
| **Key financial ratios** | **Formulae** | **2017** | **2018** | **2019** | **2019** |
| Current ratio (times) | Current assets/Current liabilities | 1.42 | 1.71 | 2.15 | 1.91 |
| Quick ratio (times) | (Current assets – Inventories)/ Current liabilities | 0.89 | 1.11 | 1.43 | 1.26 |
| Gearing ratio (times) | Total debt[(1)]/Total equity | 0.61 | 0.43 | 0.37 | 0.30 |
| Debt to equity ratio (times) | Total debt[(1)] — bank balances and cash/Total equity | 0.04 | N/A | N/A | N/A |
| Interest coverage (times) | Profit before tax and finance costs/finance costs | 17.53 | 19.48 | 27.87 | 24.72 |
| Return on equity (%) | Profit for the year/total equity as at the respective year-end date x 100% | 30.05% | 32.52% | 39.88% | N/A[(2)] |
| Return on assets (%) | Profit for the year/total assets as at the respective year-end date x 100% | 12.57% | 16.22% | 22.92% | N/A[(2)] |

*Notes:*

1. Debts are defined to include payables (i) incurred not in the ordinary course of business; and (ii) are interest-bearing. The Group's total debts include bank overdrafts, interest-bearing borrowings and lease liabilities.

2. Such ratio is not applicable as it is not comparable to annual numbers.

**Current ratio and quick ratio**

The Group's current ratios were approximately 1.42, 1.71, 2.15 and 1.91 as at 31 March 2017, 2018 and 2019 and 30 September 2019 while the quick ratios as at the same period end were approximately 0.89, 1.11, 1.43 and 1.26, respectively. The continuous improvement in the Group's current ratio and quick ratio during the years ended 31 March 2017, 2018 and 2019 was mainly due to the increase in bank balances and cash and/or fixed deposits with licensed banks resulting from the continuous cash inflow from the Group's operations and sales of investment properties. The slight decrease in the Group's current ratio and quick ratio as at 30 September 2019 as compared to 31 March 2019 was mainly attributable to the payment of dividends to the equity owners of the entities comprising the Group during the six months ended 30 September 2019.

**Gearing ratio**

The Group's gearing ratio decreased from approximately 0.61 times as at 31 March 2017 to approximately 0.30 times as at 30 September 2019, primarily due to the continued increase in total equity as a result of accumulation of profit during the Track Record Period.

**Debt to equity ratio**

The Group's debt to equity ratio changed from approximately 0.04 times as at 31 March 2017 to net cash position mainly because of the increases in bank balances and cash and/or fixed deposits with licensed banks.

**Interest coverage**

The Group's interest coverage increased from approximately 17.53 times for the year ended 31 March 2017 to approximately 27.87 times for the year ended 31 March 2019, such increase was mainly due to the increase in the Group's profitability benefited from the increase in the Group's revenue and the improvement in the Group's gross profit margin. The Group's interest coverage decreased from approximately 27.87 times for the year ended 31 March 2019 to approximately 24.72 times for the six months ended 30 September 2019. The aforementioned decrease was primarily due to the listing expenses of approximately RM4.3 million incurred by the Group which significantly reduced the profit for the period.

**Return on equity**

The Group's return on equity increased from approximately 30.05% for the year ended 31 March 2017 to approximately 39.88% for the year ended 31 March 2019, such increase reflected the fact that the positive effect from the increase in the Group's profitability outweighed the anti-effect from the increase in the total equity resulting from accumulation of profit during the Track Record Period. During the Track Record Period, the increase in the Group's profitability was mainly contributed by the increase in the Group's revenue and improvement of the Group's gross profit margin.

**Return on assets**

The Group's return on assets increased from approximately 12.57% for the year ended 31 March 2017 to approximately 22.92% for the year ended 31 March 2019, such increase reflected the fact that the positive effect from the increase in the Group's profitability outweighed the anti-effect from the increase in the Group's assets. During the Track Record Period, the increase in the Group's profitability was mainly contributed by the increase in the Group's revenue and improvement of the Group's gross profit margin.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The Group is exposed to (i) interest rate risk; (ii) foreign currency risk; (iii) credit risk; and (iv) liquidity risk. Details of the risk to which the Group is exposed to are set out in note 34 of the Accountants' Report in Appendix I to this prospectus.

## FINANCIAL INSTRUMENTS

During the Track Record Period and up to Latest Practicable Date, the Group did not enter into any financial instruments for hedging purposes.

## DISTRIBUTABLE RESERVES

The Company was incorporated on 4 June 2019 as an investment holding company and as at the Latest Practicable Date, the Company did not have reserve available for distribution to the Shareholders.

## DIVIDEND POLICY

For the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, the subsidiaries of the Group had declared and paid cash dividends of approximately RM0.2 million, RM5.8 million, RM12.7 million and RM8.2 million, respectively to their then shareholders.

The Company does not have a fixed dividend policy, however the Directors expect that after the Listing, the Group's dividend payout ratio will be not less than 30.0% of its annual distributable net profit. Notwithstanding the aforesaid, the Board shall have the discretion with regards to any recommendation as to the declaration, amount and means of payment of any dividends and the amount of any actual dividends will depend on the Group's earnings and financial conditions, operating and capital requirements and any other factors deemed relevant. Further, such declaration will also be subject to the applicable laws and regulations including the Companies Law, Articles and, other than payment of an interim dividend, the approval of Shareholders.

Malaysian laws require that dividends be paid out of a company's profit and a dividend should not be paid if the payment will cause the company to be insolvent. Furthermore, before authorising the distribution of dividends, directors must consider whether a company is able to pay its debts which are due within 12 months immediately after the distribution is made.

## LISTING EXPENSES

During the Track Record Period, the Group incurred and recognised listing expenses of approximately RM4.3 million (equivalent to approximately HK$8.1 million). The Group expects to incur a further RM14.0 million (equivalent to approximately HK$26.7 million) for a total listing expenses of approximately RM18.3 million (equivalent to approximately HK$34.8 million) including the estimated underwriting fee, incentive fee and other expenses (assuming an Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative range of the Offer Price), out of which approximately RM5.3 million (equivalent to approximately HK$10.1 million) will be recognised as expenses in the combined statements of profit or loss and other comprehensive income and approximately RM8.7 million (equivalent to approximately HK$16.6 million) will be charged against equity upon the Listing according to the relevant accounting standards. The total listing expenses represent approximately 33.9% of the net proceeds from the Global Offering which is estimated to be approximately HK$102.7 million based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Office Price range. Such expense and net proceeds from the Global Offering are current estimates and are for reference only. The final amount to be recognised to the profit or loss of the Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions. Prospective investors should note that the financial performance of the Group for the year ending 31 March 2020 would be significantly affected by the estimated listing expenses mentioned above.

## UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For the Group's unaudited pro forma adjusted net tangible assets, please refer to "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus.

## APPLICATION FOR RECOGNITION OF GRANT THORNTON MALAYSIA PLT AS RECOGNISED PIE AUDITORS OF THE COMPANY BY THE FINANCIAL REPORTING COUNCIL

### Background

The Company has appointed Mazars CPA Limited ("**Mazars Hong Kong**") and Grant Thornton Malaysia PLT ("**Grant Thornton MY**"), an overseas audit firm of public accountants and chartered accountants in Malaysia to act as the Company's joint reporting accountants in the application for the Listing and the Company intends to continue their appointment as the Company's joint auditors after the Listing.

### The amendments to the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) have become effective

From 1 October 2019 (the "**Effective Date**"), the amendments to the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong, the "**FRCO**") take effect and the Financial Reporting Council ("**FRC**") has become Hong Kong's independent regulator of listed entity auditors. After the Effective Date, all audit firms intending to carry out any engagement specified in Part 1 of Schedule 1A of the FRCO ("**PIE Engagements**") (which includes engagement for the preparation of accountants report to be included in a listing document of a corporation seeking to be listed for the listing of its shares or stocks) with a public interest entity ("**PIE**") or an overseas entity, which includes a body corporate incorporated outside Hong Kong, are subject to a system of registration (for Hong Kong audit firms) and recognition (for non-Hong Kong audit firms) as recognised PIE auditors (the "**Recognised PIE Auditors**"). A PIE is either (a) a listed corporation whose listed securities comprise at least shares or stocks; or (b) a listed collective investment scheme. Any non-Hong Kong audit firm is required to be recognised by the FRC as Recognised PIE Auditors of an overseas entity before the audit firm can (i) "undertake" (i.e. accept an appointment to carry out) any PIE Engagement; and (ii) carry out any PIE Engagement for the entity.

Under the FRCO, the overseas equity issuer, like the Company, must first seek a statement of no objection (the "**SNO**") from the Stock Exchange to engage its non-Hong Kong auditors to undertake its PIE Engagement. After the issue of the SNO by the Stock Exchange, the FRC will consider the application for recognition of the non-Hong Kong auditor as a Recognised PIE Auditor (as defined in section 3A of the FRCO).

Section 90 of the FRCO sets out the transitional arrangement which is applicable to an overseas auditor who has accepted an appointment to carry out a PIE Engagement for an overseas entity but has not yet completed such engagement before the Effective Date (the "**Transitional Arrangement**").

**The Company's application for the recognition of Grant Thornton MY as Recognized PIE Auditors by the FRC under the FRCO**

Considering that (i) the Company has already engaged Grant Thornton MY as one of the joint reporting accountants in connection with the Listing and (ii) upon the Listing, the Company will become a PIE, and if it intends to continue to engage Grant Thornton MY as one of the Company's joint auditors, the Company must apply to the FRC for its recognition of Grant Thornton MY as Recognised PIE Auditors. Given Grant Thornton MY's appointment as one of the joint reporting accountants in connection with the Listing had taken effect before the Effective Date, the above-mentioned Transitional Arrangement shall apply to the Company's application to the FRC.

In accordance with the Transitional Arrangement, on 4 September 2019, Grant Thornton MY submitted the transitional arrangement application form informing the FRC of its intention to continue to carry out the PIE engagement for the Company during the transitional period (as defined in the FRCO). On 25 September 2019, the Company applied to the Stock Exchange for a SNO to support the Company's application to the FRC for its recognition of Grant Thornton MY as Recognised PIE Auditors. On 30 September 2019, the SNO was received from the Stock Exchange. On 15 November 2019, the Company applied to the FRC for its recognition of Grant Thornton MY as Recognised PIE Auditors under the Transitional Arrangement. On 24 January 2020, an approval-in-principle recognising Grant Thornton MY as Recognised PIE Auditors of the Company was granted by the FRC. The approval-in-principle is valid for a 6-month period beginning on 24 January 2020. The recognition of Grant Thornton MY as Recognised PIE Auditors of the Company takes effect when Grant Thornton MY undertakes the PIE Engagement for the Company within the 6-month validity period and expires on 31 December 2020. On 7 February 2020, the Company confirmed that Grant Thornton MY has indeed undertaken the PIE Engagement for the Company. The recognition of Grant Thornton MY as Recognised PIE Auditors of the Company is renewable annually, with the next renewal application being no later than 16 November 2020.

Details of Grant Thornton MY's background are as follows:

(i) Grant Thornton MY is an integrated member firm of Grant Thornton International Group, a major and reputable accounting organisation with international network in 135 countries.

Grant Thornton MY is an audit firm (chartered accountants) registered with the Malaysian Institute of Accountants ("**MIA**"). The MIA is the national accountancy body of Malaysia, which is also a member of the ASEAN Federation of Accountants and the International Federation of Accountants.

In Malaysia, Grant Thornton MY serves as auditors for approximately 70 entities listed on the Main Market, ACE Market and LEAP Market of Bursa Malaysia Berhad.

The partners of Grant Thornton MY are approved company auditors pursuant to the Companies Act 2016 in Malaysia. Grant Thornton MY and all its partners are also registered with the Audit Oversight Board ("**AOB**") in Malaysia.

(ii) Grant Thornton MY has been the auditor of the Company's certain key operating subsidiaries since year 2014. The statutory financial statements of those subsidiaries for the financial years ended 31 March 2017, 2018 and 2019 were prepared in accordance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, IFRSs and the requirements of the Companies Act 2016 in Malaysia.

Furthermore, the key audit team members of Grant Thornton MY who are assigned to the engagements relating to the Listing have sufficient auditing experience and have the relevant local and international financial reporting knowledge as well as the relevant industry knowledge. The engagement partner from Grant Thornton MY has over 15 years of auditing experience including initial public offering in Malaysia. Therefore, the Directors are of the view that appointment of Grant Thornton MY as one of the joint reporting accountants and joint auditors can enhance the efficiency, effectiveness and quality of work throughout the audit.

(iii) The Securities Commission Malaysia ("**SCM**") established the AOB under the Securities Commission Malaysia Act 1993 ("**SCMA**") which came into force on 1 April 2010, to promote and develop an effective audit oversight framework and to promote confidence in the quality and reliability of audited financial statements of public interest entities in Malaysia. In accordance with the SCMA, auditors of public interest entities in Malaysia must be registered with the AOB. One of the key responsibilities of the AOB is to conduct inspections and monitoring programs on registered auditors to assess the degree of compliance with auditing and ethical standards. The AOB carries out inspection at the firm level or engagement level or both. A firm review focuses on the review of an audit firm's quality control systems and practices and the degree of compliance with the requirements of the International Standards of Quality Control 1. An engagement review aims to assess the degree of compliance with auditing and ethical standards of an audit engagement conducted by a registered auditor. Accordingly, Grant Thornton MY is subject to periodical inspection and monitoring conducted by the AOB.

The AOB is a regulatory body that is independent of the accountancy profession in Malaysia. The AOB is also a member of The International Forum of Independent Audit Regulators which comprising more than 50 independent audit regulators from jurisdictions in Africa, the Americas, Asia, Europe, the Middle East and Oceania. The AOB has power to impose sanctions for breach of legal or regulatory requirements or professional standards and ethics in relation to the audit of public interest entities in Malaysia.

The SCM is a party to the International Organization of Securities Commissions Multilateral MOU Concerning Consultation and Cooperation and the Exchange of Information ("**IOSCO MOU**"). SFC of Hong Kong is also a party to the IOSCO MOU. The SCM has also entered into bilateral regulatory cooperative arrangements with various overseas regulators, including SFC of Hong Kong.

(iv) Grant Thornton MY has confirmed that it conducts the audit on the financial statements of the Company and its subsidiaries in accordance with approved standards on auditing in Malaysia and Hong Kong Standards on Auditing issued by the HKICPA (equivalents to International Standards on Auditing issued by the International Federation of Accountants ("**IFAC**") through the International Auditing and Assurance Standards Board). Also, Grant Thornton MY confirms that it has conducted the audit on the Group's historical financial information for the Track Record Period, which is prepared in accordance with the accounting policies that conform with International Financial Reporting Standards issued by the International Accounting Standards Board, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

Furthermore, Grant Thornton MY has confirmed that it complies with the By-Laws (On Professional Ethics, Conduct and Practice) of the MIA and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the independence and the ethical requirements of the "Code of Ethics for Professional

Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, published by the IFAC. Grant Thornton MY confirms that it is independent of the Company in accordance with the rules of IFAC.

After the Listing, in addition to Grant Thornton MY, Mazars Hong Kong, which is a firm of accountants, acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules, will also be the proposed auditors of the Group, together acting as joint auditors.

## RECENT DEVELOPMENT

For details, please refer to "Summary — Recent developments and no material adverse change" in this prospectus.

## NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Financial Information — Listing expenses", "Financial Information — Recent development" and "Summary" in this prospectus, the Directors confirmed that since 1 October 2019 and up to the date of this prospectus, (i) there has been no material adverse change in the market conditions or the industry and environment in which the Group operates that materially and adversely affect the financial and operating position; (ii) there was no material adverse change in the trading and financial position or prospect of the Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report in Appendix I to this prospectus.

The joint reporting accountants of the Company concur with the Directors' view that (i) the outbreak of COVID-19 has no significant impact to the measurement, recognition and disclosure of the relevant historical financial information of the Group as set out in the Accountants' Report in Appendix I to this prospectus and will not constitute an adjusting nor a non-adjusting event after the reporting period pursuant to IAS 10 "Events after the reporting period" after taking into consideration the risk management measures as detailed in "Business — Risk management regarding the on-going COVID-19 epidemic" in this prospectus and (ii) the outbreak of COVID-19 has no long-term material adverse impact on the Group's operations, key market and supply chain.

## FUTURE PLANS

For a detailed description of the Group's business objectives and strategies, please refer to "Business — Business strategies" in this prospectus.

## REASONS FOR THE LISTING AND THE GLOBAL OFFERING

The Directors believe that the Listing and the Global Offering is beneficial to the interests of the Group for the following reasons:

### Reasons for the Listing

The Directors had previously evaluated various venues for the listing of the Shares, including Malaysia and Singapore. However, having considered the various benefits and drawbacks, the Directors believe that Hong Kong is the most suitable venue for the Group as the Stock Exchange is well received by Southeast Asian investors and is recognised as one of the leading stock exchanges internationally; as such, through the Listing, the Group would have access to a global pool of potential investors.

According to the data on the website of the SFC in respect of the market capitalisation of the world's top 15 stock exchanges as at the end of December 2019, the Stock Exchange ranked as the world's fifth largest stock exchange with a market capitalisation of approximately US$4,899.23 billion. In Asia, the Stock Exchange ranked as the third largest stock exchange, behind only the stock exchanges of Japan and Shanghai. Neither the stock exchanges of Malaysia or Singapore were ranked. Given the market capitalisation of the Stock Exchange and its position in Asia, the Directors consider that the Listing will enable the Group to have ready access to capital markets after the Listing either through issuances of debt or equity securities which in turn will allow the Group to continuously develop and implement any future business strategies. Further, considering the global recognition of the Stock Exchange, the Directors believe that the Listing would enhance the Group's corporate profile internationally and serve as an additional means by which to promote the Group's image across Southeast Asia. This may in turn enable the Group to generate additional customers from neighbouring countries such as Singapore to benefit its retail stores in Johor Bahru or customers located in Brunei to benefit its planned self-owned retail stores in Miri. In addition, it may also provide an avenue for the Group to expand across Southeast Asia in the future and serve to differentiate the Group from its counterparts in Malaysia which lack such a profile.

Given the reasons above, the Directors believe that although the Group does not have a business presence in Hong Kong, the Stock Exchange would be the most suitable platform to assist the Group in attracting investors, enhancing its market position in Malaysia as well as providing to the Group flexibility in terms of its future fund raising needs.

### Reasons for the Global Offering

The Directors consider that it is necessary to maintain a sufficient level of working capital as the Group had generally relied on cash inflows from customers to meet its payment obligations to its suppliers as well as to meet the expenses required in the daily operations of the Group during the Track Record Period. The Group in the past generally relied upon its internal resources for the purposes of opening its self-owned retail stores, however, the Directors consider that such resources are only sufficient for the Group to expand its retail network on a limited scale. Moreover, were the Group to only utilise its internal resources, the Directors believe that the Group would not be able to capitalise upon the growth opportunities in the Malaysian eyewear retail market and there is no guarantee that the sources of the Group's internal resources can continue to provide sufficient capital prior to the full implementation of the Group's business strategies.

The Malaysian eyewear retail market is considered fairly consolidated with the top five retailers (which includes the Group) accounting for approximately 26.1% of the industry revenue in 2018, however the Directors believe that further consolidation will occur given the strengths of large retailers who enjoy greater economies of scale, have brand name recognition and the ability to develop their own brands and products. Further, larger retailers are considered to be better perceived by internationally renowned suppliers when compared to smaller retailers. Accordingly, the Directors believe that it is necessary for the Group to promptly expand its retail network prior to such consolidation having occurred.

Having said the above, though the Directors consider that the prompt expansion of the Group's retail network, together with the implementation of the Group's other business strategies is in the interests of the Group. However the Directors also believe that such an action would substantially deplete the Group's internal resources and may negatively impact upon the long-term development of the Group.

The Directors have considered various alternative means of financing the implementation of the Group's business strategies including debt and equity financing. Despite the relatively higher immediate cost of equity financing after taking into account the interest obligations, potential amount of funds that can be raised and collateral requirements, the Directors are of the view that equity financing through the Global Offering is a more preferable means. Further, the Directors believe equity financing entails less risks on the part of the Group as Shareholders will look to the long-term benefits that may be provided by the Group instead of the periodic repayment of interest and debt that is associated with debt financing. Without the Listing, the Group remains as a privately held company and there is no guarantee that banks or other financial institutions would lend to the Group for the purposes of implementing its business strategies without the imposition of stringent financing requirements. Further, debt financing generally entails interest obligations which are subject to rates which may fluctuate throughout the subsistence of the loan or facility. These rates themselves are significantly affected by macro and micro economic factors which are beyond the control of the Group, as such there is no guarantee that the rates would not increase to such an extent that it would affect the Group's financial performance and its ability to fund its business strategies. Further, the amount of funds which may be raised through debt financing is also generally linked to the value and type of collateral available. Commonly used collateral includes pledges of cash deposits and fixed assets. However, the pledging of cash deposits may affect the Group's liquidity and the Group's fixed assets available for use as collateral is relatively limited.

For the reasons set out above, the Directors consider that the Global Offering is in the long-term commercial interests of the Group as it will preserve and provide flexibility for the Group in terms of financing its operations, while allowing it to respond to business opportunities as they arise.

## USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting the estimated underwriting fee, incentive fee and other expenses in connection with the Global Offering and (i) assuming an Offer Price of HK$1.10 per Offer Share, being the midpoint of the indicative range of the Offer Price of HK$1.00 to HK$1.20 per Offer Share; and (ii) that the Over-allotment Option is not exercised) will be approximately HK$102.7 million.

The Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately 55.9% or HK$57.4 million will be used to expand the Group's retail network, through setting up 36 self-owned retail stores (which are currently intended to be wholly owned) in various parts of Malaysia, of which approximately HK$17.3 million will be used for renovation; approximately HK$9.7 million will be used for the acquisition of equipment such as a phoropter, keratometer and lensmeter each of which are expected to have an estimated useful life of 10 years based upon the rate of depreciation adopted by the Group having taken into account the Group's historical experience of the actual useful lives of the aforelisted equipment; approximately HK$6.5 million will be used for the payment of rental deposits; approximately HK$16.5 million will be used for the purchase of inventories; approximately HK$4.2 million will be used for the payment of rental expenses; and approximately HK$3.2 million will be used for the hiring of 44 optometrists/opticians and 183 other staff with salary range of approximately RM2,600 to RM3,300 and RM1,200 to RM4,400 respectively. However, as the Group may also partner with well-performing employees to open these 36 self-owned retail stores, where there are excess funds available, the Group may open additional self-owned retail stores or apply the proceeds towards renovating self-owned retail stores that are fast approaching the five year mark;

- approximately 10.1% or HK$10.4 million will be used to upgrade and renovate the Group's self-owned retail stores, of which approximately HK$6.7 million will be used for the renovation of 25 self-owned retail stores and HK$3.7 million will be used to upgrade the optometry equipment located at these self-owned retail stores, however where there are unused funds as a result of the Group being unable to renew the relevant leases, the Group intends to utilise those funds to open additional self-owned retail stores. During the Track Record Period, the Group's renewal rate in respect of its leases was approximately 90%, accordingly the Directors expects that the Group will be able to renew most of its leases and the amount of the unused funds will be limited. The Directors estimate that if there are unused funds, it will only be sufficient to open one new self-owned retail store in addition to the 36 self-owned retail stores to be opened by the Group as mentioned above, and the new self-owned retail store is expected to be located in a shopping complex adjacent to its original location. If the aforementioned is not possible, the Group also intends to renovate those self-owned retail stores which are fast approaching the five year mark;

- approximately 9.3% or HK$9.5 million will be used to promote recognition of the Group's 11 retail brands and to further develop and market the Group's Own Brands optical products through various means of advertising, including national marketing campaigns, traditional print media and the use of social media influencers of which approximately HK$6.6 million will be used in marketing campaigns such roadshows and events; approximately HK$2.7 million will be used for media marketing (including traditional and online media marketing and the use of social media influencers) and approximately HK$0.2 million will be used to hire a brand consultant and a product designer;

- approximately 11.0% or HK$11.3 million will be used to enhance the Group's production capabilities with regards to customised lens by jointly developing an optical lab in Malaysia with an internationally renowned lens manufacturer for the production of customised lenses;

- approximately 8.6% or HK$8.8 million will be used to upgrade the Group's information technology systems and enhance its operational efficiency by acquiring an RMS and upgrading its POS systems; and

- approximately 5.1% or HK$5.3 million will be used as general working capital.

Set out below are details relating to the expected time-frame for utilisation of the net proceeds from the Global Offering:

| | Use of proceeds | | | | |
|---|---|---|---|---|---|
| **Implementation plans** | **Six months ending 30 September 2020** | **Six months ending 31 March 2021** | **Six months ending 30 September 2021** | **Six months ending 31 March 2022** | **Total** |
| | **HK$ million** | **HK$ million** | **HK$ million** | **HK$ million** | **HK$ million** |
| Set up 36 self-owned retail stores[(1)] | 8.7 | 10.2 | 22.1 | 16.4 | 57.4 |
| Upgrade and renovate 25 self-owned retail stores[(2)] | — | 3.3 | 4.0 | 3.1 | 10.4 |
| Promote recognition of the Group's 11 retail brands and to further market the Group's Own Brands optical products | 2.4 | 2.3 | 2.4 | 2.4 | 9.5 |
| Develop optical lab for the production of lenses | 5.9 | 5.4 | — | — | 11.3 |
| Upgrade the Group's information technology systems and acquire an RMS and upgrade its POS systems | 4.3 | 1.5 | 1.5 | 1.5 | 8.8 |
| General working capital | 5.3 | — | — | — | 5.3 |
| **Total** | **26.6** | **22.7** | **30.0** | **23.4** | **102.7** |

*Notes:*

1. The Group intends to set up 6, 6, 14 and 10 self-owned retail store for each of six months ending 30 September 2020, 31 March 2021, 30 September 2021 and 31 March 2022.

2. The Group intends to upgrade and renovate 8, 9 and 8 self-owned retail stores for each of the six months ending 31 March 2021, 30 September 2021 and 31 March 2022.

To the extent that the net proceeds from the Global Offering are insufficient to fund the Group's business strategies, the Directors may delay the pace of the implementation of the Group's business strategies until its internal resources are sufficient. The Directors may also consider other factors when determining the pace of implementation, such as the long term funding needs of the Group and the need to maintain a healthy level of working capital. Alternatively, the Directors may also consider bank financing or other debt or equity fund raising exercises, though this may affect the Group in such ways as disclosed in the paragraph headed "Reasons for the Listing and the Global Offering — Reasons for the Global Offering" in this section.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$1.20 per Offer Share, the net proceeds to be received by the Company from the Global Offering will increase by approximately HK$11.6 million. The Company intends to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK$1.00 per Offer Share, the net proceeds to be received by the Company from the Global Offering will decrease by approximately HK$11.6 million. The Company intends to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the Company estimates that the additional net proceeds from the offering of these additional Shares to be received by the Company, after deducting the estimated underwriting fee, incentive fee and estimated expenses payable by it, will be approximately (i) HK$20.8 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$1.20 per Offer Share; (ii) HK$19.1 million, assuming the Offer Price is fixed at the midpoint of the indicative range of the Offer Price, being HK$1.10 per Offer Share; and (iii) HK$17.3 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK$1.00 per Offer Share. Any additional proceeds received by the Company from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro-rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes or if the Group is unable to effect any part of the future plans as intended, to the extent permitted by applicable laws and regulations, the Group may deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licenced banks for so long as it is in the best interests of the Group.

## THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for, at the Offer Price, such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed for an aggregate amount of approximately HK$25.0 million (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$1.00, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 25,000,000 Offer Shares, representing approximately (i) 22.22% of the International Placing Shares, assuming that the Over-allotment Option is not exercised; (ii) 19.05% of the International Placing Shares, assuming that the Over-allotment Option is fully exercised; (iii) 20.00% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 17.39% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 5.00% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 4.82% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$1.10, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 22,724,000 Offer Shares, representing approximately (i) 20.20% of the International Placing Shares, assuming that the Over-allotment Option is not exercised; (ii) 17.31% of the International Placing Shares, assuming that the Over-allotment Option is fully exercised; (iii) 18.18% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 15.81% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 4.54% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 4.38% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$1.20, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 20,832,000 Offer Shares, representing approximately (i) 18.52% of the International Placing Shares, assuming that the Over-allotment Option is not exercised; (ii) 15.87% of the International Placing Shares, assuming that the Over-allotment Option is fully exercised; (iii) 16.67% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 14.49% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 4.17% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 4.02% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised.

The Cornerstone Placing would secure the demand for a significant proportion of the Offer Shares, and would demonstrate investor interest and confidence in the Global Offering and enhance the success of the Global Offering.

The Cornerstone Placing will form part of the International Placing, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). There is no arrangement for (i) any deferred settlement of the investment amount payable by the Cornerstone Investors or (ii) any deferred delivery of Offer Shares to be subscribed by the Cornerstone Investors. The Offer Shares to be acquired by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.24 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in the Company, nor will it become a substantial shareholder of the Company. To the best knowledge of the Company, (i) each of the Cornerstone Investors and their respective ultimate beneficial owners is an Independent Third Party; and (ii) each of the Cornerstone Investors is independent of each other, independent of the Company, its connected persons, and their respective associates and not an existing shareholder or close associate of the Company, the Sole Sponsor, the Underwriters or any of their affiliates. Other than the Cornerstone Placing, the Cornerstone Investors do not have any side arrangements regarding any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue or in relation to the Cornerstone Placing, with the Company and any core connected person and/or its close associates, the Sole Sponsor and the Underwriters or any of their affiliates. Neither of the Cornerstone Investors is accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, the Sole Sponsor, the Underwriters or any of their affiliates in relation to the acquisition, disposal, voting or other disposition of the Shares. None of the subscriptions of the Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

The total number of Offer Shares to be acquired by the Cornerstone Investors pursuant to the Cornerstone Placing will not be affected by the reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer as described in the section headed "Structure and Conditions of the Global Offering — The Hong Kong Public Offer — Reallocation" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around Tuesday, 14 April 2020.

## THE CORNERSTONE INVESTORS

The Company has entered into the Cornerstone Investment Agreements with the Cornerstone Investors in respect of the Cornerstone Placing, the details of which are set out in the table below:

| | Assuming an Offer Price of HK$1.00 (being the low-end of the indicative Offer Price range stated in the Prospectus) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Approximate percentage of the International Placing Shares *(Note)* | | Approximate percentage of the Offer Shares *(Note)* | | Approximate percentage of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering *(Note)* | |
| Cornerstone Investor | Investment amount | Total number of Offer Shares to be subscribed by the Cornerstone Investor (rounded down to nearest whole board lot of 2,000 Shares) | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full | Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme |
| | HKD | | | | | | | |
| Able Rich Enterprises Limited . . . . . . | 12,500,000 | 12,500,000 | 11.11% | 9.52% | 10.00% | 8.70% | 2.50% | 2.41% |
| Dato' Tang Lai Cheong . . . . . . | 12,500,000 | 12,500,000 | 11.11% | 9.52% | 10.00% | 8.70% | 2.50% | 2.41% |
| **Total** . . . . . . . . . . | 25,000,000 | 25,000,000 | 22.22% | 19.05% | 20.00% | 17.39% | 5.00% | 4.82% |

Assuming an Offer Price of HK$1.10 (being the mid-point of the indicative Offer Price range stated in the Prospectus)

| Cornerstone Investor | Investment amount | Total number of Offer Shares to be subscribed by the Cornerstone Investor (rounded down to nearest whole board lot of 2,000 Shares) | Approximate percentage of the International Placing Shares (Note): Assuming the Over-allotment Option is not exercised | Approximate percentage of the International Placing Shares (Note): Assuming the Over-allotment Option is exercised in full | Approximate percentage of the Offer Shares (Note): Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Offer Shares (Note): Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (Note): Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (Note): Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme |
|---|---|---|---|---|---|---|---|---|
| | HKD | | | | | | | |
| Able Rich Enterprises Limited . . . . . . | 12,500,000 | 11,362,000 | 10.10% | 8.66% | 9.09% | 7.90% | 2.27% | 2.19% |
| Dato' Tang Lai Cheong . . . . . . | 12,500,000 | 11,362,000 | 10.10% | 8.66% | 9.09% | 7.90% | 2.27% | 2.19% |
| Total . . . . . . . . . . | 25,000,000 | 22,724,000 | 20.20% | 17.31% | 18.18% | 15.81% | 4.54% | 4.38% |

Assuming an Offer Price of HK$1.20 (being the high-end of the indicative Offer Price range stated in the Prospectus)

| Cornerstone Investor | Investment amount | Total number of Offer Shares to be subscribed by the Cornerstone Investor (rounded down to nearest whole board lot of 2,000 Shares) | Approximate percentage of the International Placing Shares (Note): Assuming the Over-allotment Option is not exercised | Approximate percentage of the International Placing Shares (Note): Assuming the Over-allotment Option is exercised in full | Approximate percentage of the Offer Shares (Note): Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Offer Shares (Note): Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (Note): Assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme | Approximate percentage of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (Note): Assuming the Over-allotment Option is exercised in full and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme |
|---|---|---|---|---|---|---|---|---|
| | HKD | | | | | | | |
| Able Rich Enterprises Limited . . . . . . | 12,500,000 | 10,416,000 | 9.26% | 7.94% | 8.33% | 7.25% | 2.08% | 2.01% |
| Dato' Tang Lai Cheong . . . . . . | 12,500,000 | 10,416,000 | 9.26% | 7.94% | 8.33% | 7.25% | 2.08% | 2.01% |
| Total . . . . . . . . . . | 25,000,000 | 20,832,000 | 18.52% | 15.87% | 16.67% | 14.49% | 4.17% | 4.02% |

*Note:* Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

**1. Able Rich Enterprises Limited**

Able Rich Enterprises Limited ("**Able Rich**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with HK$12,500,000 at the Offer Price through its internal resources (including the internal resources of its own and of its group companies under the same holding).

Able Rich is a company incorporated in the BVI on 10 March 1999 and an indirect wholly owned subsidiary of Arts Optical International Holdings Limited ("**AOIHL**"), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (stock code: 1120). The principal subsidiaries, associate and joint venture of AOIHL are mainly engaged in the manufacture of, and trading in, prescription frames and sunglasses as well as property holding. The Group became acquainted with Able Rich through business acquaintance with senior management of AOIHL. Able Rich was introduced the opportunity to participate in the Cornerstone Placing by the Group in early 2020. The investment decision was made based on the fact that AOIHL principally engages in the design, manufacture and sale of optical products, business and assets located in the People's Republic of China in Hong Kong and other regions, and is of positive view on the Group's future prospect. Able Rich confirmed that the Cornerstone Placing did not require prior approval from the shareholders of its parent company AOIHL, and AOIHL has complied/will comply with the necessary rules under the Listing Rules.

**2. Dato' Tang Lai Cheong**

Dato' Tang Lai Cheong ("**Dato' Tang**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with HK$12,500,000 at the Offer Price through his own funds.

Dato' Tang Lai Cheong is a Malaysian resident and he is a controlling shareholder and the managing director of Ottica Trading (M) Sdn. Bhd. ("**Ottica Trading**"). Ottica Trading principally engages in trading of eyeglass cases, optical and spectacle frames, spectacle casing, eyewear collections and accessories in Malaysia. Dato' Tang became acquainted with the Group through the business relationship between Ottica Trading and the Group. Dato' Tang was introduced the opportunity to participate in the Cornerstone Placing by the Group in early 2020. Dato' Tang decided to invest in the Group after considering the Group's past performance and growth and he is confident in the continuous growth of the business of the Group.

**Conditions Precedent**

The obligations of each Cornerstone Investor to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, *inter alia*, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having been effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement or such later time and date as may be agreed between the Company and the Sole Global Coordinator;

(ii) the Offer Price having been agreed upon between by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company in connection with the Global Offering;

(iii) the Listing Committee having granted approval for the listing of, and permission to dealing, the Shares (including the Shares under the Cornerstone Placing) and that such approval or permission having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offer, the International Placing or the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the representations, warranties, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

## RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**CI Lock-Up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investor Agreements ("**Relevant CI Shares**") or any direct or indirect interest in any company or entity holding any Relevant CI Shares, including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the forgoing securities, nor shall it/he agree or contract to, or publicly announce any intention to enter into a transaction in any way with a third party for the disposal of any Relevant CI Shares or any direct or indirect interest in any company or entity holding any of the Relevant CI Shares, save for certain limited circumstances, such as transfers to any of its wholly owned subsidiaries or a company wholly owned by him which will be bound by the same obligations of such Cornerstone Investor under the respective Cornerstone Investment Agreement, including the CI Lock-Up Period restriction.

After expiration of the CI Lock-Up Period, the Cornerstone Investors shall, subject to requirements under applicable laws and regulations and as specified in the relevant Cornerstone Investment Agreements, be free to dispose of any relevant Offer Shares. The Cornerstone Investors shall ensure that any such disposal will not create a disorderly or false market in the Shares and is otherwise in compliance with the SFO and all applicable laws and regulations.

## HONG KONG UNDERWRITERS

Zhongtai International Securities Limited

Livermore Holdings Limited

SPDB International Capital Limited

Valuable Capital Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### The Hong Kong Public Offer

#### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, the Company has agreed to initially offer 12,500,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares which are not taken up under the Hong Kong Public Offer on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. In addition, the Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

#### *Grounds for termination*

The respective obligations of the Hong Kong Underwriters to subscribe, or procure subscribers for, the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Global Coordinator, at its sole and absolute discretion, may, for itself and on behalf of the other Hong Kong Underwriters, upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice, any submissions, documents or information provided to the Sole Sponsor and/or the Sole Global Coordinator and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, in the sole and absolute opinion of the Sole Global Coordinator, constitute a material omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of Underwriters) which, in the sole and absolute opinion of the Sole Global Coordinator is material; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Controlling Shareholders and executive Directors arising out of or in connection with the breach of warranties under the Hong Kong Underwriting Agreement; or

(v) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vi) the Company withdraws any of the Relevant Documents or from the Global Offering; or

(vii) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus or the Application Forms or to the issue of any of this prospectus or the Application Forms; or

(viii) a portion of the orders in the bookbuilding process (other than orders made by the cornerstone investors) or the investment commitments by the cornerstone investor(s) after signing of agreement(s) with such cornerstone investor(s), have been withdrawn, terminated or cancelled, which results in under-subscription of the International Placing, and notwithstanding any applicable clawback arrangement and reallocation of the Offer Shares pursuant to the paragraph headed "Structure and Conditions of the Global Offering — The Hong Kong Public Offer — Reallocation" in this prospectus that may be effected, the International Placing would still be under-subscribed, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(b) there shall develop, occur, exist, or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, novel coronavirus (COVID-19); Severe Acute Respiratory Syndrome, avian influenza A (H5N1), influenza B, Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any new Laws, or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, Malaysia, the Cayman Islands, the BVI (or any member thereof) or any other jurisdictions relevant to the business and/or the operation of any member of the Group (the "**Specific Jurisdictions**"); or

(iv) any general moratorium, suspension or restriction on commercial banking activities, or any disruption in commercial banking activities, trading in securities on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, and the Shenzhen Stock Exchange or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vi) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Malaysian Ringgit against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of the Group or any of Directors; or

(viii) any of the Directors and senior management members of the Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(ix) the chairman or chief executive officer of the Company vacating his or her office; or

(x) the commencement by any governmental, regulatory or political body or organisation of any action against any of the Directors in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xi) a contravention by any member of the Group or any of the Directors of the Listing Rules, the Companies Ordinance or any other laws applicable to the Global Offering; or

(xii) a prohibition on the Company for whatever reason from allotting, issuing or selling the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) non-compliance of the Prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(xiv) the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xv) a petition or an order is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,

which, in each case or in aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other conditions or prospects or risks of the Company or the Group or any member of the Group or on any present or prospective shareholder of the Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged in accordance with the Hong Kong Underwriting Agreement, this prospectus and the Application Forms or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or

(d) prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

**Undertakings**

***Lock-up undertakings to the Stock Exchange***

*Undertakings by the Company*

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange not to (i) issue further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) or (ii) cause further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) to form the subject of any agreement to such that an issue within six months from the Listing Date (the

"**Six-Month Period**") (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except in certain circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules.

*Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders have undertaken to the Stock Exchange and the Company that, except pursuant to the Global Offering, the Over-allotment Option and the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules:

(a) in the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date ("**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the First Six-month Period expires ("**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of the Company.

Each of the Controlling Shareholders have further undertaken to the Stock Exchange and the Company respectively that, within the period from the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges/charges any securities of the Company beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge/charge together with the number of securities of the Company so pledged/charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged securities will be disposed of, immediately inform the Company of such indications.

***Lock-up undertakings to the Hong Kong Underwriters***

*Undertakings by the Company*

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to and covenants with the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including the issue of Shares under the Capitalisation Issue, the grant of the Over-allotment Option or the allotment and issue of the Shares pursuant to the exercise of options granted under the Over-allotment Option and the Share Option Scheme), the Company will not, without the prior written consent of the Sole Global Coordinator, (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) at any time during the First Six-month Period offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or buyback, any of the share capital of the Company or any other securities of the Company convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or any derivatives with the Shares as underlying securities; or

(b) at any time during the First Six-month Period enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(c) at any time during the First Six-month Period enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that the Group will or may enter into any transaction described above.

The Company has further agreed that, in the event of an issue or disposal of any Shares or any interest therein in accordance with paragraphs (a) to (c) above during the Second Six-Months Period (whether or not such transaction will be completed in the aforesaid period), it shall take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Group will, create a disorderly or false market for any of the Shares or other securities of the Company.

*Undertakings by the Controlling Shareholders*

Each of the Controlling Shareholders has respectively undertaken to the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that:

(a) during the First Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Sole Global Coordinator and except pursuant to the Stock Borrowing Agreement and in compliance with the requirements of the Listing Rules, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "**Relevant Securities**"); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities, in cash or otherwise; or (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above;

(b) during the Second Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and their respective associates or companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Sole Global Coordinator and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him/her/it or any of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with other Controlling Shareholders cease to be a group of controlling shareholders (as defined in the Listing Rules);

(c) in the event of a disposal of any Relevant Securities or the Company's securities or any interest therein within Second Six Months Period, he/she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or the other securities of the Company; and (d) he/she/it shall, and shall procure that his/her/its associates and companies controlled by and nominees or trustees holding in trust for him/her/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it of any Shares.

Each of the Controlling Shareholders has further undertaken to the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that, from the date hereof up to the expiry of the first 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any securities or interests in the Relevant Securities, immediately inform the Company, the Sole Sponsor and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Sole Sponsor and the Sole Global Coordinator in writing of such indications.

**The International Placing**

In connection with the International Placing, it is expected that the Company and the covenantors to be named therein (namely the Controlling Shareholders and the executive Directors) will enter into the International Underwriting Agreement with the Sole Sponsor, the Sole Global Coordinator and the International Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

The Company intends to grant to the Sole Global Coordinator the Over-allotment Option, exercisable at the discretion of the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offer to require the Company to allot and issue up to an aggregate of 18,750,000 additional Offer Shares (representing 15% of the Offer Shares initially available under the Global Offering) at the same price per Offer Share under the International Placing, among other things (such as effecting the permitted stabilising actions as set out in the section headed "Structure and Conditions of the Global Offering — Stabilisation" in this prospectus), cover over-allocations (if any) in the International Placing.

Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally, but not jointly, agree to act as agents of the Company to procure subscribers for the International Placing Shares initially being offered pursuant to the International Placing. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the International Underwriting Agreement, the Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in "Underwriting arrangements and expenses — Undertakings — Lock-up undertakings to the Hong Kong Underwriters" in this section.

**Commission and expenses**

The Underwriters will receive a commission of 4.5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they will pay any sub-underwriting commissions. Furthermore, the Company may at its sole and absolute discretion pay to the Sole Global Coordinator an incentive fee of up to 3.0% of the aggregate Offer Price payable for the Offer Shares. The Underwriters will not receive any underwriting commission regarding any Offer Shares re-allocated from the International Placing to the Hong Kong Public Offer or reallocated from the Hong Kong Public Offer to the International Placing.

The estimated underwriting fee, incentive fee, the documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$34.8 million in total based on an Offer Price of HK$1.10 (being the mid-point of the indicative Offer Price range) and 125,000,000 Offer Shares, and are payable by the Company.

## SOLE SPONSOR'S, SOLE GLOBAL COORDINATOR'S AND UNDERWRITERS' INTEREST IN THE COMPANY

The Sole Sponsor will receive a sponsorship and documentation fee. The Sole Global Coordinator and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under "Underwriting arrangements and expenses — Commission and expenses" in this section.

The Company has appointed Zhongtai International Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the despatch of its annual report for the first full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sole Sponsor, the Sole Global Coordinator and the Underwriters is interested legally or beneficially in shares of any members of the Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of its members nor any interest in the Global Offering.

## THE STRUCTURE OF THE GLOBAL OFFERING

The Global Offering consists of the Hong Kong Public Offer and the International Placing.

Zhongtai International Securities Limited is the Sole Global Coordinator to the Global Offering.

An aggregate of 12,500,000 Shares have been initially allocated to the Hong Kong Public Offer for subscription, subject to reallocation as mentioned below. An aggregate of 112,500,000 Shares are initially offered under the International Placing for subscription outside the United States in reliance on Regulation S, subject to reallocation and the Over-allotment Option as mentioned below.

Investors may apply for the Hong Kong Public Offer Shares under the Hong Kong Public Offer or apply for or indicate an interest for International Placing Shares under the International Placing, but may not do both. The Directors and the Sole Global Coordinator will take all reasonable steps to identify any multiple applications under the Hong Kong Public Offer and the International Placing which are not allowed and are bound to be rejected. The Offer Shares will represent 25% of the total Shares in issue of the Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the total enlarged share capital of the Company immediately following completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "Over-allotment Option" in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

## PRICING OF THE GLOBAL OFFERING

The Offer Price will not be more than HK$1.20 per Offer Share and is expected to be not less than HK$1.00 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. Applicants for the Hong Kong Public Offer Shares will be required to pay the maximum indicative Offer Price of HK$1.20 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$2,424.18 for each board lot of 2,000 Shares. If the final Offer Price is less than the maximum indicative Offer Price, arrangements will be made to refund any excess amount to the applicants, without interest.

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around the Price Determination Date.

If, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, the Sole Global Coordinator (for itself and on behalf of the Underwriters) considers it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, cause to be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. The Company will also, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offer was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Hong Kong Public Offer Shares the right to withdraw their applications under the Hong Kong Public Offer. Upon the issuance of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set forth in this prospectus and any other financial information which may change as a result of such reduction.

Before submitting applications for the Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. The final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Public Offer Shares are expected to be announced on Tuesday, 14 April 2020 through a variety of channels as described in the section headed "How to Apply for the Hong Kong Public Offer Shares — 11. Publication of results" in this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Monday, 6 April 2020 or such later date as may be agreed between the parties.

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by Tuesday, 14 April 2020, the Global Offering will not proceed and will lapse.

**CONDITIONS OF THE GLOBAL OFFERING**

The Hong Kong Public Offer and the International Placing will be conditional upon:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue, any Shares to be issued pursuant to the Capitalisation Issue and the Global Offering, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the agreement on the final Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company being entered into on the Price Determination Date; and

(iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of International Underwriters under the International Underwriting Agreement becoming and remaining unconditional in accordance with the terms and conditions of the respective agreements,

in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

If any of the above conditions has not been fulfilled or waived prior to the times and date(s) specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Global Offering will be caused to be published by the Company on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** the next day following such lapse. In such event, all application monies will be refunded, without interest. The terms on which the application monies will be refunded are set forth under the paragraph "Refund of your money" on the Application Forms. In the meantime, all application monies received from the Hong Kong Public Offer will be held in a separate bank account (or separate bank accounts) with the receiving banker or other licenced bank(s) in Hong Kong.

**THE HONG KONG PUBLIC OFFER**

The Company is initially offering 12,500,000 Shares for subscription under the Hong Kong Public Offer at the Offer Price, representing 10% of the total number of the Offer Shares being offered in the Global Offering, subject to the reallocation as mentioned below. Subject to the reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing, the Hong Kong Public Offer Shares will represent 2.5% of the total Shares in issue of the Company immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be granted upon the exercise of any options which may be granted under the Share Option Scheme). The Hong Kong Public Offer is managed by the Sole Global Coordinator and is fully underwritten by the Hong Kong Underwriters.

The Hong Kong Public Offer is open to all members of the public in Hong Kong. An applicant for the Hong Kong Public Offer Shares will be required to give an undertaking and confirmation in the Application Form that he/she/it has not taken up and will not indicate an interest to take up any International Placing Shares nor has otherwise participated in the International Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offer is liable to be rejected. The Hong Kong Public Offer will be subject to the conditions stated above under "Conditions of the Global Offering" in this section.

The total number of Hong Kong Public Offer Shares to be allotted and issued may change as a result of the reallocation as mentioned below.

**Basis of allocation of the Hong Kong Public Offer Shares**

When there is an over-subscription, allocation of the Hong Kong Public Offer Shares to applicants under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The allocation of the Hong Kong Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

Multiple or suspected multiple applications under the Hong Kong Public Offer and any application for more than the 6,250,000 Hong Kong Public Offer Shares initially available for subscription will be rejected. Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

For allocation purposes only, the Hong Kong Public Offer Shares being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of the Offer Shares allocated between the Hong Kong Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size): pool A and pool B.

Pool A will comprise 6,250,000 Hong Kong Public Offer Shares and pool B will comprise 6,250,000 Hong Kong Public Offer Shares initially, both of which are allocated by the Sole Global Coordinator on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Public Offer Shares with an aggregate subscription price (excluding brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of HK$5 million or below will fall into pool A and all valid applications that have been received for the Hong Kong Public Offer Shares with an aggregate subscription price (excluding brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of over HK$5 million and up to the total value of pool B will fall into pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only apply for Hong Kong Public Offer Shares from either pool A or pool B but not from both pools and can only receive Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools will be rejected.

**Reallocation**

The allocation of Offer Shares between the Hong Kong Public Offer and the International Placing is subject to reallocation on the following basis:

(i) if the number of Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offer, then 25,000,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Shares available for subscription under the Hong

Kong Public Offer will increase to 37,500,000 Shares, representing 30% of the total number of the Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised);

(ii) if the number of Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offer, then 37,500,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offer will increase to 50,000,000 Shares, representing 40% of total number of the Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised); and

(iii) if the number of Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offer, then 50,000,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offer will increase to 62,500,000 Shares, representing 50% of the total number of the Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

In all cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced. In addition, the Sole Global Coordinator may in its sole and absolute discretion reallocate Offer Shares of the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the sole and absolute discretion of the Sole Global Coordinator.

In addition, if the Hong Kong Public Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any of the unsubscribed Hong Kong Public Offer Shares to the International Placing.

With reference to Guidance Letter HKEX-GL91-18, if (i) the Offer Shares under the International Placing are fully subscribed or oversubscribed, and if the number of Offer Shares under the Hong Kong Public Offer validly applied for represents 100% or more, but less than 15 times, of the number of Offer Shares under the Hong Kong Public Offer initially available; or (ii) the Offer Shares under the International Placing are not fully subscribed, and if the number of Offer Shares under the Hong Kong Public Offer validly applied for, represents 100% or more of the number of Offer Shares initially available under the Hong Kong Public Offer, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate the Offer Shares initially allocated for the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer, provided that the total number of Offer Shares under the Hong Kong Public Offer available shall not be increased to more than 25,000,000 Shares, representing double the number of Offer Shares under the Hong Kong Public Offer initially available under the Hong Kong Public Offer and 20% of the total number of Offer Shares initially available under the Global Offering.

In the case of paragraphs (i) or (ii) above or where the International Placing Shares are undersubscribed, the Offer Price shall be fixed at HK$1.00 per Offer Share (being the bottom end of the indicative Offer Price range stated in this prospectus).

Details of any reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, 14 April 2020.

## THE INTERNATIONAL PLACING

The Company is initially offering 112,500,000 Offer Shares at the Offer Price for subscription by way of the International Placing, representing 90% of the total number of the Offer Shares being initially offered in the Global Offering, subject to reallocation and the Over-allotment Option as mentioned below. Subject to reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing, the International Placing Shares will represent 22.5% of the total Shares in issue of the Company immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option or any option that may be granted under the Share Option Scheme is not exercised). Investors subscribing for the International Placing Shares are also required to pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. It is expected that the International Underwriters or any selling agents which they nominate will, on behalf of the Company, conditionally place the International Placing Shares at the Offer Price outside the United States in reliance on Regulations with selected professional, institutional and other investors.

All decisions concerning the allocation of the International Placing Shares to prospective placees pursuant to the International Placing will be made on the basis of, and by reference to, a number of factors including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is expected or likely to purchase further Shares, or hold or sell the Shares, after the Listing Date. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid shareholder base for the benefit of the Company. In addition, the Company and the Sole Global Coordinator will use their best endeavours to observe the minimum public float requirement under the Listing Rules when making allocations of the International Placing Shares to investors who are anticipated to have a sizeable demand for such Shares.

The total number of the International Placing Shares to be allotted and issued may change as a result of reallocation mentioned below and/or any reallocation of the unsubscribed Hong Kong Public Offer Shares to the International Placing as mentioned above under the paragraph headed "The Hong Kong Public Offer" in this section.

### Reallocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described in "The Hong Kong Public Offer — Reallocation" in this section and/or the exercise of the Over-allotment Option in whole or in part. In addition, the Sole Global Coordinator may reallocate International Placing Shares from the International Placing to the Hong Kong Public Offer to satisfy the valid applications under the Hong Kong Public Offer that exceeds the number of Hong Kong Public Offer Shares initially offered. The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the sole and absolute discretion of the Sole Global Coordinator.

## OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Group expects to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offer, to require the Company to issue and allot up to an aggregate of 18,750,000 additional Offer Shares (representing 15% of the Offer Shares initially available under the Global Offering), at the same price per Offer Share under the International Placing to, among other things (such as effecting the permitted stabilising actions as set out in the paragraph headed "Stabilisation" in this section), cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the total enlarged share capital of the Company immediately following the completion of the Global Offering and the exercise of the Over-allotment Option (without taking into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme). In the event that the Over-allotment Option is exercised, an announcement will be made.

## STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the International Placing, the Stabilising Manager or any person acting for it may choose to borrow Shares from Alliance Vision under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

(i) such stock borrowing arrangement with Alliance Vision will only be effected by the Stabilising Manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;

(ii) the maximum number of Shares borrowed from Alliance Vision under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to Alliance Vision or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised or (b) the day on which the Over-allotment Option is exercised in full or (c) such other day as may be agreed in writing between the Stabilising Manager and Alliance Vision;

(iv) the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

(v) no payment will be made to Alliance Vision by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

## STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 18,750,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering.

Stabilising action will be entered into in accordance with the laws, regulations, rules in place in Hong Kong on stabilisation and stabilising action permitted in Hong Kong. The stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on the last day falling within 30 days after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors, in the Shares.

The Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period. Such stabilisation action, if commenced, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 18,750,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

All stabilising actions will be taken in accordance with the laws, rules and regulation in place in Hong Kong on stabilisation.

## SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Listing Committee grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC may choose. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## LISTING DATE

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. on Wednesday, 15 April 2020, it is expected that dealings in the Shares on the Main Board will commence at 9:00 a.m. (Hong Kong time) on Wednesday, 15 April 2020.

The Shares will be traded in board lots of 2,000 Shares each and are fully transferable. The stock code of the Shares is 1942.

## 1. HOW TO APPLY

To apply for the Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for the Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

## 2. WHO CAN APPLY

You can apply for the Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual member's name. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person through an authorised attorney, the Company, the Sole Sponsor and the Sole Global Coordinator may accept or reject your application at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you:

- are an existing beneficial owner of the Shares and/or any of the subsidiaries of the Company;

- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- are an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicate an interest in any International Placing Shares under the International Placing or otherwise participated in the International Placing.

## 3. APPLYING FOR THE HONG KONG PUBLIC OFFER SHARES

### Which application channel to use

For the Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **White Form eIPO** service at **www.eipo.com.hk**.

For the Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

### Where to collect the prospectus and the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Saturday, 28 March 2020 until 12:00 noon on Monday, 6 April 2020 from:

- any of the following addresses of the Hong Kong Underwriters:

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

  **Livermore Holdings Limited**
  Unit 1214A, 12/F Tower II
  Cheung Sha Wan Plaza
  833 Cheung Sha Wan Road
  Kowloon, Hong Kong

  **SPDB International Capital Limited**
  33/F, SPD Bank Tower,
  One Hennessy,
  1 Hennessy Road,
  Hong Kong

**Valuable Capital Limited**
Room 2808, 28/F,
China Merchants Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Hong Kong

- any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank for the Hong Kong Public Offer:

| District | Branch Name | Address |
|---|---|---|
| Hong Kong . . . . . | Gilman Street Branch | 136 Des Voeux Road Central, Hong Kong |
| Kowloon . . . . . . . | Olympian City Branch | Shop 133, 1/F, Olympian City 2, 18 Hoi Ting Road, Kowloon |
| New Territories . . | Tai Po Plaza Branch | Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po, New Territories |

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Saturday, 28 March 2020 until 12:00 noon on Monday, 6 April 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

**Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — MOG HOLDINGS PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times on the following dates:

| | | |
|---|---|---|
| Saturday, 28 March 2020 | — | 9:00 a.m. to 1:00 p.m. |
| Monday, 30 March 2020 | — | 9:00 a.m. to 5:00 p.m. |
| Tuesday, 31 March 2020 | — | 9:00 a.m. to 5:00 p.m. |
| Wednesday, 1 April 2020 | — | 9:00 a.m. to 5:00 p.m. |
| Thursday, 2 April 2020 | — | 9:00 a.m. to 5:00 p.m. |
| Friday, 3 April 2020 | — | 9:00 a.m. to 5:00 p.m. |
| Monday, 6 April 2020 | — | 9:00 a.m. to 12:00 noon |

The application for the Hong Kong Public Offer Shares will commence on Saturday, 28 March 2020 up to Monday, 6 April 2020, being longer than the normal market practice of 3.5 days.

The Application Lists will be open from 11:45 a.m. until 12:00 noon on Monday, 6 April 2020, the last application day or such later time as described below in the paragraph headed "10. Effect of bad weather on the opening of the Application Lists" in this section.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By completing and submitting an Application Form or applying through the **White Form eIPO** Service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(ii) agree to comply with the Companies Law, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) (if the laws of any place outside Hong Kong apply to your application) agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (a) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) and/or any e-Refund payment instructions to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

**Additional Instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

### General

Individuals who meet the criteria in "2. Who can apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

### Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Saturday, 28 March 2020 until 11:30 a.m. on Monday, 6 April 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 6 April 2020 or such later time under the paragraph headed "10. Effect of bad weather on the opening of the Application Lists" in this section.

### No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "MOG Holdings Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "*An Operating Guide for Investor Participants*" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant stock account;

— agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated to you under the application;

— undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

— (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

— (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

— confirm that you understand that the Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

— authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between the Company and HKSCC;

— confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agree to be bound by them;

— confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

— agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

— agree to disclose your personal data to the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in The Global Offering;

— agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that the Company will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving the **electronic application instructions** to apply for the Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions)** to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

**Effect of Giving Electronic Application Instructions to HKSCC via CCASS**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

— instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

— instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

**Minimum Purchase Amount and Permitted Numbers**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Public Offer Shares. Instructions for more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

**Time for Inputting Electronic Application Instructions**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates[1]:

| | | |
|---|---|---|
| Saturday, 28 March 2020 | — | 9:00 a.m. to 1:00 p.m. |
| Monday, 30 March 2020 | — | 8:00 a.m. to 8:30 p.m. |
| Tuesday, 31 March 2020 | — | 8:00 a.m. to 8:30 p.m. |
| Wednesday, 1 April 2020 | — | 8:00 a.m. to 8:30 p.m. |
| Thursday, 2 April 2020 | — | 8:00 a.m. to 8:30 p.m. |
| Friday, 3 April 2020 | — | 8:00 a.m. to 8:30 p.m. |
| Monday, 6 April 2020 | — | 8:00 a.m. to 12:00 noon |

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants or CCASS Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Saturday, 28 March 2020 until 12:00 noon on Monday, 6 April 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 6 April 2020, the last application day or such later time as described below in the paragraph headed "10. Effect of bad weather on the opening of the Application Lists" in this section.

**No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

**Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

**Personal Data**

The section of the Application Forms headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your **electronic applications**. The Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** Service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 6 April 2020.

## 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Forms marked "For nominees" you must include:

— an account number; or

— some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** Service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions)**. If an application is made by an unlisted company and:

— the principal business of that company is dealing in securities; and

— you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

— control the composition of the board of directors of the company;

— control more than half of the voting power of the company; or

— hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

## 9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Hong Kong Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** Service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see the section headed "Structure and Conditions of the Global Offering — Pricing of the Global Offering" in this prospectus.

## 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is/are:

— a tropical cyclone warning signal number 8 or above;

— extreme conditions caused by a super typhoon; and/or

— a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 April 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or extreme conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Monday, 6 April 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or extreme conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

## 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Public Offer Shares on Tuesday, 14 April 2020 on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my**.

The results of allocations in the Hong Kong Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) under the Hong Kong Public Offer and the number of the Hong Kong Public Offer Shares successfully applied for, will be available at the times and date and in the manner specified below:

— in the announcement to be posted on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.mog.com.my** by no later than 8:00 a.m. on Tuesday, 14 April 2020;

— from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 14 April 2020 to 12:00 midnight on Monday, 20 April 2020;

— by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, 14 April 2020 to Friday, 17 April 2020; and

— in the special allocation results booklets which will be available for inspection during opening hours on Tuesday, 14 April 2020 to Thursday, 16 April 2020 at all the receiving bank's designated branches listed above in "3. Applying for the Hong Kong Public Offer Shares" in this section.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

## 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocations, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of the Hong Kong Public Offer Shares is void:**

The allotment of the Hong Kong Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

— within three weeks from the closing date of the Application Lists; or

— within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the Application Lists.

**(iv) If:**

— you make multiple applications or suspected multiple applications;

— you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Placing Shares;

— your Application Form is not completed in accordance with the stated instructions;

— your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

— your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

— the Underwriting Agreements do not become unconditional or are terminated;

— the Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

— your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offer.

## 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, 14 April 2020.

## 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

— share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

— refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, 14 April 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, 15 April 2020 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting arrangements and expenses — The Hong Kong Public Offer — Grounds for termination" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

**Personal Collection**

**(i)** ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) in person from the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020 or such other date as notified by the Company in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address as specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 14 April 2020, by ordinary post and at your own risk.

**(ii)** ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address as specified in the relevant Application Form on or before Tuesday, 14 April 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 14 April 2020 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

— *If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant)*

For the Hong Kong Public Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS Participant.

— *If you are applying as a CCASS Investor Participant*

The Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described above in "11. Publication of results" in this section. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 April 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

**(iii)** ***If you apply through the White Form eIPO service***

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 14 April 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

**(iv)** ***If you apply via Electronic Application Instructions to HKSCC***

*Allocation of the Hong Kong Public Offer Shares*

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

— If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 14 April 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

— The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offer Shares in the manner specified above in "11. Publication of results" in this section on Tuesday, 14 April 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 April 2020 or such other date as determined by HKSCC or HKSCC Nominees.

— If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

— If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 14 April 2020. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

— Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 14 April 2020.

## 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants approval for the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's independent joint reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Grant Thornton Malaysia PLT, Chartered Accountants, Malaysia.*

MAZARS 中审众环

Grant Thornton

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MOG HOLDINGS LIMITED**

The Directors
MOG Holdings Limited
Zhongtai International Capital Limited

**Introduction**

We report on the historical financial information of MOG Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-4 to I-63, which comprises the combined statements of financial position of the Group at 31 March 2017, 2018 and 2019 and 30 September 2019, and the statement of financial position of the Company as at 30 September 2019, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-63 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 March 2020 (the "Prospectus") issued in connection with the initial listing of shares of the Company (the "Initial Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group at 31 March 2017, 2018 and 2019, and 30 September 2019, the financial position of the Company as at 30 September 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

## REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

### Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

### Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

### Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

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

28 March 2020

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

28 March 2020

## HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were jointly audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong,* and Grant Thornton Malaysia PLT, *Chartered Accountants, Malaysia*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Malaysian Ringgit ("RM") which is also the functional currency of the Company, and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

## COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2018 | 2019 |
| | *Note* | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Revenue | *5* | 101,911 | 115,462 | 133,615 | 60,998 | 74,488 |
| Cost of sales | | (45,659) | (47,562) | (49,655) | (23,259) | (27,199) |
| **Gross profit** | | 56,252 | 67,900 | 83,960 | 37,739 | 47,289 |
| Other income | *6* | 1,128 | 1,352 | 1,872 | 1,318 | 944 |
| Selling and distribution costs | | (35,136) | (40,958) | (46,800) | (21,411) | (27,424) |
| Administrative expenses | | (6,182) | (6,983) | (8,474) | (4,115) | (4,649) |
| Reversal of impairment loss of trade receivables, net | *34* | 27 | 40 | 38 | — | — |
| Finance costs | *7* | (918) | (1,096) | (1,098) | (530) | (481) |
| Listing expenses | | — | — | — | — | (4,268) |
| **Profit before tax** | *7* | 15,171 | 20,255 | 29,498 | 13,001 | 11,411 |
| Income tax expense | *10* | (3,681) | (4,638) | (6,747) | (2,917) | (3,578) |
| **Profit and total comprehensive income for the year/period** | | 11,490 | 15,617 | 22,751 | 10,084 | 7,833 |
| **Profit and total comprehensive income for the year/period attributable to:** | | | | | | |
| Owners of the Company | | 10,405 | 13,186 | 20,641 | 8,790 | 6,168 |
| Non-controlling interests | | 1,085 | 2,431 | 2,110 | 1,294 | 1,665 |
| | | 11,490 | 15,617 | 22,751 | 10,084 | 7,833 |

## COMBINED STATEMENTS OF FINANCIAL POSITION

| | Note | At 31 March 2017 RM'000 | At 31 March 2018 RM'000 | At 31 March 2019 RM'000 | At 30 September 2019 RM'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties | 13 | 7,747 | 6,837 | 2,784 | 2,745 |
| Right-of-use assets | 14 | 16,542 | 14,690 | 17,489 | 16,081 |
| Plant and equipment | 15 | 6,399 | 7,085 | 8,058 | 9,173 |
| Deferred tax assets | 26 | — | 287 | 326 | 302 |
| | | 30,688 | 28,899 | 28,657 | 28,301 |
| **Current assets** | | | | | |
| Inventories | 16 | 22,647 | 23,782 | 23,514 | 27,020 |
| Trade and other receivables | 17 | 8,637 | 9,121 | 8,080 | 8,969 |
| Fixed deposits with licensed banks | 18 | 7,718 | 8,121 | 2,533 | 3,852 |
| Bank balances and cash | 19 | 21,726 | 25,596 | 34,149 | 39,079 |
| | | 60,728 | 66,620 | 68,276 | 78,920 |
| Assets classified as held for sale | 20 | — | 742 | 2,309 | — |
| | | 60,728 | 67,362 | 70,585 | 78,920 |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | 21,169 | 21,970 | 17,074 | 26,502 |
| Bank overdrafts | 22 | 715 | — | — | — |
| Interest-bearing borrowings | 22 | 3,844 | 3,681 | 2,076 | 58 |
| Lease liabilities | 23 | 9,159 | 8,626 | 10,634 | 10,877 |
| Amounts due to the Controlling Shareholders | 24 | 7,189 | 4,579 | 1,930 | 2,024 |
| Tax payable | | 676 | 472 | 1,191 | 1,820 |
| | | 42,752 | 39,328 | 32,905 | 41,281 |
| **Net current assets** | | 17,976 | 28,034 | 37,680 | 37,639 |
| **Total assets less current liabilities** | | 48,664 | 56,933 | 66,337 | 65,940 |
| **Non-current liabilities** | | | | | |
| Interest-bearing borrowings | 22 | 1,720 | 1,633 | 1,369 | 1,322 |
| Lease liabilities | 23 | 7,880 | 6,584 | 7,041 | 5,306 |
| Provisions | 25 | 551 | 687 | 885 | 972 |
| Deferred tax liabilities | 26 | 279 | — | — | — |
| | | 10,430 | 8,904 | 9,295 | 7,600 |
| **NET ASSETS** | | 38,234 | 48,029 | 57,042 | 58,340 |
| **Capital and reserves** | | | | | |
| Share capital | 27(a) | — | — | — | —* |
| Reserves | | 35,464 | 44,221 | 51,910 | 52,182 |
| Equity attributable to owners of the Company | | 35,464 | 44,221 | 51,910 | 52,182 |
| Non-controlling interests | 29 | 2,770 | 3,808 | 5,132 | 6,158 |
| **TOTAL EQUITY** | | 38,234 | 48,029 | 57,042 | 58,340 |

* *Represent amount less than RM1,000*

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Note | At 30 September 2019 RM'000 |
|---|---|---|
| **Non-current assets** | | |
| Investment in a subsidiary | *27(b)* | —* |
| **Current assets** | | |
| Bank balances and cash | | —* |
| **NET ASSETS** | | —* |
| **Capital and reserves** | | |
| Share capital | *27(a)* | —* |
| **TOTAL EQUITY** | | —* |

* *Represent amount less than RM1,000*

## COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| | Share capital | Capital reserve | Other reserve | Accumulated profits | Total | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | (Note 27(a)) | (Note 28(a)) | (Note 28(b)) | | | (Note 29) | |
| At 1 April 2016 | – | 601 | – | 31,346 | 31,947 | 1,880 | 33,827 |
| Profit and total comprehensive income for the year | – | – | – | 10,405 | 10,405 | 1,085 | 11,490 |
| **Transactions with owners:** | | | | | | | |
| *Contributions and distributions* | | | | | | | |
| Dividends paid to non-controlling shareholders *(Note 12)* | – | – | – | – | – | (196) | (196) |
| Arising from group restructuring *(Note)* | – | (6,888) | – | – | (6,888) | – | (6,888) |
| | – | (6,888) | – | – | (6,888) | (196) | (7,084) |
| *Changes in ownership interests* | | | | | | | |
| Issue of shares of subsidiaries | – | – | – | – | – | 1 | 1 |
| **Total transactions with owners** | – | (6,888) | – | – | (6,888) | (195) | (7,083) |
| **At 31 March 2017** | – | (6,287) | – | 41,751 | 35,464 | 2,770 | 38,234 |
| At 1 April 2017 | – | (6,287) | – | 41,751 | 35,464 | 2,770 | 38,234 |
| Profit and total comprehensive income for the year | – | – | – | 13,186 | 13,186 | 2,431 | 15,617 |
| **Transactions with owners:** | | | | | | | |
| *Contributions and distributions* | | | | | | | |
| Dividends *(Note 12)* | – | – | – | (4,150) | (4,150) | (1,689) | (5,839) |
| Capital contribution made by the Controlling Shareholders | – | 36 | – | – | 36 | – | 36 |
| | – | 36 | – | (4,150) | (4,114) | (1,689) | (5,803) |
| *Changes in ownership interests* | | | | | | | |
| Changes in ownership interests in subsidiaries that do not result in a loss of control *(Note 30)* | – | – | (315) | – | (315) | 296 | (19) |
| **Total transactions with owners** | – | 36 | (315) | (4,150) | (4,429) | (1,393) | (5,822) |
| **At 31 March 2018** | – | (6,251) | (315) | 50,787 | 44,221 | 3,808 | 48,029 |
| At 1 April 2018 | – | (6,251) | (315) | 50,787 | 44,221 | 3,808 | 48,029 |
| Profit and total comprehensive income for the year | – | – | – | 20,641 | 20,641 | 2,110 | 22,751 |
| **Transactions with owners:** | | | | | | | |
| *Contributions and distributions* | | | | | | | |
| Dividends *(Note 12)* | – | – | – | (10,880) | (10,880) | (1,789) | (12,669) |
| Arising from group restructuring *(Note)* | – | (2,051) | – | – | (2,051) | – | (2,051) |
| | – | (2,051) | – | (10,880) | (12,931) | (1,789) | (14,720) |
| *Changes in ownership interests* | | | | | | | |
| Non-controlling interest arising from acquisition of subsidiaries *(Note 31)* | – | – | – | – | – | 982 | 982 |
| Changes in ownership interests in subsidiaries that do not result in a loss of control *(Note 30)* | – | – | (21) | – | (21) | 21 | – |
| | – | – | (21) | – | (21) | 1,003 | 982 |
| **Total transactions with owners** | – | (2,051) | (21) | (10,880) | (12,952) | (786) | (13,738) |
| **At 31 March 2019** | – | (8,302) | (336) | 60,548 | 51,910 | 5,132 | 57,042 |

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| | Share capital | Capital reserve | Other reserve | Accumulated profits | Total | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | (Note 27(a)) | (Note 28(a)) | (Note 28(b)) | | | (Note 29) | |
| At 1 April 2019 | – | (8,302) | (336) | 60,548 | 51,910 | 5,132 | 57,042 |
| Profit and total comprehensive income for the period | – | – | – | 6,168 | 6,168 | 1,665 | 7,833 |
| **Transactions with owners:** | | | | | | | |
| *Contributions and distributions* | | | | | | | |
| Issue of shares | –* | – | – | – | –* | – | –* |
| Dividends *(Note 12)* | – | – | – | (7,600) | (7,600) | (560) | (8,160) |
| Capital contribution made by the Controlling Shareholders | – | 1,644 | – | – | 1,644 | – | 1,644 |
| | –* | 1,644 | – | (7,600) | (5,956) | (560) | (6,516) |
| *Changes in ownership interests* | | | | | | | |
| Changes in ownership interests in subsidiaries that do not result in a loss of control *(Note 30)* | – | – | 60 | – | 60 | (79) | (19) |
| **Total transactions with owners** | –* | 1,644 | 60 | (7,600) | (5,896) | (639) | (6,535) |
| **At 30 September 2019** | –* | (6,658) | (276) | 59,116 | 52,182 | 6,158 | 58,340 |
| (Unaudited) | | | | | | | |
| At 1 April 2018 | – | (6,251) | (315) | 50,787 | 44,221 | 3,808 | 48,029 |
| Profit and total comprehensive income for the period | – | – | – | 8,790 | 8,790 | 1,294 | 10,084 |
| **Transactions with owners:** | | | | | | | |
| *Contributions and distributions* | | | | | | | |
| Dividends *(Note 12)* | – | – | – | (3,460) | (3,460) | (616) | (4,076) |
| | – | – | – | (3,460) | (3,460) | (616) | (4,076) |
| *Changes in ownership interests* | | | | | | | |
| Non-controlling interests arising from acquisition of subsidiaries *(Note 31)* | – | – | – | – | – | 982 | 982 |
| **Total transactions with owners** | – | – | – | (3,460) | (3,460) | 366 | (3,094) |
| **At 30 September 2018** | – | (6,251) | (315) | 56,117 | 49,551 | 5,468 | 55,019 |

* *Represent amounts less than RM1,000*

*Note:* During the years ended 31 March 2017 and 2019, the Group has undergone a series of group restructuring (the "2017 and 2019 Restructuring") to acquire the equity interest of certain entities now comprising the Group from the Controlling Shareholders (as defined in Note 1) at aggregate consideration of approximately RM6,888,000 and RM2,051,000, respectively. These considerations paid to original shareholders (i.e. Controlling Shareholders) were treated as deemed distribution of the Group. For the purpose of this report, those entities have been combined in the combined financial information of the Group under the merger accounting principles as set out in Note 2 and therefore, the considerations paid for the aforesaid group restructuring were accounted for as a reduction of the capital reserve in equity.

## COMBINED STATEMENTS OF CASH FLOWS

| | Note | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2018 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| **OPERATING ACTIVITIES** | | | | | | |
| Profit before tax | | 15,171 | 20,255 | 29,498 | 13,001 | 11,411 |
| Adjustments for: | | | | | | |
| Depreciation of plant and equipment | | 1,835 | 2,005 | 2,204 | 1,137 | 1,401 |
| Depreciation of investment properties | | 334 | 168 | 111 | 65 | 39 |
| Depreciation of right-of-use assets | | 8,657 | 11,059 | 12,905 | 5,833 | 6,407 |
| Finance costs | | 918 | 1,096 | 1,098 | 530 | 481 |
| Bank interest income | | (217) | (245) | (198) | (136) | (47) |
| Gain on disposal of plant and equipment, net | | (13) | (34) | (183) | (83) | (18) |
| Gain on disposal of assets classified as held for sale | | — | — | (13) | — | (291) |
| Gain on disposal of right-of-use assets | | — | — | (268) | (268) | — |
| Write-off of plant and equipment | | 11 | 148 | 34 | 7 | 104 |
| Loss on termination of lease | | — | — | — | — | 135 |
| Reversal of impairment loss of trade receivables, net | | (27) | (40) | (38) | — | — |
| **Operating cash inflows before movements in working capital** | | 26,669 | 34,412 | 45,150 | 20,086 | 19,622 |
| Changes in working capital: | | | | | | |
| Inventories | | (3,442) | (1,135) | 1,864 | (1,547) | (3,506) |
| Trade and other receivables | | (1,228) | (444) | 2,746 | (1,266) | (889) |
| Trade and other payables | | 4,910 | 802 | (7,859) | (261) | 9,428 |
| Provisions | | 176 | 136 | 198 | 155 | 87 |
| **Cash generated from operations** | | 27,085 | 33,771 | 42,099 | 17,167 | 24,742 |
| Income tax paid | | (3,089) | (5,409) | (6,067) | (2,978) | (2,925) |
| **Net cash from operating activities** | | 23,996 | 28,362 | 36,032 | 14,189 | 21,817 |
| **INVESTING ACTIVITIES** | | | | | | |
| Interest received | | 217 | 245 | 198 | 136 | 47 |
| (Increase) Decrease in fixed deposits with licensed banks | | (1,335) | (403) | 5,588 | 4,937 | (1,319) |
| Purchase of plant and equipment | | (3,367) | (2,755) | (2,638) | (1,724) | (2,888) |
| Proceeds from disposal of assets classified as held for sale | | — | — | 755 | — | 2,600 |
| Proceeds from disposal of an investment property | | — | — | 1,633 | — | — |
| Proceeds from disposal of plant and equipment | | 175 | 90 | 196 | 26 | 286 |
| Proceeds from disposal of right-of-use assets | | — | — | 810 | 432 | — |
| Acquisition of subsidiaries, net of cash acquired | 31 | — | — | (24) | (121) | — |
| Issue of shares of subsidiaries | | 1 | — | — | — | — |
| **Net cash (used in) from investing activities** | | (4,309) | (2,823) | 6,518 | 3,686 | (1,274) |

| | Note | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2018 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| **FINANCING ACTIVITIES** | | | | | | |
| Increase (Decrease) in bank overdrafts | | 715 | (715) | — | — | — |
| Repayment of interest-bearing borrowings | | (242) | (250) | (1,869) | (91) | (2,065) |
| Repayment of lease liabilities | | (10,245) | (11,998) | (14,529) | (7,328) | (7,074) |
| Interest paid | | (262) | (274) | (230) | (120) | (33) |
| (Repayment to) Advance from the Controlling Shareholders | | (1,224) | (2,610) | (2,649) | (755) | 94 |
| Capital contribution made by the Controlling Shareholders | | — | 36 | — | — | 1,644 |
| Payment for acquisition of non-controlling interests | 30 | — | (19) | — | — | (19) |
| Equity transaction arising from group restructuring | | — | — | (2,051) | — | — |
| Dividends paid | | (196) | (5,839) | (12,669) | (4,076) | (8,160) |
| Issue of shares | | — | — | — | — | —* |
| **Net cash used in financing activities** | | (11,454) | (21,669) | (33,997) | (12,370) | (15,613) |
| **Net increase in cash and cash equivalents** | | 8,233 | 3,870 | 8,553 | 5,505 | 4,930 |
| **Cash and cash equivalents at the beginning of the reporting period** | | 13,493 | 21,726 | 25,596 | 25,596 | 34,149 |
| **Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash** | | 21,726 | 25,596 | 34,149 | 31,101 | 39,079 |

* *Represent amount less than RM1,000*

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### 1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 June 2019. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong and the Group's headquarter is situated at No. 1–2, 1st & 2nd Floor, Jalan Kajang Indah 1, Taman Kajang Indah Sg Chua, 43000 Kajang Selengor, Malaysia.

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

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are Dato' Ng Kwang Hua, Dato' Ng Chin Kee and Datin Low Lay Choo (together the "Controlling Shareholders").

Pursuant to a group reorganisation (the "Reorganisation"), which was completed on 6 March 2020, as detailed in the paragraph headed "Corporate reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the Prospectus issued in connection with the Initial Listing of shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests, are as follows:

| Name of subsidiary | Place and date of incorporation/ establishment | Issued/Paid up capital | Attributable equity interest held by the Company | Principal activities/ place of operation | Notes |
|---|---|---|---|---|---|
| *Directly held* | | | | | |
| MOG (BVI) Limited ("MOG (BVI)") | British Virgin Islands (the "BVI"), 14 June 2019 | United States dollar ("US$") 1 | 100% | Investment holding/The BVI | *9* |
| *Indirectly held* | | | | | |
| App New Success Eyewear Sdn. Bhd. ("App New Success Eyewear") | Malaysia, 22 February 2017 | RM100 | 80% | Wholesaler and retailer of optical and other related products/ Malaysia | *3,11* |
| Bens Eyewear Sdn. Bhd. | Malaysia, 10 March 2015 | RM100 | 51% | Wholesaler and retailer of optical products/Malaysia | *1* |
| Caxia Eyewear Sdn. Bhd. | Malaysia, 30 September 2015 | RM100 | 70% | Wholesaler and retailer of optical products/Malaysia | *1* |
| Dr Optic Sdn. Bhd. | Malaysia, 20 February 2017 | RM1,000 | 55% | Retail sale of optical goods/ Malaysia | *5* |
| DS Optique Sdn. Bhd. | Malaysia, 5 May 2017 | RM100 | 51% | Wholesaler and retailer of optical products/Malaysia | *5* |
| E Zone Eyewear Sdn. Bhd. ("E Zone Eyewear") | Malaysia, 15 October 2015 | RM100 | 70% | Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia | *8,11* |
| Evershine Eyewear Sdn. Bhd. | Malaysia, 3 April 2014 | RM100 | 71% | Business of optometrists and dealers of all kinds of optical apparatus and related accessories/Malaysia | *4,11* |
| Evershine Optical Sdn. Bhd. | Malaysia, 4 October 2016 | RM100 | 60% | Wholesaler and retailers of optical products/Malaysia | *4* |
| Exon Eyewear (R&F) Sdn. Bhd. ("Exon Eyewear (R&F)") | Malaysia, 29 October 2018 | RM100 | 51% | Retail sale of spectacles and other optical goods/Malaysia | *7* |
| Exon Eyewear Sdn. Bhd. | Malaysia, 26 September 2017 | RM100 | 60% | Retail sale of spectacles and other optical goods/Malaysia | *5* |
| Exon Optical House Sdn. Bhd. ("Exon Optical House") | Malaysia, 15 October 2015 | RM100 | 60% | Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia | *1* |

| Name of subsidiary | Place and date of incorporation/ establishment | Issued/Paid up capital | Attributable equity interest held by the Company | Principal activities/ place of operation | Notes |
|---|---|---|---|---|---|
| *Indirectly held* | | | | | |
| Exotika Icon Sdn. Bhd. | Malaysia, 6 November 2004 | RM100 | 100% | Retail sale of spectacles and other optical goods/Malaysia | *1* |
| Eyes Founder Sdn. Bhd. ("Eyes Founder") | Malaysia, 2 September 2011 | RM100 | 51% | Wholesaler and retailer of optical products/Malaysia | *1* |
| Eye Saver Sdn. Bhd. | Malaysia, 29 June 2018 | RM100 | 100% | Retail sale of spectacles and other optical goods/Malaysia | *7* |
| Fabulous Project Management Sdn. Bhd. | Malaysia, 21 May 2012 | RM100,000 | 51% | Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia | *1* |
| Harvest Eyewear Sdn. Bhd. | Malaysia, 12 August 2016 | RM100 | 80% | Wholesaler and retailer of optical products/Malaysia | *4* |
| Intelligent Spec Saver Sdn. Bhd. ("Intelligent Spec Saver") | Malaysia, 6 September 2011 | RM100 | 40% | Optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia | *6,11,12* |
| Lux Optical Sdn. Bhd. ("Lux Optical") | Malaysia, 20 August 2013 | RM100 | 95% | Wholesaler and retailer of optical products/Malaysia | *1* |
| Luxshine Eyewear Sdn. Bhd. | Malaysia, 27 October 2016 | RM100 | 80% | Wholesalers and retailers of optical products/Malaysia | *4* |
| M Optic Project & Event Sdn. Bhd. | Malaysia, 10 March 2008 | RM200 | 100% | Professional event management and marketing services provider/Malaysia | *6,11* |
| M Optical Sdn. Bhd. | Malaysia, 29 January 2002 | RM50,000 | 80% | Trading in spectacle frames, lens and related eye care products/Malaysia | *1* |
| Metro (SPY) Sdn. Bhd. | Malaysia, 13 June 2011 | RM100 | 90% | Trading in spectacles frames, lens and related eye care products/Malaysia | *1* |
| Metro Designer Eyewear Sdn. Bhd. ("Metro Designer Eyewear") | Malaysia, 23 June 1997 | RM100,000 | 80% | Retail of optical products and property investment holding/ Malaysia | *1* |
| Metro Eyewear Holdings Sdn. Bhd. | Malaysia, 28 March 1998 | RM2,000,000 | 100% | Wholesaler and retailer in optical products/Malaysia | *1* |
| Metro RWG Sdn. Bhd. | Malaysia, 25 March 2010 | RM100 | 60% | Business of trading and dealing in spectacle frames, sunglasses and eye care chemicals/Malaysia | *1* |
| Mido Eyewear Sdn. Bhd. ("Mido Eyewear") | Malaysia, 30 January 2013 | RM100 | 100% | Retail sale of spectacles and other optical goods/Malaysia | *2* |
| Modern Pride Sdn. Bhd. ("Modern Pride") | Malaysia, 22 March 2010 | RM100,000 | 60% | Wholesaler and retailer in optical products/Malaysia | *1* |
| MOG (QBM) Sdn. Bhd. | Malaysia, 23 August 2011 | RM100 | 70% | Wholesaler and retailer of optical products/Malaysia | *1* |
| MOG (TPU) Sdn. Bhd. ("MOG TPU") | Malaysia, 3 August 2011 | RM100 | 80% | Wholesaler and retailer of optical product/Malaysia | *1* |
| MOG Eyecity Sdn. Bhd. | Malaysia, 21 November 2017 | RM100 | 100% | Business of optometrists and dealers of all kind of optical apparatus and related accessories/Malaysia | *5* |

| Name of subsidiary | Place and date of incorporation/ establishment | Issued/Paid up capital | Attributable equity interest held by the Company | Principal activities/ place of operation | Notes |
|---|---|---|---|---|---|
| *Indirectly held* | | | | | |
| MOG Eyewear Sdn. Bhd. | Malaysia, 19 January 2005 | RM100,000 | 100% | Trading of spectacle frames, lens, and related eye care products | *1* |
| MOG Eyewear (Kempas) Sdn. Bhd. ("MOG Eyewear (Kempas)") | Malaysia, 13 April 2017 | RM100 | 60% | Dealer and retailer of optical products/Malaysia | *5* |
| MOG Eyewear Boutique Sdn. Bhd. ("MOG Eyewear Boutique") | Malaysia, 12 October 2007 | RM50,000 | 70% | Business of trading and dealing in spectacle frames, sunglasses and eye care chemicals/Malaysia | *1* |
| MOG Eyewear Distribution Sdn. Bhd. | Malaysia, 5 January 2010 | RM100 | 100% | Retail sale of spectacles and other optical goods/Malaysia | *6,11* |
| MOG Eyewear Holdings (M) Sdn. Bhd. | Malaysia, 4 October 2001 | RM100,000 | 100% | Trading in spectacle frames, lenses and related eyes care products/Malaysia | *1* |
| MOG (Hong Kong) Limited | Hong Kong, 15 June 2018 | Hong Kong dollar ("HK$")100 | 100% | Investment holding/Hong Kong | *10* |
| MOG Management Sdn. Bhd. | Malaysia, 6 October 2008 | RM100,000 | 100% | Acquire and hold franchises dealing in optical products/ Malaysia | *1* |
| MOG Optometry (HK) Sdn. Bhd. | Malaysia, 21 April 2003 | RM100,000 | 100% | Wholesaler and retailer in optical products/Malaysia | *1* |
| MOG Optometry Sdn. Bhd. | Malaysia, 19 May 2006 | RM100 | 100% | Wholesaler and retailer in optical products/Malaysia | *1* |
| New Success (Ekocheras) Sdn. Bhd. ("New Success (Ekocheras)") | Malaysia, 9 August 2018 | RM100 | 51% | Retail sale of spectacles and other optical goods/Malaysia | *7* |
| New Success Distribution Sdn. Bhd. ("New Success Distribution") | Malaysia, 17 October 2014 | RM2 | 50% | Distributor and wholesaler of all kinds of optical products and related accessories/Malaysia | *8,11,13* |
| New Success Eyewear Sdn. Bhd. ("New Success Eyewear") | Malaysia, 10 October 2014 | RM100 | 52% | Retailer of optical products and related accessories/Malaysia | *8,11* |
| Optical Arts Sdn. Bhd. | Malaysia, 7 May 2008 | RM100,000 | 100% | Wholesaler and retailer in optical products/Malaysia | *1* |
| Prestige Eyewear Sdn. Bhd. | Malaysia, 7 September 2017 | RM100 | 80% | Retail sale of spectacles and other optical goods/Malaysia | *5* |
| Pro Optic Sdn. Bhd. ("Pro Optic") | Malaysia, 9 September 2011 | RM100 | 50% | Wholesaler and retailer of optical products/Malaysia | *1,14* |
| Real Eyes Sdn. Bhd. | Malaysia, 9 July 2010 | RM180,000 | 100% | Wholesaler and retailer in optical products/Malaysia | *4,11* |
| Right View Optic Sdn. Bhd. | Malaysia, 14 March 2017 | RM100 | 51% | Dealer and retailer of spectacles and other optical products/ Malaysia | *5* |
| Smart Vision House Sdn. Bhd. ("Smart Vision") | Malaysia, 30 September 2014 | RM100 | 100% | Retailer of optical products and related accessories/Malaysia | *8,11* |
| Spec Trend Sdn. Bhd. | Malaysia, 10 November 2016 | RM100 | 60% | Wholesaler and retailer of optical products/Malaysia | *4* |
| Specs Gallery Sdn. Bhd. ("Specs Gallery") | Malaysia, 27 December 2017 | RM100 | 60% | Retailer of optical products and related accessories/Malaysia | *7* |
| Specs Saver Sdn. Bhd. | Malaysia, 20 March 2019 | RM100 | 100% | Retail sale of spectacles and other optical goods/Malaysia | *10* |
| Success Optic Sdn. Bhd. | Malaysia, 3 August 2010 | RM100 | 51% | Wholesaler and retailer of optical products/Malaysia | *4,11* |

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

*Notes:*

1. The statutory financial statements for each of the three years ended 31 March 2017, 2018 and 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

2. The statutory financial statements for each of the two years ended 31 March 2017 and 2018 were audited by C.H. BOR & CO., a firm of chartered accountants registered in Malaysia. The statutory financial statements for the year ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

3. The statutory financial statements for the period ended 31 December 2017 were audited by C.H. BOR & CO., a firm of chartered accountants registered in Malaysia. The statutory financial statements for the period ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

4. The statutory financial statements for the period ended 31 March 2017 and each of the two years ended 31 March 2018 and 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

5. The statutory financial statements for the period ended 31 March 2018 and year ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

6. The statutory financial statements for the year ended 31 December 2016 were audited by C.H. BOR & CO., a firm of chartered accountants registered in Malaysia. The statutory financial statements for the period ended 31 March 2018 and year ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

7. The statutory financial statements for the period ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

8. The statutory financial statements for each of the two years ended were audited by C.H. BOR & CO., a firm of chartered accountants registered in Malaysia. The statutory financial statements for the period ended 31 March 2019 were audited by Grant Thornton Malaysia PLT, a firm of chartered accountants registered in Malaysia.

9. No statutory audited financial statements have been prepared for the period from its date of incorporation to the date of this report as it is not required to issue audited financial statements under the statutory requirements at its place of incorporation.

10. No statutory audited financial statements have been prepared as they are newly incorporated during the year ended 31 March 2019 and their first set of statutory audit financial statements are not yet due for issuance.

11. The financial year end dates of these entities are changed from the respective latest financial year end dates as disclosed in above to 31 March in order to be co-terminus with that of the Group. There is no material financial impact on the combined financial information of the Group as a result of the change of financial year end date.

12. Notwithstanding, the Group held only 40% equity interest in Intelligent Spec Saver, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of Intelligent Spec Saver and other key management personnel of Intelligent Spec Saver and to control Intelligent Spec Saver's operation by making all significant strategic financial and operating decisions of Intelligent Spec Saver of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), Intelligent Spec Saver is being treated as a non-wholly owned subsidiary of the Group and 60% equity interest owned by other shareholders of Intelligent Spec Saver is being treated as "non-controlling interests".

13. Notwithstanding, the Group held only 50% equity interest in New Success Distribution, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of New Success Distribution and other key management personnel of New Success Distribution and to control New Success Distribution's operation by making all significant strategic financial and operating decisions of New Success Distribution of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), New Success Distribution is being treated as a non-wholly owned subsidiary of the Group and 50% equity interest owned by another shareholder of New Success Distribution is being treated as "non-controlling interests".

14. Notwithstanding, the Group held only 50% equity interest in Pro Optic, due to the fact that there is a joint venture agreement entered into for the Group to appoint majority of the board of the directors of Pro Optic and other key management personnel of Pro Optic and to control Pro Optic's operation by making all significant strategic financial and operating decisions of Pro Optic of which the operation is highly dependent on the Group (including supply all the merchandise, control the bank accounts and direct the strategic financial and operating activities etc.), Pro Optic is being treated as a non-wholly owned subsidiary of the Group and 50% equity interest owned by other shareholders of Pro Optic is being treated as "non-controlling interests".

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Immediately prior to and after the Reorganisation (and the 2017 and 2019 Restructuring), the Company and its subsidiaries now comprising the Group except for the acquisition of subsidiaries as detailed in Note 31 are ultimately controlled by the Controlling Shareholders. As the Reorganisation (and the 2017 and 2019 Restructuring) did not result in any change in management and the ultimate control of the Group's business, the Group is regarded as a continuity entity and, therefore, the Reorganisation (and the 2017 and 2019 Restructuring) is considered to be a restructuring of entities and business under common control.

Accordingly, for the purpose of this report, except for the acquisition of subsidiaries as detailed in Note 31 for which acquisition method of accounting was adopted in accordance with the accounting policy as set out in paragraph headed "Basis of combinations — acquisition method of accounting" in Note 3, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Basis of combinations — merger accounting for common control combinations" in Note 3, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the Track Record Period or since the dates when they first came under common control of the Controlling Shareholders, where applicable.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with IFRSs issued by the IASB.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB, which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued a number of new/revised IFRSs during the Track Record Period. For the purpose of the Historical Financial Information, the Group has consistently adopted all these new/revised IFRSs that are relevant to its operations and are effective during the Track Record Period (including IFRSs 9, 15 and 16).

A summary of the principal accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

**Basis of measurement**

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

**Basis of combinations**

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

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

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

**(a) *Acquisition method of accounting***

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

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

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

**Subsidiaries**

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

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

**Plant and equipment**

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

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

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

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

**Investment properties**

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

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

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

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

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

**Non-current asset held for sale**

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

**Financial instruments**

***Financial assets***

*Recognition and derecognition*

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

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

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

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

*Classification and measurement*

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

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

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

*Financial assets measured at amortised cost*

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

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

***Financial liabilities***

*Recognition and derecognition*

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

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

*Classification and measurement*

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

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

***Impairment of financial assets***

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

*Measurement of ECL*

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

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

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

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

(i) past due information

(ii) nature of instrument

(iii) industry of debtors

(iv) geographical location of debtors

(v) external credit risk ratings

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

*Definition of default*

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

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

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

*Assessment of significant increase in credit risk*

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

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

*Low credit risk*

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

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Simplified approach of ECL*

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

*Credit-impaired financial asset*

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

(i) significant financial difficulty of the issuer or the borrower;

(ii) a breach of contract, such as a default or past due event;

(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Write-off*

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

**Cash equivalents**

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

**Revenue recognition**

***Revenue from contracts with customers***

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

*Nature of goods or services*

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

*Identification of performance obligations*

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

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

*Timing of revenue recognition*

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

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

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

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

*Transaction price: significant financing components*

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

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

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

*Variable consideration*

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

*Performance obligation: warranties*

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

***Rental income***

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

***Interest income***

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

**Contract assets and contract liabilities**

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

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

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

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

**Foreign currency translation**

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

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

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

**Inventories**

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

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

**Impairment of other assets**

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

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

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

**Borrowing costs**

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

**Provisions**

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

**Leases**

***As lessee***

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

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

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

*Right-of-use assets*

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

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

*Lease liabilities*

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

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease liability is presented as a separate line in the combined statements of financial position.

***As lessor***

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

**Employee benefits**

***Short term employee benefits***

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

***Defined contribution plans***

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

**Taxation**

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

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

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

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

**Related parties**

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

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

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

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

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

**Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**Critical accounting estimates and judgements**

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

Key sources of estimation uncertainty are as follows:

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

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

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

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

**(iii)** ***Allowance for inventories***

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

**(iv)** ***Loss allowance for ECL***

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

(v) ***Determination on lease terms of contracts with renewal options***

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

(vi) ***Provisions for restoration costs***

As explained in Note 25, the Group makes provision for restoration costs based on the best estimate of the expected costs to be incurred upon expiry of the respective rental agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

**Future changes in IFRSs**

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRSs that are not yet effective for the Track Record Period, which the Group has not early adopted.

| | |
|---|---|
| Amendments to IASs 1 and 8 | Definition of Material[(1)] |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | Interest Rate Benchmark Reform[(1)] |
| Amendments to IFRS 3 | Definition of a Business[(2)] |
| IFRS 17 | Insurance Contracts[(3)] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[(4)] |

(1) Effective for annual periods beginning on or after 1 January 2020

(2) Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

(3) Effective for annual periods beginning on or after 1 January 2021

(4) The effective date to be determined

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

**4. SEGMENT INFORMATION**

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

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

(1) Sales of optical products.

(2) Franchise and license management.

**Segment revenue and results**

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

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 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 Track Record Period is as follows:

| | Sales of optical products | Franchise and license management | Total |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **Year ended 31 March 2017** | | | |
| **Segment revenue** | 101,366 | 545 | 101,911 |
| **Segment results** | 17,130 | 417 | 17,547 |
| Unallocated other income | | | 314 |
| Unallocated administrative expenses | | | (1,772) |
| Finance costs | | | (918) |
| Profit before tax | | | 15,171 |
| Income tax expense | | | (3,681) |
| Profit for the year | | | 11,490 |
| **Year ended 31 March 2018** | | | |
| **Segment revenue** | 115,023 | 439 | 115,462 |
| **Segment results** | 22,605 | 329 | 22,934 |
| Unallocated other income | | | 275 |
| Unallocated administrative expenses | | | (1,858) |
| Finance costs | | | (1,096) |
| Profit before tax | | | 20,255 |
| Income tax expense | | | (4,638) |
| Profit for the year | | | 15,617 |
| **Year ended 31 March 2019** | | | |
| **Segment revenue** | 133,192 | 423 | 133,615 |
| **Segment results** | 32,235 | 404 | 32,639 |
| Unallocated other income | | | 367 |
| Unallocated administrative expenses | | | (2,410) |
| Finance costs | | | (1,098) |
| Profit before tax | | | 29,498 |
| Income tax expense | | | (6,747) |
| Profit for the year | | | 22,751 |
| **Six months ended 30 September 2018 *(Unaudited)*** | | | |
| **Segment revenue** | 60,789 | 209 | 60,998 |
| **Segment results** | 14,229 | 182 | 14,411 |
| Unallocated other income | | | 153 |
| Unallocated administrative expenses | | | (1,033) |
| Finance costs | | | (530) |
| Profit before tax | | | 13,001 |
| Income tax expense | | | (2,917) |
| Profit for the period | | | 10,084 |
| **Six months ended 30 September 2019** | | | |
| **Segment revenue** | 74,278 | 210 | 74,488 |
| **Segment results** | 16,831 | 192 | 17,023 |
| Unallocated other income | | | 450 |
| Unallocated administrative expenses | | | (1,313) |
| Finance costs | | | (481) |
| Listing expenses | | | (4,268) |
| Profit before tax | | | 11,411 |
| Income tax expense | | | (3,578) |
| Profit for the period | | | 7,833 |

**Segment assets and liabilities**

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

| | Sales of optical products | Franchise and license management | Unallocated | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ***At 31 March 2017*** | | | | |
| **Assets** | | | | |
| Reportable segment assets | 82,434 | 1,235 | 7,747 | 91,416 |
| **Liabilities** | | | | |
| Reportable segment liabilities | (38,824) | (288) | (14,070) | (53,182) |
| **Other segment information:** | | | | |
| Depreciation of plant and equipment | 1,834 | 1 | — | 1,835 |
| Depreciation of right-of-use assets | 8,596 | 61 | — | 8,657 |
| Depreciation of investment properties | — | — | 334 | 334 |
| Gain on disposal of plant and equipment, net | (13) | — | — | (13) |
| Reversal of impairment loss of trade receivables, net | (27) | — | — | (27) |
| Write-off of plant and equipment | 11 | — | — | 11 |
| Additions to right-of-use assets | 14,020 | — | — | 14,020 |
| Additions to plant and equipment | 3,367 | — | — | 3,367 |
| ***At 31 March 2018*** | | | | |
| **Assets** | | | | |
| Reportable segment assets | 86,729 | 1,666 | 7,866 | 96,261 |
| **Liabilities** | | | | |
| Reportable segment liabilities | (36,944) | (259) | (11,029) | (48,232) |
| **Other segment information:** | | | | |
| Depreciation of plant and equipment | 2,004 | 1 | — | 2,005 |
| Depreciation of right-of-use assets | 10,999 | 60 | — | 11,059 |
| Depreciation of investment properties | — | — | 168 | 168 |
| Gain on disposal of plant and equipment, net | (34) | — | — | (34) |
| Reversal of impairment loss of trade receivables, net | (40) | — | — | (40) |
| Write-off of plant and equipment | 148 | — | — | 148 |
| Additions to right-of-use assets | 9,347 | — | — | 9,347 |
| Additions to plant and equipment | 2,751 | 4 | — | 2,755 |
| ***At 31 March 2019*** | | | | |
| **Assets** | | | | |
| Reportable segment assets | 92,664 | 1,159 | 5,419 | 99,242 |
| **Liabilities** | | | | |
| Reportable segment liabilities | (35,534) | (100) | (6,566) | (42,200) |
| **Other segment information:** | | | | |
| Depreciation of plant and equipment | 2,203 | 1 | — | 2,204 |
| Depreciation of right-of-use assets | 12,870 | 35 | — | 12,905 |
| Depreciation of investment properties | — | — | 111 | 111 |
| Gain on disposal of plant and equipment | (183) | — | — | (183) |
| Gain on disposal of assets classified as held for sale | — | — | (13) | (13) |
| Gain on disposal of right-of-use assets | (268) | — | — | (268) |
| Reversal of impairment loss of trade receivables, net | (38) | — | — | (38) |
| Write-off of plant and equipment | 34 | — | — | 34 |
| Additions to right-of-use assets | 16,246 | — | — | 16,246 |
| Additions to plant and equipment | 3,224 | — | — | 3,224 |

| | Sales of optical products | Franchise and license management | Unallocated | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ***At 30 September 2019*** | | | | |
| **Assets** | | | | |
| Reportable segment assets | 103,176 | 997 | 3,048 | 107,221 |
| **Liabilities** | | | | |
| Reportable segment liabilities | (43,531) | (126) | (5,224) | (48,881) |
| **Other segment information:** | | | | |
| Depreciation of plant and equipment | 1,401 | — | — | 1,401 |
| Depreciation of right-of-use assets | 6,407 | — | — | 6,407 |
| Depreciation of investment properties | — | — | 39 | 39 |
| Gain on disposal of plant and equipment | (18) | — | — | (18) |
| Gain on disposal of assets classified as held for sale | — | — | (291) | (291) |
| Loss on termination of lease | 135 | — | — | 135 |
| Write-off of plant and equipment | 104 | — | — | 104 |
| Additions to right-of-use assets | 5,134 | — | — | 5,134 |
| Additions to plant and equipment | 2,888 | — | — | 2,888 |

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, bank overdrafts, interest-bearing borrowings, lease liabilities and provisions. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

**Geographical information**

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

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Revenue | | | | | |
| Malaysia | 101,404 | 114,982 | 133,575 | 60,958 | 74,488 |
| Overseas | 507 | 480 | 40 | 40 | — |
| | 101,911 | 115,462 | 133,615 | 60,998 | 74,488 |

**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 Track Record Period.

## 5. REVENUE

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Revenue from contracts with customers within IFRS 15 | | | | | |
| Sales of optical products | | | | | |
| — to retail customers | 96,594 | 111,360 | 131,362 | 59,561 | 73,516 |
| — to franchisees | 2,081 | 1,050 | 1,209 | 607 | 762 |
| — to affiliates *(Note)* | 2,691 | 2,613 | 621 | 621 | — |
| Franchise and royalty fees income | 545 | 439 | 423 | 209 | 210 |
| | 101,911 | 115,462 | 133,615 | 60,998 | 74,488 |
| Timing of revenue recognition | | | | | |
| A point in time | 101,867 | 115,432 | 133,582 | 60,981 | 74,470 |
| Over time | 44 | 30 | 33 | 17 | 18 |
| | 101,911 | 115,462 | 133,615 | 60,998 | 74,488 |
| Type of transaction price | | | | | |
| Fixed price | 101,410 | 115,053 | 133,225 | 60,806 | 74,296 |
| Variable price | 501 | 409 | 390 | 192 | 192 |
| | 101,911 | 115,462 | 133,615 | 60,998 | 74,488 |

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

The amounts of revenue recognised for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019 that were included in the contract liabilities at the beginning of each reporting period are approximately RM284,000, RM373,000, RM482,000, RM482,000 (unaudited) and RM738,000, respectively.

## 6. OTHER INCOME

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Bank interest income | 217 | 245 | 198 | 136 | 47 |
| Book-keeping fee income | 215 | 188 | 256 | 162 | 22 |
| Exchange gain, net | 88 | — | 140 | 199 | 55 |
| Gain on disposal of plant and equipment | 48 | 36 | 183 | 83 | 18 |
| Gain on disposal of assets classified as held for sale | — | — | 13 | — | 291 |
| Gain on disposal of right-of-use assets | — | — | 268 | 268 | — |
| Management fee income | 72 | 94 | 52 | 40 | — |
| Rental income from investment properties | 314 | 275 | 354 | 153 | 159 |
| Sponsorship income | 41 | 181 | 149 | 79 | 116 |
| Sundry income | 133 | 333 | 259 | 198 | 236 |
| | 1,128 | 1,352 | 1,872 | 1,318 | 944 |

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| ***Finance costs*** | | | | | |
| Interest on bank overdrafts | 18 | 34 | — | — | — |
| Interest on interest-bearing borrowings | 244 | 240 | 230 | 120 | 33 |
| Finance charges on lease liabilities | 656 | 822 | 868 | 410 | 448 |
| | 918 | 1,096 | 1,098 | 530 | 481 |
| ***Staff costs (including directors' emoluments)*** | | | | | |
| Salaries, discretionary bonus, allowances and other benefits in kind | 20,374 | 23,467 | 28,071 | 12,962 | 15,742 |
| Contributions to defined contribution plans | 1,601 | 1,841 | 2,211 | 1,092 | 1,270 |
| | 21,975 | 25,308 | 30,282 | 14,054 | 17,012 |
| ***Other items*** | | | | | |
| Auditor's remuneration | 293 | 424 | 593 | 257 | 340 |
| Cost of inventories | 45,659 | 47,562 | 49,655 | 23,259 | 27,199 |
| Depreciation of investment properties | 334 | 168 | 111 | 65 | 39 |
| Depreciation of plant and equipment | 1,835 | 2,005 | 2,204 | 1,137 | 1,401 |
| Depreciation of right-of-use assets | 8,657 | 11,059 | 12,905 | 5,833 | 6,407 |
| Exchange (gain) loss, net | (88) | 279 | (140) | (199) | (55) |
| Gain on disposal of plant and equipment, net | (13) | (34) | (183) | (83) | (18) |
| Loss on termination of lease | — | — | — | — | 135 |
| Other rental and related expenses | 3,683 | 3,544 | 3,464 | 1,566 | 2,797 |
| Write-off of plant and equipment | 11 | 148 | 34 | 7 | 104 |

## 8. DIRECTORS' REMUNERATION

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

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

**Year ended 31 March 2017**

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonus | Contributions to defined contribution plans | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| *Executive directors* | | | | | |
| Dato' Ng Kwang Hua | — | 489 | 48 | 66 | 603 |
| Dato' Ng Chin Kee | — | 359 | 33 | 41 | 433 |
| Datin Low Lay Choo | — | 259 | 45 | 42 | 346 |
| | — | 1,107 | 126 | 149 | 1,382 |

**Year ended 31 March 2018**

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonus | Contributions to defined contribution plans | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| *Executive directors* | | | | | |
| Dato' Ng Kwang Hua . . . . | — | 499 | 48 | 64 | 611 |
| Dato' Ng Chin Kee . . . . . . | — | 368 | 33 | 43 | 444 |
| Datin Low Lay Choo . . . . . | — | 269 | 45 | 42 | 356 |
| | — | 1,136 | 126 | 149 | 1,411 |

**Year ended 31 March 2019**

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonus | Contributions to defined contribution plans | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| *Executive directors* | | | | | |
| Dato' Ng Kwang Hua . . . . | — | 528 | 54 | 78 | 660 |
| Dato' Ng Chin Kee . . . . . . | — | 389 | 39 | 54 | 482 |
| Datin Low Lay Choo . . . . . | — | 295 | 53 | 48 | 396 |
| | — | 1,212 | 146 | 180 | 1,538 |

**Six months ended 30 September 2018 *(Unaudited)***

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonus | Contributions to defined contribution plans | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| *Executive directors* | | | | | |
| Dato' Ng Kwang Hua . . . . | — | 253 | — | 37 | 290 |
| Dato' Ng Chin Kee . . . . . . | — | 188 | — | 26 | 214 |
| Datin Low Lay Choo . . . . . | — | 141 | — | 22 | 163 |
| | — | 582 | — | 85 | 667 |

**Six months ended 30 September 2019**

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonus | Contributions to defined contribution plans | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| *Executive directors* | | | | | |
| Dato' Ng Kwang Hua . . . . | — | 349 | — | 47 | 396 |
| Dato' Ng Chin Kee . . . . . . | — | 228 | — | 32 | 260 |
| Datin Low Lay Choo . . . . . | — | 177 | — | 28 | 205 |
| | — | 754 | — | 107 | 861 |

During the Track Record Period, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

## 9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

| | Number of individuals | | | | |
|---|---|---|---|---|---|
| | Year ended 31 March | | | Six months ended 30 September | |
| | 2017 | 2018 | 2019 | 2018 (Unaudited) | 2019 |
| Director | 3 | 3 | 3 | 3 | 3 |
| Non-director | 2 | 2 | 2 | 2 | 2 |
| | 5 | 5 | 5 | 5 | 5 |

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

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Salaries, allowances and other benefits in kind | 434 | 371 | 493 | 201 | 279 |
| Discretionary bonus | 15 | 40 | 49 | — | — |
| Contributions to defined contribution plans | 34 | 23 | 48 | 12 | 15 |
| | 483 | 434 | 590 | 213 | 294 |

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

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 (Unaudited) | 2019 |
| Nil to HK$1,000,000 | 2 | 2 | 2 | 2 | 2 |

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

## 10. INCOME TAX EXPENSE

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| **Current tax** | | | | | |
| Malaysia corporate income tax | 3,674 | 5,204 | 6,786 | 2,888 | 3,554 |
| **Deferred tax** *(Note 26)* | | | | | |
| Changes in temporary differences | 7 | (566) | (39) | 29 | 24 |
| Total income tax expense for the year/period | 3,681 | 4,638 | 6,747 | 2,917 | 3,578 |

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

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 years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 19%, 18%, 17%, 17% and 17% on the first RM500,000 of the estimated assessable profits and remaining balance at tax rate of 24% for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively.

**Reconciliation of income tax expense**

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2018** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000 (Unaudited)** | **RM'000** |
| **Profit before tax** | 15,171 | 20,255 | 29,498 | 13,001 | 11,411 |
| Income tax at statutory tax rate applicable in respective territories | 3,641 | 4,861 | 7,080 | 3,120 | 2,739 |
| Change in tax rate for the first tranche of chargeable income | (362) | (662) | (931) | (423) | (787) |
| Tax exempt revenue | (13) | (6) | (66) | (44) | (90) |
| Non-deductible expenses | 421 | 614 | 763 | 307 | 1,697 |
| Others | (6) | (169) | (99) | (43) | 19 |
| Income tax expense for the year/period | 3,681 | 4,638 | 6,747 | 2,917 | 3,578 |

## 11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

## 12. DIVIDENDS

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2018** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000 (Unaudited)** | **RM'000** |
| **Dividends declared to the then equity owners of the entities now comprising the Group** | 196 | 5,839 | 12,669 | 4,076 | 8,160 |

No dividends per share information are presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

## 13. INVESTMENT PROPERTIES

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Reconciliation of carrying amounts** | | | | |
| At the beginning of the reporting period | 8,081 | 7,747 | 6,837 | 2,784 |
| Disposals | — | — | (1,633) | — |
| Depreciation | (334) | (168) | (111) | (39) |
| Reclassified as assets classified as held for sale *(Note 20)* | — | (742) | (2,309) | — |
| **At the end of the reporting period** | 7,747 | 6,837 | 2,784 | 2,745 |
| Cost | 8,786 | 8,020 | 3,842 | 3,842 |
| Accumulated depreciation | (1,039) | (1,183) | (1,058) | (1,097) |
| **At the end of the reporting period** | 7,747 | 6,837 | 2,784 | 2,745 |
| **Fair values** | 9,570 | 9,180 | 4,370 | 4,370 |

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

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

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

The Group's investment properties with a total carrying amount of approximately RM7,367,000, RM6,837,000, RM2,784,000 and RM2,745,000 at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively, were pledged to secure banking facilities granted to the Group (Note 22).

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

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

## 14. RIGHT-OF-USE ASSETS

| | Shoplots | Motor vehicles | Furniture, fixtures and office equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Reconciliation of carrying amounts — year ended 31 March 2017** | | | | | |
| At 1 April 2016 | 9,437 | 1,713 | — | 29 | 11,179 |
| Additions | 12,782 | 481 | 494 | 263 | 14,020 |
| Depreciation | (7,757) | (722) | (98) | (80) | (8,657) |
| At 31 March 2017 | 14,462 | 1,472 | 396 | 212 | 16,542 |
| **Reconciliation of carrying amounts — year ended 31 March 2018** | | | | | |
| At 1 April 2017 | 14,462 | 1,472 | 396 | 212 | 16,542 |
| Additions | 8,740 | 476 | — | 131 | 9,347 |
| Transfer to plant and equipment | — | (83) | (57) | — | (140) |
| Depreciation | (10,309) | (537) | (90) | (123) | (11,059) |
| At 31 March 2018 | 12,893 | 1,328 | 249 | 220 | 14,690 |
| **Reconciliation of carrying amounts — year ended 31 March 2019** | | | | | |
| At 1 April 2018 | 12,893 | 1,328 | 249 | 220 | 14,690 |
| Additions | 15,495 | 477 | — | 154 | 16,126 |
| Acquisition of subsidiaries *(Note 31)* | 40 | — | 73 | 7 | 120 |
| Disposals | — | (542) | — | — | (542) |
| Depreciation | (12,206) | (362) | (113) | (224) | (12,905) |
| At 31 March 2019 | 16,222 | 901 | 209 | 157 | 17,489 |
| **Reconciliation of carrying amounts — six months ended 30 September 2019** | | | | | |
| At 1 April 2019 | 16,222 | 901 | 209 | 157 | 17,489 |
| Additions | 5,023 | — | — | 111 | 5,134 |
| Termination of lease | (131) | — | — | (4) | (135) |
| Depreciation | (6,119) | (122) | (67) | (99) | (6,407) |
| At 30 September 2019 | 14,995 | 779 | 142 | 165 | 16,081 |
| **At 31 March 2017** | | | | | |
| Cost | 23,675 | 3,773 | 494 | 638 | 28,580 |
| Accumulated depreciation | (9,213) | (2,301) | (98) | (426) | (12,038) |
| | 14,462 | 1,472 | 396 | 212 | 16,542 |
| **At 31 March 2018** | | | | | |
| Cost | 27,588 | 3,296 | 410 | 767 | 32,061 |
| Accumulated depreciation | (14,695) | (1,968) | (161) | (547) | (17,371) |
| | 12,893 | 1,328 | 249 | 220 | 14,690 |
| **At 31 March 2019** | | | | | |
| Cost | 32,934 | 2,141 | 684 | 947 | 36,706 |
| Accumulated depreciation | (16,712) | (1,240) | (475) | (790) | (19,217) |
| | 16,222 | 901 | 209 | 157 | 17,489 |
| **At 30 September 2019** | | | | | |
| Cost | 34,294 | 2,141 | 684 | 1,034 | 38,153 |
| Accumulated depreciation | (19,299) | (1,362) | (542) | (869) | (22,072) |
| | 14,995 | 779 | 142 | 165 | 16,081 |

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

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

## 15. PLANT AND EQUIPMENT

| | Computers and software | Furniture, fixtures and office equipment | Optical equipment | Motor vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Reconciliation of carrying amounts — year ended 31 March 2017** | | | | | | |
| At 1 April 2016 | 178 | 2,086 | 2,286 | 108 | 382 | 5,040 |
| Additions | 153 | 1,566 | 1,134 | 71 | 443 | 3,367 |
| Disposals | (5) | – | (65) | (92) | – | (162) |
| Written off | – | (1) | (10) | – | – | (11) |
| Depreciation | (119) | (887) | (609) | (12) | (208) | (1,835) |
| At 31 March 2017 | 207 | 2,764 | 2,736 | 75 | 617 | 6,399 |
| **Reconciliation of carrying amounts — year ended 31 March 2018** | | | | | | |
| At 1 April 2017 | 207 | 2,764 | 2,736 | 75 | 617 | 6,399 |
| Additions | 174 | 1,711 | 650 | – | 220 | 2,755 |
| Transferred from right-of-use assets | – | 57 | – | 83 | – | 140 |
| Disposals | (5) | (1) | (50) | – | – | (56) |
| Written off | – | (108) | (6) | – | (34) | (148) |
| Depreciation | (136) | (991) | (644) | (24) | (210) | (2,005) |
| At 31 March 2018 | 240 | 3,432 | 2,686 | 134 | 593 | 7,085 |
| **Reconciliation of carrying amounts — year ended 31 March 2019** | | | | | | |
| At 1 April 2018 | 240 | 3,432 | 2,686 | 134 | 593 | 7,085 |
| Additions | 122 | 1,684 | 698 | – | 134 | 2,638 |
| Acquisition of subsidiaries *(Note 31)* | 14 | 291 | 237 | – | 44 | 586 |
| Disposals | – | (4) | (9) | – | – | (13) |
| Written off | (1) | (15) | (18) | – | – | (34) |
| Depreciation | (143) | (1,128) | (715) | (31) | (187) | (2,204) |
| At 31 March 2019 | 232 | 4,260 | 2,879 | 103 | 584 | 8,058 |
| **Reconciliation of carrying amounts — six months ended 30 September 2019** | | | | | | |
| At 1 April 2019 | 232 | 4,260 | 2,879 | 103 | 584 | 8,058 |
| Additions | 73 | 1,310 | 1,296 | – | 209 | 2,888 |
| Disposals | (4) | (76) | (188) | – | – | (268) |
| Written off | (1) | (51) | – | – | (52) | (104) |
| Depreciation | (65) | (734) | (452) | (12) | (138) | (1,401) |
| At 30 September 2019 | 235 | 4,709 | 3,535 | 91 | 603 | 9,173 |
| **At 31 March 2017** | | | | | | |
| Cost | 721 | 7,103 | 5,508 | 124 | 1,632 | 15,088 |
| Accumulated depreciation | (514) | (4,339) | (2,772) | (49) | (1,015) | (8,689) |
| | 207 | 2,764 | 2,736 | 75 | 617 | 6,399 |
| **At 31 March 2018** | | | | | | |
| Cost | 863 | 8,360 | 6,028 | 385 | 1,714 | 17,350 |
| Accumulated depreciation | (623) | (4,928) | (3,342) | (251) | (1,121) | (10,265) |
| | 240 | 3,432 | 2,686 | 134 | 593 | 7,085 |
| **At 31 March 2019** | | | | | | |
| Cost | 971 | 10,413 | 6,968 | 385 | 1,968 | 20,705 |
| Accumulated depreciation | (739) | (6,153) | (4,089) | (282) | (1,384) | (12,647) |
| | 232 | 4,260 | 2,879 | 103 | 584 | 8,058 |
| **At 30 September 2019** | | | | | | |
| Cost | 1,038 | 11,422 | 7,815 | 332 | 2,107 | 22,714 |
| Accumulated depreciation | (803) | (6,713) | (4,280) | (241) | (1,504) | (13,541) |
| | 235 | 4,709 | 3,535 | 91 | 603 | 9,173 |

## 16. INVENTORIES

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Merchandise | 22,647 | 23,782 | 23,514 | 27,020 |

## 17. TRADE AND OTHER RECEIVABLES

| | | At 31 March | | | At 30 September |
|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2019 |
| | *Note* | RM'000 | RM'000 | RM'000 | RM'000 |
| **Trade receivables** | | | | | |
| From related parties | *17(a)* | 670 | 1,014 | — | — |
| From third parties | | 592 | 236 | 196 | 322 |
| | | 1,262 | 1,250 | 196 | 322 |
| Less: Loss allowances | 34 | (78) | (38) | — | — |
| | *17(b)* | 1,184 | 1,212 | 196 | 322 |
| **Other receivables** | | | | | |
| Prepayments | | 1,014 | 1,218 | 853 | 1,229 |
| Refundable rental and other related deposits | | 5,352 | 5,260 | 6,173 | 6,243 |
| Other receivables | | 962 | 925 | 527 | 972 |
| Goods and Services Tax recoverable | | 125 | 253 | 331 | 203 |
| Amounts due from related parties | *17(c)* | — | 253 | — | — |
| | | 7,453 | 7,909 | 7,884 | 8,647 |
| | *17(d)* | 8,637 | 9,121 | 8,080 | 8,969 |

### 17(a) Trade receivables from related parties

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| App New Success Eyewear *(Note (i))* | 26 | 5 | — | — |
| E Zone Eyewear *(Note (i))* | 9 | 3 | — | — |
| Mido Eyewear *(Note (i))* | 29 | — | — | — |
| MOG Bangkok Co. Limited ("MOG Bangkok") *(Note (ii))* | 473 | 310 | — | — |
| MOG Holdings Co. Limited ("MOG Thailand") *(Note (ii))* | — | 81 | — | — |
| New Success Eyewear *(Note (i))* | 133 | 218 | — | — |
| Oppa Eyewear Co. Limited ("Oppa Eyewear") *(Note (ii))* | — | 397 | — | — |
| | 670 | 1,014 | — | — |

*Notes:*

(i) Dato' Ng Chin Kee has significant influence over these companies until they were acquired by the Group (Note 31).

(ii) Dato' Ng Kwang Hua has significant influence over these companies.

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

### 17(b) Trade receivables

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within 30 days | 940 | 313 | 173 | 221 |
| 31 to 60 days | 89 | 140 | 23 | 87 |
| 61 to 90 days | 32 | 41 | — | 14 |
| Over 90 days | 123 | 718 | — | — |
| | 1,184 | 1,212 | 196 | 322 |

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 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Not yet due | 940 | 313 | 173 | 221 |
| Past due: | | | | |
| Within 30 days | 89 | 140 | 23 | 87 |
| 31 to 60 days | 32 | 41 | — | 14 |
| 61 to 90 days | 91 | 11 | — | — |
| Over 90 days | 32 | 707 | — | — |
| | 244 | 899 | 23 | 101 |
| | 1,184 | 1,212 | 196 | 322 |

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

**17(c) Amounts due from related parties**

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

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

| | Year ended 31 March 2017 | | |
|---|---|---|---|
| **Name of related party** | **Greatest outstanding amount during the year** | **Balance at 31 March 2017** | **Balance at 1 April 2016** |
| | RM'000 | RM'000 | RM'000 |
| E Zone Eyewear | 16 | — | — |
| Mido Eyewear | 23 | — | — |
| MOG Eyewear Pte. Limited *(Note (i))* | 26 | — | — |
| New Success Eyewear | 37 | — | — |
| | | — | — |

| | Year ended 31 March 2018 | | |
|---|---|---|---|
| **Name of related party** | **Greatest outstanding amount during the year** | **Balance at 31 March 2018** | **Balance at 1 April 2017** |
| | RM'000 | RM'000 | RM'000 |
| App New Success Eyewear | 98 | 1 | — |
| Exclusive Prestige Sdn. Bhd. ("Exclusive Prestige") *(Note (ii))* | 1 | 1 | — |
| E Zone Eyewear | 17 | 1 | — |
| Mido Eyewear | 54 | 22 | — |
| MOG Bangkok | 541 | 170 | — |
| MOG Eyewear Pte. Limited *(Note (i))* | 2 | — | — |
| New Success Eyewear | 49 | 9 | — |
| Oppa Eyewear | 493 | 49 | — |
| | | 253 | — |

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

| Name of related party | Six months ended 30 September 2019 | | |
|---|---|---|---|
| | Greatest outstanding amount during the period | Balance at 30 September 2019 | Balance at 1 April 2019 |
| | RM'000 | RM'000 | RM'000 |
| App New Success Eyewear | — | — | — |
| Exclusive Prestige | — | — | — |
| E Zone Eyewear | — | — | — |
| Mido Eyewear | — | — | — |
| MOG Bangkok | — | — | — |
| New Success Eyewear | — | — | — |
| Oppa Eyewear | — | — | — |
| | | — | — |

*Notes:*

(i) Dato' Ng Kwang Hua has significant influence over this company.

(ii) The company is controlled by Datin Low Lay Choo.

**17(d)** Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is set out in Note 34.

## 18. FIXED DEPOSITS WITH LICENSED BANKS

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed deposits | 7,607 | 8,009 | 2,533 | 3,852 |
| Fixed deposits — pledged | 111 | 112 | — | — |
| | 7,718 | 8,121 | 2,533 | 3,852 |

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| RM | 6,760 | 7,273 | 1,628 | 2,947 |
| HK$ | 240 | 207 | 221 | 221 |
| Singapore dollar ("SGD") | 234 | 218 | 226 | 226 |
| USD | 484 | 423 | 458 | 458 |
| | 7,718 | 8,121 | 2,533 | 3,852 |

At 31 March 2017 and 2018, certain fixed deposits with licensed banks are pledged to licensed banks as securities for banking facilities granted to the Group (Note 22). The fixed deposits with licensed banks generally have maturity periods over three months but less than one year and bearing annual interest rates ranging from 0.1% to 3.1% during the Track Record Period.

## 19. BANK BALANCES AND CASH

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| RM | 20,073 | 23,424 | 31,739 | 35,406 |
| USD | 1,653 | 2,172 | 2,410 | 2,383 |
| HK$ | — | — | — | 1,290 |
| | 21,726 | 25,596 | 34,149 | 39,079 |

## 20. ASSETS CLASSIFIED AS HELD FOR SALE

| | | At 31 March | | | At 30 September |
|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2019 |
| | *Note* | RM'000 | RM'000 | RM'000 | RM'000 |
| Investment properties | *13* | — | 742 | 2,309 | — |

At 31 March 2018 and 2019, the management of the Group decided to dispose of certain investment properties and expected to complete the sales of these investment properties within 12 months. Consequently, the relevant investment properties were classified as assets held for sale.

The properties held under assets classified as held for sale with carrying amount of approximately RM362,000, RM2,309,000 were pledged to secure banking facilities granted to the Group at 31 March 2018 and 2019, respectively (Note 22).

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

Investment property of approximately RM2,309,000 was disposed of to independent third parties at a consideration of approximately RM2,600,000 and the disposal was completed in August 2019 which resulted in a gain on disposal of assets classified as held for sale of approximately RM291,000 during the six months ended 30 September 2019.

## 21. TRADE AND OTHER PAYABLES

| | Note | At 31 March 2017 | At 31 March 2018 | At 31 March 2019 | At 30 September 2019 |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Trade payables to third parties** | | 12,602 | 14,547 | 8,507 | 16,877 |
| **Other payables** | | | | | |
| Contract liabilities | *21(a)* | 373 | 482 | 738 | 871 |
| Salaries and allowances payable | | 898 | 845 | 2,173 | 1,613 |
| Accrued charges and other payables *(Note (i))* | | 2,070 | 2,264 | 3,049 | 4,251 |
| Amounts due to minority interests of subsidiaries | *21(c)* | 2,395 | 2,548 | 2,607 | 2,890 |
| Amounts due to related parties | *21(b) and 21(c)* | 2,831 | 1,284 | — | — |
| | | 8,567 | 7,423 | 8,567 | 9,625 |
| | | 21,169 | 21,970 | 17,074 | 26,502 |

*Note (i):* The amounts at 31 March 2017, 2018 and 2019 and 30 September 2019 included accrued listing expenses of approximately nil, nil, nil and RM979,000, respectively.

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 31 March 2017 | At 31 March 2018 | At 31 March 2019 | At 30 September 2019 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within 30 days | 5,502 | 4,957 | 3,886 | 7,189 |
| 31 to 60 days | 5,207 | 7,072 | 1,649 | 6,377 |
| 61 to 90 days | 1,197 | 1,527 | 2,852 | 2,446 |
| Over 90 days | 696 | 991 | 120 | 865 |
| | 12,602 | 14,547 | 8,507 | 16,877 |

### 21(a) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the Track Record Period are as follows:

| | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2019 | Six months ended 30 September 2019 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At the beginning of the reporting period | 284 | 373 | 482 | 738 |
| Receipt of advanced payments | 373 | 482 | 738 | 871 |
| Recognised as revenue | (284) | (373) | (482) | (738) |
| At the end of the reporting period | 373 | 482 | 738 | 871 |

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

**21(b) Amounts due to related parties**

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Datin Lee Kwai Fah *(Note)* | 2,133 | 1,279 | — | — |
| Ms. Lee Chiang Lian *(Note)* | 423 | — | — | — |
| Ms. Ng Li Teng *(Note)* | 224 | — | — | — |
| Mido Eyewear | 51 | 5 | — | — |
| | 2,831 | 1,284 | — | — |

*Note:* These related parties are close family member of the Controlling Shareholders.

**21(c) Amounts due to minority interests of subsidiaries/related parties**

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

**22. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS**

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

| | | At 31 March | | | At 30 September |
|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2019 |
| | *Note* | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank overdrafts — secured | *22(a)* | 715 | — | — | — |
| Interest-bearing borrowings — secured | *22(b)* | 5,564 | 5,314 | 3,445 | 1,380 |
| | *22(c)* | 6,279 | 5,314 | 3,445 | 1,380 |

**22(a) Bank overdrafts — secured**

The secured bank overdrafts carried interest rate at 7.35% at 31 March 2017.

**22(b) Interest-bearing borrowings — secured**

At 31 March 2017, 2018 and 2019 and 30 September 2019, the secured bank borrowings carried weighted average effective interest rate of approximately 4.31%, 4.43%, 4.55% and 4.67% per annum, respectively.

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Carrying amounts of the above borrowings are repayable *(Note):* | | | | |
| Within one year | 254 | 175 | 114 | 58 |
| More than one year, but not exceeding two years | 174 | 162 | 119 | 61 |
| More than two years, but not exceeding five years | 507 | 531 | 391 | 203 |
| Over five years | 4,629 | 4,446 | 2,821 | 1,058 |
| | 5,564 | 5,314 | 3,445 | 1,380 |
| Less: amounts shown under current liabilities | (3,844) | (3,681) | (2,076) | (58) |
| Amounts shown under non-current liabilities | 1,720 | 1,633 | 1,369 | 1,322 |

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

**22(c) The bank overdrafts and interest-bearing borrowings are secured by:**

(i) guarantees provided by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;

(ii) a property owned by Dato' Ng Chin Kee and Dato' Ng Kwang Hua;

(iii) investment properties with aggregate net carrying amount of approximately RM7,367,000, RM6,837,000, RM2,784,000 and RM2,745,000 at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively, as set out in Note 13;

(iv) pledged fixed deposits with licensed banks of approximately RM111,000, RM112,000, nil and nil at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively, as set out in Note 18; and

(v) assets classified as held for sale with carrying amount of approximately RM362,000 and RM2,309,000 at 31 March 2018 and 2019, respectively, as set out in Note 20.

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 2017, 2018 and 2019 and 30 September 2019, none of the covenants relating to drawn down facilities had been breached.

In addition, certain of the relevant borrowing entities' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the relevant borrowing entities have complied with the covenants and met the scheduled repayment obligations. The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 34.

The guarantees provided and pledge of a property owned by Dato' Ng Chin Kee and Dato' Ng Kwang Hua are expected to be released and replaced by a corporate guarantee to be given by the Company upon the Initial Listing.

### 23. LEASE LIABILITIES

| | As at 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Analysed for reporting purposes: | | | | |
| Current liabilities | 9,159 | 8,626 | 10,634 | 10,877 |
| Non-current liabilities | 7,880 | 6,584 | 7,041 | 5,306 |
| | 17,039 | 15,210 | 17,675 | 16,183 |

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

Certain leases impose a restriction that the right-of-use assets can only be used by the Group. For leases over 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 for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 was approximately RM13,928,000, RM15,402,000, RM17,993,000, RM8,894,000 (unaudited) and RM9,871,000, respectively.

Commitments and present value of lease liabilities:

| | Lease payments | | | | Present value of lease payments | | | |
|---|---|---|---|---|---|---|---|---|
| | At 31 March | | | At 30 September | At 31 March | | | At 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Amounts payable: | | | | | | | | |
| Within one year | 9,810 | 9,272 | 11,044 | 11,393 | 9,159 | 8,626 | 10,634 | 10,877 |
| More than one year, but not exceeding two years | 5,980 | 4,865 | 5,929 | 4,597 | 5,820 | 4,799 | 5,561 | 4,451 |
| More than two years, but not exceeding five years | 2,099 | 1,807 | 1,552 | 869 | 2,033 | 1,775 | 1,480 | 855 |
| Over five years | 28 | 11 | – | – | 27 | 10 | – | – |
| | 17,917 | 15,955 | 18,525 | 16,859 | 17,039 | 15,210 | 17,675 | 16,183 |
| Future finance charges | (878) | (745) | (850) | (676) | | | | |
| Present value of lease liabilities | 17,039 | 15,210 | 17,675 | 16,183 | | | | |
| Less: Amounts due for settlement within 12 months | | | | | (9,159) | (8,626) | (10,634) | (10,877) |
| Amounts due for settlement after 12 months | | | | | 7,880 | 6,584 | 7,041 | 5,306 |

At 31 March 2017, 2018 and 2019 and 30 September 2019, the weighted average effective interest rate for the lease liabilities of the Group was 4.79%, 4.79%, 4.79% and 4.79% per annum, respectively.

### 24. AMOUNTS DUE TO THE CONTROLLING SHAREHOLDERS

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Dato' Ng Kwang Hua | 3,305 | 2,097 | 1,594 | 1,755 |
| Dato' Ng Chin Kee | 2,302 | 988 | 236 | 169 |
| Datin Low Lay Choo | 1,582 | 1,494 | 100 | 100 |
| | 7,189 | 4,579 | 1,930 | 2,024 |

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. Amounts due to the Controlling Shareholders will be settled prior to the Initial Listing.

### 25. PROVISIONS

The movements of provisions during the Track Record Period were as follows:

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Provisions for restoration costs | | | | |
| At the beginning of the reporting period | 375 | 551 | 687 | 885 |
| Additions | 176 | 136 | 198 | 87 |
| **At the end of the reporting period** | 551 | 687 | 885 | 972 |

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

### 26. DEFERRED TAXATION

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At the beginning of the reporting period | (272) | (279) | 287 | 326 |
| (Charge) Credit to profit or loss | (7) | 566 | 39 | (24) |
| **At the end of the reporting period** | (279) | 287 | 326 | 302 |

The movements in the Group's deferred tax assets (liabilities) for the Track Record Period were as follows:

| | Accrued revenue and costs | Capital Allowance | Accelerated tax depreciation | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 April 2016 | (11) | 2 | (263) | (272) |
| Income tax credit (expense) | 11 | 120 | (138) | (7) |
| **At 31 March 2017** | — | 122 | (401) | (279) |
| At 1 April 2017 | — | 122 | (401) | (279) |
| Income tax credit (expense) | 518 | (56) | 104 | 566 |
| **At 31 March 2018** | 518 | 66 | (297) | 287 |
| At 1 April 2018 | 518 | 66 | (297) | 287 |
| Income tax credit (expense) | 136 | (19) | (78) | 39 |
| **At 31 March 2019** | 654 | 47 | (375) | 326 |
| At 1 April 2019 | 654 | 47 | (375) | 326 |
| Income tax credit (expense) | (15) | 2 | (11) | (24) |
| **At 30 September 2019** | 639 | 49 | (386) | 302 |

## 27. SHARE CAPITAL AND THE FINANCIAL INFORMATION OF THE COMPANY

### (a) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019. Upon its incorporation, the authorised share capital of HK$380,000 was divided into 38,000,000 ordinary shares at HK$0.01 each and 1 ordinary share was ultimately issued to and paid up by Alliance Vision Limited. On the same date, the Company allotted and issued 44 ordinary shares, 45 ordinary shares and 10 ordinary shares of HK$0.01 each to Alliance Vision Limited, Sky Pleasure Limited and Delightful Fortune Limited, respectively.

Pursuant to the Reorganisation completed on 6 March 2020, the Company became the holding company of the entities now comprising the Group. Further details of the change in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "Corporate Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

### (b) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of MOG (BVI).

### (c) Reserves

There was no movement in reserves of the Company from 4 June 2019 (date of incorporation) to 30 September 2019. The corporate administrative expenses of the Company and listing expenses were borne by the entities now comprising the Group without recharge.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

## 28. RESERVES

### (a) Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any), after adjusting the issued/paid-up capital held by those attributable to the non-controlling interests prior to the Reorganisation (and the 2017 and 2019 Restructuring).

### (b) Other reserve

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

## 29. NON-CONTROLLING INTERESTS

The following table shows the information relating to non-wholly owned subsidiaries that has material non-controlling interests ("NCI") during Track Record Period. The summarised financial information represents amounts before inter-company eliminations.

| | MOG Eyewear Boutique | Pro Optic | Modern Pride | Metro Designer Eyewear | Exon Optical House |
|---|---|---|---|---|---|
| **At 31 March 2017** | | | | | |
| Proportion of NCI's ownership interests | 30% | 50% | 40% | 20% | 40% |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current assets | 1,378 | 1,063 | 1,060 | 1,568 | 3,024 |
| Non-current assets | 76 | 110 | 73 | 182 | 407 |
| Current liabilities | (207) | (262) | (255) | (315) | (1,513) |
| Non-current liabilities | (3) | (65) | (1) | (1) | (71) |
| Net assets | 1,244 | 846 | 877 | 1,434 | 1,847 |
| Carrying amount of NCI | 373 | 423 | 351 | 287 | 739 |
| **Year ended 31 March 2017** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 3,092 | 2,477 | 2,755 | 4,064 | 6,553 |
| Other income | 24 | 3 | 15 | 33 | 6 |
| Expenses | (2,899) | (2,290) | (2,388) | (3,856) | (5,078) |
| Profit and total comprehensive income | 217 | 190 | 382 | 241 | 1,481 |
| Total comprehensive income attributable to NCI | 65 | 95 | 153 | 48 | 592 |
| Dividends paid to NCI | — | — | 196 | — | — |
| Net cash flows from (used in): | | | | | |
| Operating activities | 224 | 250 | 356 | 236 | 2,099 |
| Investing activities | (5) | (2) | 9 | 22 | (19) |
| Financing activities | — | (38) | (510) | (23) | (451) |

| | MOG Eyewear Boutique | Pro Optic | Modern Pride | Metro Designer Eyewear | Exon Optical House |
|---|---|---|---|---|---|
| **At 31 March 2018** | | | | | |
| Proportion of NCI's ownership interests | 30% | 50% | 40% | 20% | 40% |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current assets | 1,238 | 729 | 1,014 | 1,370 | 2,743 |
| Non-current assets | 64 | 46 | 52 | 163 | 319 |
| Current liabilities | (179) | (236) | (253) | (156) | (1,052) |
| Non-current liabilities | (3) | (26) | — | (11) | (27) |
| Net assets | 1,120 | 513 | 813 | 1,366 | 1,983 |
| Carrying amount of NCI | 336 | 257 | 325 | 273 | 793 |
| **Year ended 31 March 2018** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 3,289 | 2,205 | 2,600 | 3,713 | 7,983 |
| Other income | 13 | 2 | 11 | 8 | 16 |
| Expenses | (2,826) | (1,990) | (2,225) | (3,319) | (5,763) |
| Profit and total comprehensive income | 476 | 217 | 386 | 402 | 2,236 |
| Total comprehensive income attributable to NCI | 143 | 109 | 154 | 80 | 894 |
| Dividends paid to NCI | 180 | 275 | 180 | 94 | 840 |
| Net cash flows from (used in): | | | | | |
| Operating activities | 581 | 292 | 473 | 568 | 1,829 |
| Investing activities | (2) | — | 4 | (25) | (1) |
| Financing activities | (600) | (591) | (449) | (492) | (2,147) |

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

| | New Success Eyewear Group (as defined in Note 31) | MOG Eyewear Boutique | Pro Optic | Modern Pride | Metro Designer Eyewear | Exon Optical House |
|---|---|---|---|---|---|---|
| **At 30 September 2019** | | | | | | |
| Proportion of NCI's ownership interests | 48% | 30% | 50% | 40% | 20% | 40% |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current assets | 3,444 | 1,768 | 745 | 1,216 | 1,727 | 2,982 |
| Non-current assets | 1,610 | 427 | 245 | 95 | 772 | 558 |
| Current liabilities | (1,994) | (492) | (418) | (273) | (630) | (1,487) |
| Non-current liabilities | (581) | (39) | (14) | – | (321) | (44) |
| Net assets | 2,479 | 1,664 | 558 | 1,038 | 1,548 | 2,009 |
| Carrying amount of NCI | 1,324 | 499 | 280 | 415 | 310 | 803 |
| **Six months ended 30 September 2019** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 4,744 | 3,822 | 1,268 | 1,254 | 2,082 | 5,229 |
| Other income | 50 | 9 | 7 | 5 | 16 | 3 |
| Expenses | (4,362) | (3,409) | (1,105) | (1,063) | (1,854) | (4,350) |
| Profit and total comprehensive income | 432 | 422 | 170 | 196 | 244 | 882 |
| Total comprehensive income attributable to NCI | 245 | 127 | 85 | 78 | 49 | 353 |
| Dividends paid to NCI | – | – | 200 | – | – | 240 |
| Net cash flows from (used in): | | | | | | |
| Operating activities | 884 | 651 | (187) | 317 | 709 | 1,079 |
| Investing activities | (69) | (9) | (20) | (17) | (45) | (3) |
| Financing activities | (680) | (177) | (102) | (37) | (158) | (622) |

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

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| **Net consideration** | — | (19) | — | — | (19) |
| Acquisition of additional interests in subsidiaries | — | (329) | (21) | — | 73 |
| Disposal of interests in subsidiaries without loss of control | — | 33 | — | — | 6 |
| Difference recognised in equity | — | (315) | (21) | — | 60 |

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

On 9 February 2018, the Group acquired remaining 49% of the equity interests in Smart Vision for a cash consideration of RM49. The Group now holds 100% of the equity interests. The carrying amount of the non-controlling interests in Smart Vision's net liabilities on the date of acquisition was RM332,230. The Group derecognised non-controlling interests of RM332,230 and recognised directly in equity attributable to owners of the Company (i.e. other reserve) of RM332,279 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

On 22 February 2018, the Group acquired additional 15% of the equity interests in Lux Optical for a cash consideration of RM19,280. The Group now holds 83% of the equity interests. The carrying amount of the non-controlling interests in Lux Optical's net assets on the date of acquisition was RM2,960. The Group derecognised non-controlling interests of RM2,960 and recognised directly in equity attributable to owners of the Company (i.e. other reserve) of RM16,320 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

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

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

On 26 August 2019, the Group acquired additional 20% of the equity interests in MOG TPU for a cash consideration of RM20. The carrying amount of the non-controlling interests in MOG TPU's net assets on the date of acquisition was RM64,516. The Group derecognised non-controlling interests of RM64,516 and recognised directly in equity attributable to owners of the Company (i.e. other reserve) of RM64,496 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

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

On 27 April 2017, the Group acquired remaining 25% of the equity interests in Eyes Founder for a cash consideration of RM25. On 28 February 2018, the Group disposed of 49% of the equity interests out of the 100% interest held in Eyes Founder at a consideration of RM49. The carrying amount of the non-controlling interests in Eyes Founder's net liabilities on the date of disposal was RM41,903. This resulted in a decrease in non-controlling interests of RM41,903 and an increase in equity attributable to owners of the Company of RM41,927.

On 15 May 2017, the Group disposed of 20% of the equity interests out of the 100% interest held in MOG TPU at a consideration of RM20. The carrying amount of the non-controlling interests in MOG TPU's net assets on the date of disposal was RM8,937. This resulted in an increase in non-controlling interests of RM8,937 and a decrease in equity attributable to owners of the Company of RM8,917.

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

## 31. ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

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

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

* *Represent amounts less than RM1,000.*

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

## 32. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, during the Track Record Period, 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 | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2019 | Six months ended 30 September 2018 | Six months ended 30 September 2019 |
|---|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| App New Success Eyewear | Book-keeping fee income | — | 23 | 10 | 10 | — |
| | Management fee income | — | 22 | 10 | 10 | — |
| | Sales of optical products | 25 | 320 | 74 | 74 | — |
| | Sales of plant and equipment | — | 5 | — | — | — |
| E Zone Eyewear | Book-keeping fee income | 24 | 24 | 16 | 16 | — |
| | Management fee income | 24 | 24 | 10 | 10 | — |
| | Sales of optical products | 345 | 227 | 67 | 67 | — |
| | Sales of plant and equipment | 2 | — | — | — | — |
| New Success Eyewear | Book-keeping fee income | 72 | 72 | 30 | 30 | — |
| | Management fee income | 48 | 48 | 32 | 32 | — |
| | Sales of optical products | 1,437 | 1,456 | 440 | 440 | — |
| | Sales of plant and equipment | 4 | — | — | — | — |
| Mido Eyewear | Book-keeping fee income | 48 | 36 | 24 | 12 | — |
| | Purchase of plant and equipment | — | — | 3 | — | — |
| | Sales of optical products | 377 | 130 | — | — | — |
| | Sales of plant and equipment | 1 | — | — | — | — |
| MOG Eyewear Pte. Limited | Book-keeping fee income | 20 | 2 | — | — | — |
| Exclusive Prestige | Book-keeping fee income | — | — | 14 | 5 | 9 |
| MOG Bangkok | Sales of optical products | 507 | 2 | — | — | — |
| Oppa Eyewear | Sales of optical products | — | 397 | 40 | 40 | — |
| Horizon Dig Sdn. Bhd. *(Note)* | Book-keeping fee income | — | — | 9 | 3 | 6 |
| MOG Thailand | Sales of optical products | — | 81 | — | — | — |
| Dato' Ng Kwang Hua and Dato' Ng Chin Kee | Rental expenses | 36 | 36 | 36 | 18 | 18 |

*Note:* Dato' Ng Kwang Hua has significant influence over this company.

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

| | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2019 | Six months ended 30 September 2018 | Six months ended 30 September 2019 |
|---|---|---|---|---|---|
| | RM$'000 | RM$'000 | RM$'000 | RM$'000 (Unaudited) | RM$'000 |
| Salaries, discretionary bonus, allowances and other benefits in kind | 1,624 | 1,725 | 2,107 | 890 | 1,129 |
| Contributions to defined contribution plans | 191 | 173 | 232 | 109 | 136 |
| | 1,815 | 1,898 | 2,339 | 999 | 1,265 |

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

## 33. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

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

During the years ended 31 March 2017, 2018 and 2019 and six months ended 30 September 2018 and 2019, the Group entered into certain lease arrangements in respect of leased assets with capital value at the inception of leases of approximately RM14,020,000, RM9,207,000, RM16,126,000, RM8,507,000 (unaudited) and RM5,134,000, respectively.

During the year ended 31 March 2017, the Group has undergone a series of group restructuring to acquire the equity interest of certain entities now comprising the Group from the Controlling Shareholders at aggregate consideration of approximately RM6,888,000. Such considerations were settled by the amounts due to the Controlling Shareholders and the amounts due to related parties of approximately RM4,323,000 and RM2,565,000, respectively.

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

The movements during the Track Record Period in the Group's liabilities arising from financing activities are as follows:

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | At 1 April 2016 | Net cash flows | Non-cash settlement | Additions | Interest expenses | At 31 March 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Year ended 31 March 2017** | | | | | | |
| Bank overdrafts | – | 715 | – | – | – | 715 |
| Interest-bearing borrowings | 5,806 | (242) | – | – | – | 5,564 |
| Leases liabilities | 12,608 | (10,245) | – | 14,020 | 656 | 17,039 |
| Amounts due to the Controlling Shareholders | 4,090 | (1,224) | 4,323 | – | – | 7,189 |
| Total liabilities from financing activities | 22,504 | (10,996) | 4,323 | 14,020 | 656 | 30,507 |

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | At 1 April 2017 | Net cash flows | Non-cash settlement | Additions | Interest expenses | At 31 March 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Year ended 31 March 2018** | | | | | | |
| Bank overdrafts | 715 | (715) | – | – | – | – |
| Interest-bearing borrowings | 5,564 | (250) | – | – | – | 5,314 |
| Leases liabilities | 17,039 | (11,858) | – | 9,207 | 822 | 15,210 |
| Amounts due to the Controlling Shareholders | 7,189 | (2,610) | – | – | – | 4,579 |
| Total liabilities from financing activities | 30,507 | (15,433) | – | 9,207 | 822 | 25,103 |

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

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | At 1 April 2018 | Net cash flows | Non-cash settlement | Additions | Interest expenses | At 30 September 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Six months ended 30 September 2018** ***(Unaudited)*** | | | | | | |
| Interest-bearing borrowings . . . | 5,314 | (91) | — | — | — | 5,223 |
| Leases liabilities . . . . . . . . . . . | 15,210 | (7,328) | — | 8,507 | 410 | 16,799 |
| Amounts due to the Controlling Shareholders . . . . . . . . . . . | 4,579 | (755) | — | — | — | 3,824 |
| Total liabilities from financing activities . . . . . . . . . . . . . . | 25,103 | (8,174) | — | 8,507 | 410 | 25,846 |

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | At 1 April 2019 | Net cash flows | Non-cash settlement | Additions | Interest expenses | At 30 September 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Six months ended 30 September 2019** | | | | | | |
| Interest-bearing borrowings . . . | 3,445 | (2,065) | — | — | — | 1,380 |
| Leases liabilities . . . . . . . . . . . | 17,675 | (7,074) | — | 5,134 | 448 | 16,183 |
| Amounts due to the Controlling Shareholders . . . . . . . . . . . | 1,930 | 94 | — | — | — | 2,024 |
| Total liabilities from financing activities . . . . . . . . . . . . . . | 23,050 | (9,045) | — | 5,134 | 448 | 19,587 |

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank overdrafts and interest-bearing borrowings with floating interest rates of approximately RM6,279,000, RM5,314,000, RM3,445,000 and RM1,380,000 at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of each reporting period, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM63,000, RM53,000, RM34,000 and RM14,000 for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the Track Record Period and had been applied to the exposure to interest rate risk for the closing balances of bank overdrafts and interest-bearing borrowings in existence at the end of each reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the Track Record Period.

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

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

**Foreign currency risk**

The Group's transactions are mainly denominated in RM.

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

| | Financial assets | | | | Financial liabilities | | | |
|---|---|---|---|---|---|---|---|---|
| | At 31 March | | | At 30 September | At 31 March | | | At 30 September |
| | 2017 | 2018 | 2019 | 2019 | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| HK$ | 240 | 207 | 221 | 1,511 | 234 | 35 | 194 | 303 |
| Renminbi | — | — | — | — | 549 | — | 103 | 241 |
| USD | 2,137 | 2,595 | 2,868 | 2,841 | 10 | 90 | 18 | 49 |
| SGD | 234 | 218 | 226 | 226 | — | — | — | 62 |

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

| | Year ended 31 March | | | Six months ended 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| +10% | 182 | 290 | 300 | 392 |
| –10% | (182) | (290) | (300) | (392) |

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

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

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

**Credit risk**

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade and other receivables | 7,623 | 7,903 | 7,227 | 7,740 |
| Fixed deposits with licensed banks | 7,718 | 8,121 | 2,533 | 3,852 |
| Bank balances and cash | 21,726 | 25,596 | 34,149 | 39,079 |
| | 37,067 | 41,620 | 43,909 | 50,671 |

**Trade receivables from third parties**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management of the Group. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

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

At 31 March 2017, 2018 and 2019 and 30 September 2019, the Group had a concentration of credit risk as approximately 40%, 33%, 63% and 54% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 76%, 89%, 92% and 89% of the total trade receivables was due from the Group's five largest trade debtors, respectively.

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. Having considered the default risk of trade receivables is not significant for the balances overdue for less than 90 days and for the certain balances overdue for over 90 days, the Group did not apply an expected credit loss rate on these balances during the Track Record Period. There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 March 2017, 2018 and 2019 and 30 September 2019 is summarised as follows:

***At 31 March 2017***

*Group: Risk of non-payment*

| Past due | Expected loss rate | Gross carrying amount | Loss allowance | Carrying amount |
|---|---|---|---|---|
| | % | RM'000 | RM'000 | RM'000 |
| >90 days | 100% | 78 | (78) | – |

The group of risk of late-payment has gross carrying amount of approximately RM1,184,000, for which the estimated credit losses are insignificant.

***At 31 March 2018***

*Group: Risk of non-payment*

| Past due | Expected loss rate | Gross carrying amount | Loss allowance | Carrying amount |
|---|---|---|---|---|
| | % | RM'000 | RM'000 | RM'000 |
| >90 days | 100% | 38 | (38) | — |

The group of risk of late-payment has gross carrying amount of approximately RM1,212,000, for which the estimated credit losses are insignificant.

***At 31 March 2019***

*Group: Risk of non-payment*

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

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

***At 30 September 2019***

*Group: Risk of non-payment*

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

The group of risk of late-payment has gross carrying amount of approximately RM322,000, for which the estimated credit losses are insignificant.

The Group does not hold any collateral over trade receivables at 31 March 2017, 2018 and 2019 and 30 September 2019.

At 31 March 2017, 2018 and 2019 and 30 September 2019, the Group recognised the loss allowance of approximately RM78,000, RM38,000, nil and nil on the trade receivables, respectively. The movement in the loss allowance for trade receivables during the Track Record Period is summarised below.

| | Year ended 31 March | | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 (Unaudited) | RM'000 |
| Balance at the beginning of the reporting period | 105 | 78 | 38 | 38 | — |
| Reversal of allowance upon collection | (27) | (40) | (38) | — | — |
| Balance at the end of the reporting period | 78 | 38 | — | 38 | — |

**Other receivables**

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

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

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019.

**Liquidity risk**

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

| | Total carrying amount | Total contractual undiscounted cash flow | On demand or less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 31 March 2017** | | | | | | |
| Trade and other payables | 20,796 | 20,796 | 20,796 | — | — | — |
| Bank overdrafts | 715 | 715 | 715 | — | — | — |
| Interest-bearing borrowings *(Note)* | 5,564 | 6,382 | 3,925 | 160 | 441 | 1,856 |
| Lease liabilities | 17,039 | 17,917 | 9,810 | 5,980 | 2,099 | 28 |
| Amounts due to the Controlling Shareholders | 7,189 | 7,189 | 7,189 | — | — | — |
| | 51,303 | 52,999 | 42,435 | 6,140 | 2,540 | 1,884 |
| **At 31 March 2018** | | | | | | |
| Trade and other payables | 21,488 | 21,488 | 21,488 | — | — | — |
| Interest-bearing borrowings *(Note)* | 5,314 | 6,036 | 3,754 | 141 | 423 | 1,718 |
| Lease liabilities | 15,210 | 15,955 | 9,272 | 4,865 | 1,807 | 11 |
| Amounts due to the Controlling Shareholders | 4,579 | 4,579 | 4,579 | — | — | — |
| | 46,591 | 48,058 | 39,093 | 5,006 | 2,230 | 1,729 |
| **At 31 March 2019** | | | | | | |
| Trade and other payables | 16,336 | 16,336 | 16,336 | — | — | — |
| Interest-bearing borrowings *(Note)* | 3,445 | 4,073 | 2,142 | 123 | 369 | 1,439 |
| Lease liabilities | 17,675 | 18,525 | 11,044 | 5,929 | 1,552 | — |
| Amounts due to the Controlling Shareholders | 1,930 | 1,930 | 1,930 | — | — | — |
| | 39,386 | 40,864 | 31,452 | 6,052 | 1,921 | 1,439 |
| **At 30 September 2019** | | | | | | |
| Trade and other payables | 25,631 | 25,631 | 25,631 | — | — | — |
| Interest-bearing borrowings *(Note)* | 1,380 | 2,001 | 123 | 123 | 369 | 1,386 |
| Lease liabilities | 16,183 | 16,859 | 11,393 | 4,597 | 869 | — |
| Amounts due to the Controlling Shareholders | 2,024 | 2,024 | 2,024 | — | — | — |
| | 45,218 | 46,515 | 39,171 | 4,720 | 1,238 | 1,386 |

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| On demand or less than 1 year | 488 | 398 | 264 | 123 |
| 1–2 years | 398 | 379 | 264 | 123 |
| 2–5 years | 1,252 | 1,137 | 792 | 369 |
| Over 5 years | 6,530 | 6,251 | 3,847 | 1,386 |
| | 8,668 | 8,165 | 5,167 | 2,001 |

## 35. FAIR VALUE MEASUREMENTS

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

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

## 36. COMMITMENTS

### Commitments under operating leases

*The Group as lessor*

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

| | At 31 March | | | At 30 September |
|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Within one year | 88 | 281 | 265 | 250 |
| Between one and two years | 86 | 260 | 65 | 17 |
| Between two and three years | 64 | 65 | – | – |
| | 238 | 606 | 330 | 267 |

## 37. CAPITAL MANAGEMENT

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

## 38. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2019, save as disclosed elsewhere in the Historical Financial Information, the Group has the following subsequent events:

(i) On 6 March 2020, the Reorganisation was completed.

(iii) Pursuant to the resolution of the shareholders passed on 23 March 2020, inter-alia, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 shares of HK$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

(iv) Pursuant to the resolution in writing of the Company's shareholders passed on 23 March 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, 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 right to participate in the Capitalisation Issue).

**39. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared in accordance with IFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2019.

*The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Grant Thornton Malaysia PLT, Chartered Accountants, Malaysia, the joint reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted combined net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to owners of the Company at 30 September 2019 as if the Global Offering had taken place on that date and is prepared based on the audited combined net tangible assets of the Group attributable to owners of the Company at 30 September 2019 derived from the Accountants' Report, as set out in Appendix I to this prospectus and adjusted as indicated below.

This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group at 30 September 2019 or at any future dates following the Global Offering.

| | Audited combined net tangible assets attributable to owners of the Company at 30 September 2019 | | Estimated net proceeds from the Global Offering | | Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company | | Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share | |
|---|---|---|---|---|---|---|---|---|
| | (Note 1) RM'000 | (Note 5) HK$'000 | (Note 5) RM'000 | (Note 2) HK$'000 | RM'000 | (Note 5) HK$'000 | (Note 3) RM | (Note 5) HK$ |
| Based on the Offer Price of HK$1.0 per Offer Share | 52,182 | 99,146 | 52,260 | 99,294 | 104,442 | 198,440 | 0.21 | 0.40 |
| Based on the Offer Price of HK$1.2 per Offer Share | 52,182 | 99,146 | 64,431 | 122,419 | 116,613 | 221,565 | 0.23 | 0.44 |

**NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS**

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 30 September 2019 is based on the audited combined net assets attributable to owners of the Company at 30 September 2019 of approximately RM52,182,000, extracted from the Group's combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 125,000,000 new Shares and the indicative Offer Price of HK$1.00 and HK$1.20 per Offer Share, respectively, after deduction of relevant estimated underwriting fee, incentive fee and other related expenses payable by the Company excluding approximately RM4,268,000 listing-related expenses which has been accounted for prior to 30 September 2019. The estimated net proceeds have not taken into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.

3. The calculation of the pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on 500,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.

4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 September 2019.

5. These amounts are converted from Malaysian Ringgit to Hong Kong dollars or Hong Kong dollars to Malaysian Ringgit at an exchange rate of RM1 to HK$1.90. No representation is made that Malaysian Ringgit/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Malaysian Ringgit at that rate or at all.

*The following is the text of a report received from the independent joint reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Grant Thornton Malaysia PLT, Chartered Accountants, Malaysia, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*

## B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP

MAZARS 中审众环 GrantThornton

28 March 2020

The Directors
MOG Holdings Limited
Zhongtai International Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of MOG Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors"). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to owners of the Company at 30 September 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 28 March 2020 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited by the way of Global Offering on the Group's financial position at 30 September 2019 as if the event had taken place at 30 September 2019. As part of this process, information about the Group's financial position at 30 September 2019 has been extracted by the Directors from the Group's combined financial information for each of the three years ended 31 March 2019 and the six months ended 30 September 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

**Directors' responsibility for the unaudited pro forma financial information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Reporting accountants' independence and quality control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those repost were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

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

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

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Island company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 June 2019 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

## 1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 March 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

### (a) Shares

#### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

#### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(iii)** ***Alteration of capital***

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(iv)** ***Transfer of shares***

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

**(v)** ***Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

**(vi)** ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

**(vii)** ***Calls on shares and forfeiture of shares***

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(b) Directors**

**(i) *Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

**(ii)** ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

**(iii)** ***Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

**(iv)** ***Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**(v)** ***Remuneration***

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

**(vi)** ***Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

**(vii)** ***Loans and provision of security for loans to Directors***

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

**(viii)** ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/ are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members**

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings and extraordinary general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

## 3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

**(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 13 June 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

**(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(p) Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

**(q) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

**(r) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(s) Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(t) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**(u) Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

## 4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT THE COMPANY

### 1. Incorporation

The Company was incorporated under the Companies Laws of the Cayman Islands as an exempted company with limited liability on 4 June 2019. It has established a place of business at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong and was registered in Hong Kong as a registered non-Hong Kong company under Part 16 of the Companies Ordinance on 17 July 2019. Mr. Lau Wai Piu Patrick of Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong has been appointed as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company.

As the Company was incorporated in the Cayman Islands, it operates subject to the relevant law of the Cayman Islands and its constitution which comprises the Memorandum and Articles of Association. A summary of certain relevant provisions of its constitution and certain relevant aspects of the Companies Law is set out in Appendix III of this prospectus.

### 2. Changes in share capital of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 June 2019. As at the date of incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each, and one fully-paid subscriber Share was issued and allotted to the initial subscriber, an Independent Third Party, which was then transferred to Alliance Vision on the same day. On the same day, 44, 45 and 10 Shares were issued and allotted to Alliance Vision, Sky Pleasure and Delightful Fortune, respectively, for par value consideration. After the aforesaid allotment of Shares, the issued share capital of the Company was owned by Alliance Vision as to 45%, Sky Pleasure as to 45% and Delightful Fortune as to 10%, respectively.

Pursuant to the written resolutions of the Shareholders passed on 23 March 2020, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 Shares.

Assuming that the Capitalisation Issue and the Global Offering become unconditional and the issue of Shares pursuant thereto is made (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the issued share capital of the Company immediately following completion of the Capitalisation Issue and the Global Offering will be HK$5,000,000 divided into 500,000,000 Shares, fully paid or credited as fully paid, with 1,500,000,000 Shares remaining unissued.

Other than pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme below, the Company does not have any present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as aforesaid and as mentioned in "— 3. Written resolutions of all the Shareholders passed on 23 March 2020" in this section, there has been no alteration in the share capital of the Company since the date of its incorporation.

### 3. Written resolutions of all the Shareholders passed on 23 March 2020

On 23 March 2020, written resolutions of the Shareholders were passed, pursuant to which, among other things:

(a) the increase of the authorised share capital of the Company from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each by the creation of an additional 1,962,000,000 Shares which shall rank *pari passu* in all respects with the then existing issued Shares was approved;

(b) conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorised to capitalise an amount of HK$3,749,999 from the amount standing to the credit of the share premium account of the Company and that the said sum be applied in paying up in full 374,999,900 Shares, such Shares to be allotted and issued, credited as fully paid to the Shareholders appearing on the register of members of the Company at the close of business on the date immediately preceding the date on which the Global Offering becomes unconditional (or such holders may direct) in proportion (as nearly as possible without fractions) to their then respective shareholdings in the Company and so that such Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;

(c) conditional on (i) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the Capitalisation Issue or pursuant to the exercise of Over-allotment Option or any options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreement:

    (i) the Global Offering and the grant of the Over-allotment Option were approved and that the Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering, and such number of Shares as may be required to be allotted and issued upon the exercise of Over-allotment Option, on and subject to the terms and conditions stated in this prospectus;

    (ii) the rules of the Share Option Scheme (the principal terms of which are set out in "D. Share Option Scheme" in this Appendix) were approved and adopted and the Directors or any such committee thereof be and were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;

(d) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or any issue of Shares upon exercise of rights of subscription or conversion attaching to any securities of the Company (if any) which are convertible into Shares or the Global Offering or the exercise of the Over-allotment Option or a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the total number of issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate given to the Directors;

(e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not exceeding 10% of the total number of issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate given to the Directors;

(f) the general unconditional mandate granted to the Directors as mentioned in paragraph (d) above was extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total number of issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and

(g) the Company conditionally approved and adopted the Memorandum and the Articles in substitution for and to the exclusion of the existing respective memorandum and articles of association of the Company with effect from the Listing Date.

**4. Reorganisation**

In order to rationalise the Group's structure and prepare for the Listing, the Company has undertaken certain restructuring steps. Please refer to "History, Reorganisation and Corporate Structure — Corporate reorganisation" in this prospectus for details.

**5. Changes in share capital of the subsidiaries of the Company**

**(a)** ***Subsidiaries of the Company***

The Company's subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus.

**(b)** ***Changes in share capital of the subsidiaries of the Company***

The Company's subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus.

Save as mentioned in the paragraph headed "History, Reorganisation and Corporate structure — Corporate structure" in this prospectus, there was no change in the share capital of the major subsidiaries of the Company during the two years preceding the date of this prospectus.

Save as the subsidiaries mentioned in the Accountants' Report in Appendix I to this prospectus, the Company has no other subsidiaries.

**6. Repurchase by the Company of its own securities**

This section includes information relating to the repurchase of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

**(a)** ***Provisions of the Listing Rules***

The Listing Rules permit the Shareholders to grant the Directors a general mandate to repurchase the Shares that are listed on the Stock Exchange subject to certain restrictions, the most important restrictions are below summarised:

(i) *Shareholder's approval*

All proposed repurchases of its securities (which must be fully paid up) must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 23 March 2020, the Directors were granted a general unconditional mandate to exercise all powers of the Company repurchase ("**Repurchase Mandate**") up to 10% of the total number of issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or (iii) such mandate being revoked, varied or renewed by the passing of an ordinary resolution by the Shareholders in a general meeting.

(ii) *Source of funds*

The repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands and any other laws and regulations applicable to the Company. The Company may not repurchase its own securities on the Stock Exchange for consideration other than cash or for the settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchase by the Company may be made out of profits of the Company, out of the Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of the profit of the Company or from sums standing to the credit of the share premium account of the Company. Subject to the Companies Law, any repurchase may also be paid out of capital.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by the Company must be fully paid up.

**(b) *Reasons for repurchases***

Repurchase will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share.

**(c) *Funding of repurchase***

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands and any other laws and regulations applicable to the Company.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, the Directors consider that, if the Repurchase Mandate is exercised in full, there might be a material adverse impact on the working capital and/or gearing position of the company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on its gearing positions which in the opinion of the Directors are from time to time appropriate for the Company.

**(d) *General***

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles of Association and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in the Company's voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as disclosed in this paragraph, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to the Company.

No core connected person of the Company has notified the Company that he has a present intention to sell his Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of the Company.

## B. FURTHER INFORMATION ABOUT THE GROUP'S BUSINESS

### 1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) a form of transfer of securities dated 15 August 2018 was entered into between Tan Hui Feng (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Tan Hui Feng transferred 7 shares of New Success Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM146,984.00;

(b) a form of transfer of securities dated 15 August 2018 was entered into between Ko Kwan Yee (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Ko Kwan Yee transferred 10 shares of New Success Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM209,978.00;

(c) a form of transfer of securities dated 15 August 2018 was entered into between Dato' Ng Chin Kee (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Dato' Ng Chin Kee transferred 35 shares of New Success Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM734,922.00;

(d) a form of transfer of securities dated 21 March 2019 was entered into between Low Lay Yoke (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Low Lay Yoke transferred 50 shares of Mido Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM50.00;

(e) a form of transfer of securities dated 21 March 2019 was entered into between Yek Nai Lin (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Yek Nai Lin transferred 20 shares of Mido Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM20.00;

(f) a form of transfer of securities dated 21 March 2019 was entered into between Lee Kam Leong (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Lee Kam Leong transferred 20 shares of Mido Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM20.00;

(g) a form of transfer of securities dated 21 March 2019 was entered into between Dato' Ng Chin Kee (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Dato' Ng Chin Kee transferred 10 shares of Mido Eyewear Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM10.00;

(h) a form of transfer of securities dated 27 March 2019 was entered into between Wong Lup Foon (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Wong Lup Foon transferred 50 shares of Specs Gallery Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM50.00;

(i) a form of transfer of securities dated 27 March 2019 was entered into between Chin Wei Ming (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Chin Wei Ming transferred 10 shares of Specs Gallery Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM10.00;

(j) a form of transfer of securities dated 28 March 2019 was entered into between Low Lay Yoke (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Low Lay Yoke transferred 51 shares of Exon Eyewear (R&F) Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM51.00;

(k) a form of transfer of securities dated 27 June 2019 was entered into between Teh Chuck Sin (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Teh Chuck Sin transferred 12 shares of Lux Optical Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM48,000.00;

(l) a sale and purchase agreement dated 26 July 2019 was entered into between MOG (BVI) Limited (as purchaser) and Ng Kwang Hua (as vendor), pursuant to which Ng Kwang Hua agreed to transfer 100 shares of MOG (Hong Kong) Limited, representing 100% shareholding interests in MOG (Hong Kong) Limited, to MOG (BVI) Limited, in consideration of HK$100.00;

(m) a form of transfer of securities dated 26 August 2019 was entered into between Lee Yih Fong (as transferor) and Metro Eyewear Holdings Sdn. Bhd. (as transferee), pursuant to which Lee Yih Fong transferred 20 shares of MOG (TPU) Sdn. Bhd. to Metro Eyewear Holdings Sdn. Bhd. in consideration of RM20.00;

(n) a form of transfer of securities dated 30 October 2019 was entered into between Metro Eyewear Holdings Sdn. Bhd. (as transferor) and Tam Chai Shen (as transferee), pursuant to which Metro Eyewear Holdings Sdn. Bhd. transferred 20 shares of MOG (TPU) Sdn. Bhd. to Tam Chai Shen in consideration of RM100,000.00;

(o) a sale and purchase agreement dated 22 January 2020 was entered into between MOG (BVI) Limited (as purchaser) and Ng Kwang Hua, Ng Chin Kee and Low Lay Choo (as vendors), pursuant to which Ng Kwang Hua, Ng Chin Kee and Low Lay Choo agreed to transfer 900,000 shares, 900,000 shares and 200,000 shares, respectively, of Metro Eyewear Holdings Sdn. Bhd., representing 45%, 45% and 10% shareholding interests, respectively, in Metro Eyewear Holdings Sdn. Bhd., to MOG (BVI) Limited, in considerations of RM900,000.00, RM900,000.00 and RM200,000.00, respectively;

(p) a deed of assignment dated 21 May 2019 was entered into between MOG Eyewear Sdn. Bhd. and MOG Management Sdn. Bhd. in relation to assignment of three trade marks at a consideration of RM1.00;

(q) a deed of assignment dated 25 July 2019 was entered into between Ng Kwang Hua and Metro Eyewear Holdings Sdn. Bhd. in relation to assignment of four trade marks at a consideration of RM1.00;

(r) a deed of assignment dated 21 May 2019 was entered into between Ng Kwang Hua and MOG Management Sdn. Bhd. in relation to assignment of one trade mark at a consideration of RM1.00;

(s) a deed of assignment dated 12 August 2019 was entered into between MOG Eyewear Sdn. Bhd. and Metro Eyewear Holdings Sdn. Bhd. in relation to assignment of nine trade marks at a consideration of RM1.00;

(t) a deed of assignment dated 4 June 2019 was entered into between Ng Kar Yin and Metro Eyewear Holdings Sdn. Bhd. in relation to assignment of three trade marks at a consideration of RM1.00;

(u) a deed of assignment dated 21 May 2019 was entered into between Eye Saver Sdn. Bhd. and MOG Management Sdn. Bhd. in relation to assignment of two trade marks at a consideration of RM1.00;

(v) a deed of assignment dated 21 May 2019 entered in to between Ng Kar Yin and MOG Management Sdn. Bhd. in relation to assignment of one trade mark at a consideration of RM1.00;

(w) a license agreement dated 1 September 2019 was entered into between Ng Kwang Hua, MOG Management Sdn. Bhd. and MOG Bangkok Co., Ltd., pursuant to which MOG Management Sdn. Bhd. and Ng Kwang Hua agreed to grant a license to MOG Bangkok Co., Ltd., to use the trademark "OOPPA" in Thailand;

(x) a license agreement dated 1 September 2019 was entered into between Ng Kwang Hua, MOG Management Sdn. Bhd. and MOG Holdings Co., Ltd., pursuant to which MOG Management Sdn. Bhd. and Ng Kwang Hua agreed to grant a license to MOG Holdings Co., Ltd., to use the trademark "OOPPA" in Thailand;

(y) a license agreement dated 1 September 2019 was entered into between Ng Kwang Hua, MOG Management Sdn. Bhd. and Oppa Eyewear Co., Ltd., pursuant to which MOG Management Sdn. Bhd. and Ng Kwang Hua agreed to grant a license to Oppa Eyewear Co., Ltd., to use the trademark "OOPPA" in Thailand;

(z) a declaration of trust dated 7 March 2013 was entered into between Low Lay Choo and Lee Kwai Fah (as trustees) and Optical Arts Sdn. Bhd (as beneficiary), pursuant to which Low Lay Choo and Lee Kwai Fah shall hold a property on the parcel identified as Parcel No. B-043, Type Gianyar (Type A), Setia Eco Glades, Phase Setia Marina — Charm of Nusantara (G2) on trust for Optical Arts Sdn. Bhd.

(aa) a sale and purchase agreement dated 1 June 2018 was entered into between Low Lay Choo and Lee Kwai Fah (as vendor), and Ng Keng Hiong and Lim Kim Kee (as purchaser), pursuant to which Low Lay Choo and Lee Kwai Fah agreed to sell a property, know as Parcel No. B-043, Type Gianyar (Type A), of a housing development know as Setia Eco Glades, Phase Setia Marina — Charm of Nusantara (G2) and bearing postal address No. 22A, Jalan Setia Marina 2/3, Setia Eco Glades, Cyber 1, 63000 Cyberjaya, Selangor, to Ng Keng Hiong and Lim Kim Kee at a consideration of RM2,600,000.00;

(bb) a sale and purchase agreement dated 31 December 2018 was entered into between Metro Eyewear Holdings Sdn. Bhd. (as vendor) and Dato' Ng Kwang Hua (as purchaser), pursuant to which Metro Eyewear Holdings Sdn. Bhd. agreed to sell a property, located at No. E-36–09B, Menara E, Empire City, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, to Dato' Ng Kwang Hua at a consideration of RM380,000.00;

(cc) a deed of assignment dated 24 January 2019 was entered into between Metro Eyewear Holdings Sdn. Bhd. (as assignor) and Dato' Ng Kwang Hua (as assignee) in relation to assignment of a property, located at No. E-36–09B, Menara E, Empire City, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan at a consideration of RM380,000.00;

(dd) a sale and purchase agreement dated 31 December 2018 was entered into between MOG Management Sdn. Bhd. (as vendor) and Dato' Ng Chin Kee (as purchaser), pursuant to which MOG Management Sdn. Bhd. agreed to sell a property, located at No. E-35–09B, Menara E, Empire City, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, to Dato' Ng Chin Kee at a consideration of RM375,000.00;

(ee) a deed of assignment dated 12 June 2019 was entered into between MOG Management Sdn. Bhd. (as assignor) and Dato' Ng Chin Kee (as assignee) in relation to assignment of a property, located at No. E-35–09B, Menara E, Empire City, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan at a consideration of RM375,000.00;

(ff) a deed of revocation dated 9 January 2019 was entered into between Ng Kwang Hua and Ng Chin Kee (as trustee) and MOG Management Sdn. Bhd. (as beneficiary), pursuant to which Ng Kwang Hua, Ng Chin Kee and MOG Management Sdn. Bhd. have mutually agreed to revoke and rescind a deed of trust dated 21 March 2013 in relation to a unit of two storey semi-detached house known as Parcel No. SD-107, Type Grasilis (Type SD-G), Setia Eco Glades, Phase Setia Rimba-Lepironia (2);

(gg) a sale and purchase agreement dated 13 November 2019 was entered into between Metro Eyewear Holdings Sdn. Bhd. (as vendor) and Springwell Time Sdn. Bhd. (as purchaser), pursuant to which Metro Eyewear Holdings Sdn. Bhd. agreed to sell a property, located at Unit G30, Ground Floor, Mahkota Parade, Jalan Merdeka, 75000 Melaka, to Springwell Time Sdn. Bhd. at a consideration of RM2,800,000.00;

(hh) the cornerstone investment agreement dated 23 March 2020 entered into between the Company, Able Rich Enterprises Limited and Zhongtai International Securities Limited, pursuant to which Able Rich Enterprises Limited agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be purchased with Hong Kong dollars equivalent of an aggregate amount of HK$12,500,000 at the Offer Price;

(ii) the cornerstone investment agreement dated 23 March 2020 entered into between the Company, Tang Lai Cheong and Zhongtai International Securities Limited, pursuant to which Tang Lai Cheong agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be purchased with Hong Kong dollars equivalent of an aggregate amount of HK$12,500,000 at the Offer Price;

(jj) the Deed of Indemnity; and

(kk) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of the Group

### *Trademarks*

As at the Latest Practicable Date, members of the Group have registered the following trademarks:

| No. | Registrant | Trademark | Registration number | Place of registration | Class | Registration date | Expiry date |
|---|---|---|---|---|---|---|---|
| 1. | Metro Eyewear Holdings | MOG ACCESSORIES | 2010050693 | Malaysia | 14 | 24 November 2011 | 7 August 2020 (Note 1) |
| 2. | Metro Eyewear Holdings | MOG FASHION | 2010050692 | Malaysia | 25 | 10 January 2012 | 7 August 2020 (Note 1) |
| 3. | MOG Management | MOG EYEWEAR SDN BHD | 2010050178 | Malaysia | 44 | 17 March 2012 | 8 March 2020 (Note 1) |
| 4. | MOG Management | MOG EYEWEAR SDN BHD | 2010050090 | Malaysia | 35 | 20 October 2011 | 4 February 2020 (Note 1) |
| 5. | MOG Management | MOG EYEWEAR SDN BHD | 07000090 | Malaysia | 9 | 13 October 2008 | 4 January 2027 |
| 6. | Metro Eyewear Holdings | Paul Marc | 2010050691 | Malaysia | 9 | 12 January 2012 | 7 August 2020 (Note 1) |
| 7. | Metro Eyewear Holdings | John Morgan | 2010050784 | Malaysia | 9 | 6 June 2012 | 21 September 2020 (Note 1) |
| 8. | Metro Eyewear Holdings | KIDSpro | 2012051700 | Malaysia | 9 | 18 March 2013 | 20 March 2022 |
| 9. | Metro Eyewear Holdings | HDpro | 2012051702 | Malaysia | 9 | 18 March 2013 | 20 March 2022 |
| 10. | Metro Eyewear Holdings | PROSHINE | 2013058183 | Malaysia | 9 | 29 June 2015 | 7 August 2023 |
| 11. | Metro Eyewear Holdings | PROLIFE | 2013062076 | Malaysia | 9 | 30 March 2015 | 13 November 2023 |
| 12. | Metro Eyewear Holdings | PROVISION55 | 2013058181 | Malaysia | 9 | 7 August 2013 | 7 August 2023 |
| 13. | New Success Eyewear | KATSU | 2015050592 | Malaysia | 9 | 1 October 2015 | 21 January 2025 |
| 14. | Metro Eyewear Holdings | Thursday Island | 2016066470 | Malaysia | 9 | 9 August 2017 | 7 September 2026 |
| 15. | Metro Eyewear Holdings | Rangolla | 2016066476 | Malaysia | 9 | 9 August 2017 | 7 September 2026 |
| 16. | Metro Eyewear Holdings | TONYWACK | 2016066479 | Malaysia | 9 | 9 August 2017 | 7 September 2026 |
| 17. | Metro Eyewear Holdings | AVIATOR | 2014051878 | Malaysia | 9 | 5 October 2015 | 12 February 2024 |
| 18. | Metro Eyewear Holdings | EXO | 2015054002 | Malaysia | 9 | 11 December 2015 | 17 March 2025 |

*Note:*

(1) The renewal of the said trademark has been submitted and is currently pending the issuance of the renewal notification by MyIPO. The Malaysian Legal Advisers confirmed that so long as the payment in respect of the renewal has been duly paid, they are not aware of any legal impediment in respect of the issuance of renewal notification for a further term of 10 years from the date of expiry.

| No. | Registrant | Trademark | Registration number | Place of registration | Class | Registration date | Expiry date |
|---|---|---|---|---|---|---|---|
| 19. | MOG Management | OOPPA | 2015064556 | Malaysia | 35 | 31 March 2017 | 2 September 2025 |
| 20. | Metro Eyewear Holdings | Paul Ceran | 2015067930 | Malaysia | 9 | 10 February 2017 | 26 October 2025 |
| 21. | Metro Eyewear Holdings | MEDICSOFT | 2016063818 | Malaysia | 9 | 21 February 2017 | 29 July 2026 |
| 22. | MOG (Hong Kong) | MOG EYEWEAR METRO OPTICAL GROUP | 304933846 | Hong Kong | 9, 35, 44 | 22 May 2019 | 21 May 2029 |
| 23. | MOG (Hong Kong) | MOG EYEWEAR METRO OPTICAL GROUP | 304933846 | Hong Kong | 9, 35, 44 | 22 May 2019 | 21 May 2029 |
| 24. | MOG (Hong Kong) | MOG EYEWEAR METRO OPTICAL GROUP | 304933846 | Hong Kong | 9, 35, 44 | 22 May 2019 | 21 May 2029 |

***Trademark applications***

As at the Latest Practicable Date, members of the Group have applied for the registration of the following trademarks:

| No. | Applicant | Trademark | Place of application | Class | Application number | Application date |
|---|---|---|---|---|---|---|
| 1. | Eye Saver (Note 1) | M-TREND | Malaysia | 35 | 2018070399 | 2 October 2018 |
| 2. | Eye Saver (Note 1) | LENS:ME | Malaysia | 35 | 2018070389 | 2 October 2018 |
| 3. | MOG Management | MOG | Malaysia | 9 | TM2019034124 | 17 September 2019 |
| 4. | MOG Management | MOG | Malaysia | 25 | TM2019034126 | 17 September 2019 |
| 5. | MOG Management | MOG | Malaysia | 35 | TM2019034127 | 17 September 2019 |
| 6. | MOG Management | MOG | Malaysia | 44 | TM2019034128 | 17 September 2019 |
| 7. | MOG Management | MOG | Malaysia | 14 | TM2019034125 | 17 September 2019 |
| 8. | MOG Management | Optical Arts | Malaysia | 35 | TM2019034130 | 17 September 2019 |
| 9. | MOG Management | Sunglass Art | Malaysia | 35 | TM2019034129 | 17 September 2019 |
| 10. | MOG Management | W watch out | Malaysia | 9 | TM2019034131 | 17 September 2019 |
| 11. | MOG Management | W watch out | Malaysia | 35 | TM2019034132 | 17 September 2019 |
| 12. | MOG Management | MOG creations | Malaysia | 35 | TM2019042453 | 19 November 2019 |
| 13. | MOG Management | MOG Boutique | Malaysia | 35 | TM2019042456 | 19 November 2019 |
| 14. | MOG Management | MOG EXPRESS | Malaysia | 35 | TM2019045455 | 10 December 2019 |

*Note:*

(1) Eye Saver has entered into a deed of assignment to assign the said trademarks to MOG Management.

### *Trademark assignment*

As at the Latest Practicable Date, the following trademark has been assigned to members of the Group:

| No. | Applicant | Trademark | Place of registration | Class | Application number | Application date |
|---|---|---|---|---|---|---|
| 1. | Ng Kar Yin (Note 1) | EYEZONE | Malaysia | 35 | 2018051825 | 25 January 2018 |

*Note:*

(1) Ng Kar Yin, the daughter of Dato' Frankie Ng and Datin Bernice Low, has entered into a deed of assignment to assign the said trademark in favour of the Group. This deed of assignment has been submitted to MyIPO for approval and will become effective upon (i) registration of this trademark; and (ii) assignment approval obtained from MyIPO. Subject to the successful registration of this trademark, as advised by the Malaysian Legal Advisers, there is no legal impediment for the Group in obtaining assignment approval from MyIPO.

### *Domain names*

As at the Latest Practicable Date, members of the Group have registered the following domain names:

| Registrant | Domain name | Date of registration | Expiry date |
|---|---|---|---|
| Metro Designer Eyewear . . . . | mog.com.my | 10 February 2009 | 10 February 2021 |
| Metro Designer Eyewear . . . . | lensme.com.my | 29 November 2018 | 29 November 2020 |
| Metro Designer Eyewear . . . . | mogeyewear.com.my | 20 July 2018 | 20 July 2020 |
| Metro Designer Eyewear . . . . | mtrend.com.my | 30 September 2016 | 30 September 2020 |
| Metro Designer Eyewear . . . . | ooppa.com.my | 15 October 2015 | 15 October 2020 |
| Metro Designer Eyewear . . . . | watchout.com.my | 1 December 2016 | 1 December 2020 |

## C. DISCLOSURE OF INTERESTS

### 1. Directors

#### (a) *Interest and/or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debenture of the Company and associated corporations*

Immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the interests and/or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed, will have 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 they are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein will be as follows:

| Name of Shareholder | Long/Short position | Capacity/ Nature of interest | Number of Shares | Approximate percentage of shareholding |
|---|---|---|---|---|
| Dato' Frankie Ng *(Notes 1 and 2)* . . . . | Long position | Interest in a controlled corporation and Interest of spouse | 375,000,000 | 75% |
| Dato' Henry Ng *(Notes 1 and 3)* . . . . | Long position | Interest in a controlled corporation | 375,000,000 | 75% |
| Datin Bernice Low *(Notes 1 and 4)* . . . . | Long position | Interest in a controlled corporation and Interest of spouse | 375,000,000 | 75% |

*Notes:*

1. Pursuant to the Acting in Concert Confirmation, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, through Alliance Vision, Sky Pleasure and Delightful Fortune, are regarded as a group of Controlling Shareholders 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 upon completion of the Global Offering.

2. The Company is held as to 33.75% by Alliance Vision immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). Alliance Vision 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.

3. The Company is held as to 33.75% by Sky Pleasure immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). Sky Pleasure is wholly owned by Dato' Henry Ng.

4. The Company is held as to 7.5% by Delightful Fortune immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). Delightful Fortune 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.

**(b) *Particulars of service contracts***

Each of the executive Directors has entered into a service contract with the Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. An executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The current basic annual remuneration of the executive Directors are as follows (subject to annual review at the discretion of the Board):

| Name | Annual remuneration |
|---|---|
| Dato' Frankie Ng | RM850,000 |
| Dato' Henry Ng | RM620,000 |
| Datin Bernice Low | RM450,000 |

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors are appointed with an initial term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

| Name | Annual remuneration |
|---|---|
| Ng Kuan Hua | HK$144,000 |
| Ng Chee Hoong | HK$144,000 |
| Jiao Jie | HK$144,000 |

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**(c) *Remuneration of Directors***

The Company's policies concerning remuneration of executive Directors are: (1) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to the Group by the relevant Director; and (2) the executive Directors may be granted, at the discretion of the Board, share options of the Company, as part of the remuneration package.

(i) The aggregate remuneration paid by the Group to the Directors in respect of each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 were approximately RM1,382,000, RM1,411,000, RM1,538,000 and RM861,000, respectively.

(ii) Save as disclosed in the Accountants' Report, no Directors received any remuneration or benefits in kind from the Group for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019.

(iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

(iv) Under the arrangement currently in force, conditional upon the Listing, the estimated aggregate remuneration (excluding discretionary bonus, if any) payable by the Group to the Directors for the financial year ending 31 March 2020 is expected to be approximately RM1,785,000.

## 2. Substantial shareholders

So far as the Directors are aware, each of the following persons, other than a Director or chief executive of the Company who will, immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares of the Company which will fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

| Name of Shareholder | Long/Short position | Capacity/ Nature of interest | Number of Shares | Approximate percentage of shareholding |
|---|---|---|---|---|
| Alliance Vision *(Notes 1 and 2)* . . . . | Long position | Beneficial owner | 375,000,000 | 75% |
| Sky Pleasure *(Notes 1 and 3)* . . . . | Long position | Beneficial owner | 375,000,000 | 75% |
| Delightful Fortune *(Notes 1 and 4)* . . . . | Long position | Beneficial owner | 375,000,000 | 75% |
| Datin Lee Kwai Fah *(Note 5)* . . . . . . . . . | Long position | Interest of spouse | 375,000,000 | 75% |

*Notes:*

1. Pursuant to the Acting in Concert Confirmation, Dato' Frankie Ng, Dato' Henry Ng and Datin Bernice Low, through Alliance Vision, Sky Pleasure and Delightful Fortune, are regarded as a group of Controlling Shareholders 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 upon completion of the Global Offering.

2. Alliance Vision, a company incorporated in the BVI on 8 May 2019 and an investment holding company, is wholly and beneficially owned by Dato' Frankie Ng.

3. Sky Pleasure, a company incorporated in the BVI on 8 May 2019 and an investment holding company, is wholly and beneficially owned by Dato' Henry Ng.

4. Delightful Fortune, a company incorporated in the BVI on 8 May 2019 and an investment holding company, is wholly and beneficially owned by Datin Bernice Low.

5. Datin Lee Kwai Fah is the spouse of Dato' Henry Ng and thus she is deemed to be interested in the Shares in which Dato' Henry Ng is interested for the purpose of the SFO.

Save as disclosed in this prospectus and so far as the Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering there will not be any other persons (not being a Director or chief executive of the Company) who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group.

### 3. Agency fees or commissions received

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of the Group.

### 4. Related party transactions

Save as disclosed in this prospectus and in the Accountants' Report, during the two years immediately preceding the date of this prospectus, the Company had not engaged in any other material transactions or related party transactions.

## D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 23 March 2020. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

### (a) Purpose

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented Participants (as defined in paragraph (c) below), to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

### (b) Conditions

The Share Option Scheme is conditional upon:

(i) the passing of the necessary resolution(s) by the Shareholders to approve and adopt the Share Option Scheme;

(ii) the Listing Committee granting approval (whether subject to conditions or not) of the Share Option Scheme and any right to subscribe for Shares pursuant to the Share Option Scheme (the "**Share Option(s)**") which may be granted thereunder, and the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Share Options;

(iii) the obligations of the Underwriters under the Underwriting Agreements referred to in "Underwriting" in this prospectus becoming unconditional (including, if relevant, as a result of the waiver of any such conditions) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and

(iv) the commencement of dealings in the Shares on the Stock Exchange.

**(c) Scope of Participants and eligibility of Participants**

The Board may, at its discretion, invite:

(i) any executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group;

(ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;

(iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;

(iv) any provider of goods and/or services to the Group; or

(v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up the Share Options (collectively, the "**Participants**").

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

**(d) Acceptance of offer**

An offer of a Share Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Share Option is duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 as consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

**(e) Subscription price**

The subscription price for the Shares upon exercise of the Share Option shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which a Share Option is granted; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which a Share Option is granted; and (iii) the nominal value of a Share.

**(f) Maximum number of Shares available for subscription**

(i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Shares in issue immediately upon completion of the Capitalisation Issue and the Global Offering, unless the Company obtains an approval from the Shareholders pursuant to (ii) below.

(ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval to refresh such limit.

(iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting Share Options beyond the 10% limit provided the Share Options granted in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

(iv) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No Share Option may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

**(g) Conditions, restrictions or limitations on offers of Share Options**

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Share Option, there are neither any performance targets that need to be achieved by the grantee before a Share Option can be exercised nor any minimum period for which a Share Option must be held before the Share Option can be exercised. Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the offer of Share Options impose any conditions, restrictions or limitations in relation to the Share Option as it may at its absolute discretion think fit.

**(h) Maximum entitlement of Shares of each Participant**

(i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Share Options granted to each Participant (including both exercised, cancelled and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(ii) Notwithstanding (i) above, any further grant of Share Options to a Participant in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such Participant and his or her close associates (or his or her associates if the Participant is a connected person) abstaining from voting. The number and the terms of the Share Options to be granted to such Participant shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

**(i) Grant of Share Options to connected persons**

(i) Any grant of Share Options to a Participant who is a director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors of the Company (excluding independent non-executive Director who is the Participant).

(ii) Where the Board proposes to grant any Share Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such Share Option which if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Share Options granted and to be granted (including Share Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:

(1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and

(2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of such grant and if the date of such grant is not a trading day, the trading day immediately preceding the date of such grant, in excess of HK$5 million, such proposed grant of Share Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the Listing Rules. The Participant concerned, his or her associates and all core connected persons of the Company must abstain from voting at such general meeting (except where any core connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Share Options must be taken on a poll.

**(j) Exercise of Share Options**

A Share Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which a Share Option was granted, at any time during the option period after the Share Option has been granted by the Board but in any event, not longer than ten years from the date of grant. A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

**(k) Transferability of the Share Options**

A Share Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Share Option.

**(l) If a grantee ceased to be a Participant by reason other than death or misconduct**

If the grantee ceases to be a Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (n) below, the grantee may exercise the Share Option up to his or her entitlement (to the extent which has become exercisable and not already exercised) within the period of nine months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company in the Group, as the case may be, failing which it will lapse.

**(m) On the death of a grantee**

If the grantee dies before exercising the Share Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (n) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Share Option up to the entitlement of such grantee (to the extent which has become exercisable and not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death, failing which it will lapse.

**(n) Termination of employment of a grantee by reason of misconduct**

A Share Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

**(o) Voluntary winding-up of the Company**

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than four business days prior to the proposed Shareholders' meeting) exercise the Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Subject to the above, a Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

**(p) General offer by way of take-over**

If a general offer by way of take-over is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer having been approved by the Shareholders of not less than nine-tenths in value of the Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Shares, the grantee (or where appropriate, his or her legal personal representatives) shall be entitled to exercise the Share Options in full (to the extent not already exercised) even though the option period has not come into effect during the occurrence of the general offer within 21 days after the date of such notice by the offeror. Subject to the above, a Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

**(q) Rights on a compromise or arrangement**

If a compromise or arrangement between the Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court provided that the relevant Share Options are not subject to a term or condition precedent to them exercisable which has not been fulfilled, exercise any of his or her Share Options whether in full or in part, but the exercise of a Share Option as aforesaid shall be conditional upon such compromise or arrangement becoming effective. Upon such compromise or arrangement becoming effective, all Share Options shall lapse except insofar as previously exercised under the Share Option Scheme.

**(r) Rank pari passu**

The Shares to be allotted and issued upon the exercise of a Share Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of allotment and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date of allotment.

**(s) Alteration in capital structure**

In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, excluding any alteration in the capital structure of the Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company or any employee, consultant or adviser to the Group or in the event of any distribution of the Company's legal assets to the Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to the Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

(i) the number of Shares subject to the Share Option so far as unexercised; or

(ii) the subscription price,

or any combination thereof, as the auditors or the independent financial adviser of the Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

**(t) Duration of the Share Option Scheme**

The Share Option Scheme will remain valid and effective for a period of ten years commencing on the date on which the Share Option Scheme is adopted, after which period no further Share Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Share Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

**(u) Cancellation of Share Options granted**

The Board may at any time at its absolute discretion cancel any Share Options previously granted to, but not exercised by the grantee. Where the Company cancels Share Options and offers Share Options to the same grantee, the offer of the grant of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Share Options) within the limit approved by the Shareholders as mentioned in paragraph (f) above. A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Share Option is cancelled by the Board as provided above.

**(v) Termination of the Share Option Scheme**

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

**(w) Alteration of provisions of the Share Option Scheme**

The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that provisions relating to the class of persons eligible for the grant of Share Options, the option period and all such other matters set out in Chapter 17 of the Listing Rules cannot be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Share Options granted must be approved by the Stock Exchange and the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme or the Share Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

#### (x) Restrictions on the time of grant of Share Options

No offer shall be made after inside information has come to the knowledge of the Company until such inside information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish announcement for its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Share Option may be granted.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme. On the assumption that 500,000,000 Shares are in issue on the date of commencement of dealings in the Shares on the Stock Exchange, the application to the Listing Committee for the listing of, and permission to deal in the Shares on the Stock Exchange includes a maximum number of 50,000,000 Shares which may be issued upon the exercise of the Share Options which may be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

## E. OTHER INFORMATION

### 1. Estate duty, tax and other indemnities

Each of Dato' Frankie Ng, Dato' Henry Ng, Datin Bernice Low, Alliance Vision, Sky Pleasure and Delightful Fortune (together, the "**Indemnifiers**") has entered into the Deed of Indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract item (jj) referred to in "— B. Further information about the Group's business — 1. Summary of the material contracts") to provide joint and several indemnities in connection with, among other things,

(a) any taxation falling on any member of the Group (i) resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date on which the Global Offering becomes unconditional (the "**Effective Date**"); or (ii) resulting from or by reference to any transaction, act, omission or event entered into or occurring (or deemed to be entered into or occurring on or before the Effective Date; or (iii) in respect of or in consequence of any act or omission of any member of the Group regarding the inter-companies transactions on or before the Effective Date; or (iv) by reason of any transfer of any property to any member of the Group or to any other person, entity or company made or deemed to have been made on or before the Effective Date; and

(b) any duty which is or hereafter becomes payable by any member of the Group by virtue of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of the Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Group or any member of the Group at any time prior to 11 February 2006 (i.e. being the date on which the Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect).

However, the Indemnifiers shall not be liable under the Deed of Indemnity for taxation:

(a) to the extent that provision or allowance has been made for such taxation in the audited combined accounts of the Group for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 (the "**Relevant Accounts**");

(b) to the extent that such taxation or liability for such taxation falling on any member of the Group in respect of their accounting periods or any accounting period commencing on or after 1 October 2019 and ending on the Listing Date, where such taxation or liability for such taxation is caused by some act or omission of, or transaction voluntarily effected by, the Group or any of its members (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) which is/are:

  (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date;

  (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date or pursuant to any statement of intention made in this prospectus; or

  (iii) consisting of any member of the Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation;

(c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;

(d) to the extent of any provisions or reserve made for taxation in the Relevant Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifier's liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this item (d) to reduce the Indemnifier's liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(e) to any incomes, profits or gains earned, accrued or received by any member of the Group or any event occurred after the Effective Date.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of the subsidiaries under the laws of the Cayman Islands, the BVI or Malaysia, being jurisdictions in which one or more of the companies comprising the Group are incorporated.

### 2. Litigation

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company, that would have a material adverse effect on its results of operations or financial condition.

### 3. Preliminary expenses

The Company's preliminary expenses are approximately HK$91,000 and has been paid by the Group.

### 4. Promoter

There are no promoters of the Company.

### 5. Sole Sponsor

The Sole Sponsor made an application on the Company's behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalisation Issue and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor is independent from the Company pursuant to Rule 3A.07 of the Listing Rules. The aggregate Sponsor's fees payable by the Group in respect of the Sponsor's services for the Listing is HK$5.0 million.

### 6. No material adverse change

The Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 30 September 2019 (being the date to which the Group's latest audited combined financial statements were made up).

### 7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance so far as applicable.

### 8. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors nor any of the parties whose names are listed in "E. Other information — 10. Qualification of experts" in this section is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors nor any of the parties whose names are listed in "E. Other information — 10. Qualification of experts" in this section is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group; and

(c) none of the Directors or their respective close associates is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

**9. Miscellaneous**

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,

(a) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) neither the Company nor any of its subsidiaries has issued or agreed to issue any founder shares, management shares or deferred shares;

(d) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in or debentures of the Company;

(f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(g) the Company has no outstanding convertible debt securities; and

(h) there has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the 12 months immediately preceding the date of this prospectus.

### 10. Qualifications of experts

The followings are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

| Name | Qualification |
|---|---|
| Zhongtai International Capital Limited | Licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities |
| Mazars CPA Limited | Certified Public Accountants, Hong Kong |
| Grant Thornton Malaysia PLT | Chartered Accountants, Malaysia |
| David Lai & Tan | Legal advisers as to Malaysian laws |
| Conyers Dill & Pearman | Cayman Islands attorneys-at-law |
| Ipsos Limited | Independent industry consultants |

### 11. Consents of experts

Each of the experts referred to in "E. Other Information — 10. Qualification of experts" in this section has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

### 12. Bilingual prospectus

Pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in "E. Other information — 11. Consents of experts" in Appendix IV to this prospectus; and (c) copies of the material contracts referred to in "B. Further information about the Group's business — 1. Summary of the material contracts" in Appendix IV to this prospectus.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Squire Patton Boggs at 29th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report from Mazars CPA Limited and Grant Thornton Malaysia PLT, the text of which is set out in Appendix I to this prospectus;

(c) the audited combined financial statements of the Group for the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019;

(d) the letter on unaudited pro forma financial information prepared by Mazars CPA Limited and Grant Thornton Malaysia PLT, the text of which is set out in Appendix II to this prospectus;

(e) the material contracts referred to in "B. Further information about the Group's business — 1. Summary of the material contracts" in Appendix IV to this prospectus;

(f) the service contracts with the executive Directors and the letters of appointment with the independent non-executive Directors, referred to in "C. Disclosure of interests — 1. Directors — (b) Particulars of service contracts" in Appendix IV to this prospectus;

(g) the rules of the Share Option Scheme referred to in "D. Share Option Scheme" in Appendix IV to this prospectus;

(h) the written consents referred to in "E. Other information — 11. Consents of experts" in Appendix IV to this prospectus;

(i) the legal opinions prepared by David Lai & Tan, the legal advisers to the Company as to Malaysian law, in respect of certain aspects of the Group;

(j) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;

(k) the Companies Law; and

(l) the Ipsos Report prepared by Ipsos Limited referred to in "Industry Overview" to this prospectus.

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EYEWEAR

METRO OPTICAL GROUP