# BONIA CORPORATION BERHAD

Registration No. 199101013622 (223934-T)

# Annual Report 2021


BONIA

BRAUN BÜFFEL


SEMBONIA
@sembonia.com

BONIA

# Contents


01

## Corporate Overview


| | |
|---|---|
| 010 | Corporate Diary |
| 018 | Corporate Information |
| 019 | Profile of Board of Directors |
| 024 | Profile of Key Senior Management |
| 026 | Corporate Structure |
| 028 | Group Financial Highlights |
| 030 | Board Report & Management Discussion and Analysis |
| 040 | Sustainability Statement |


02

## Corporate Governance


| | |
|---|---|
| 057 | Corporate Governance Overview Statement |
| 068 | Report of the Audit & Risk Management Committee |
| 072 | Statement on Risk Management & Internal Control |
| 076 | Directors' Responsibility Statement |

# 30th
Annual General Meeting of
Bonia Corporation Berhad

e-Portal of AI Smartual Learning Sdn. Bhd. at
*www.agm.virtualeagm.com.my*
(Domain Registration No. with MyNIC Berhad: D1A444202)

Tuesday, 30 November 2021

9.30 am

03

## Other Informations


077 List of Properties

082 Analysis of Shareholdings

085 Notice of 30th Annual General Meeting

088 Statement Accompanying Notice of 30th Annual General Meeting

089 Proxy Form

091 Administrative Guide for Thirtieth Annual General Meeting


04

## Financial Statements


096 Directors' Report

101 Statement by Directors

101 Statutory Declaration

102 Independent Auditors' Report to the member of Bonia Corporation Berhad

108 Statements of Financial Position

109 Statements of Profit or Loss and Other Comprehensive Income

110 Consolidated Statement of Changes in Equity

111 Statement of Changes in Equity

112 Statements of Cash Flows

115 Notes to the Financial Statements


The digital version of BONIA CORPORATION BERHAD Annual Report 2021 is available at our website.
Go to *https://bonia.listedcompany.com/agm_egm_2021.html* or scan the QR code with your smartphone.

# Corporate Diary

## BONIA x Scha Media Event

9 April 2021

In celebration of our collaboration with Malaysian actress, Scha Alyahya for our Raya 2021 Capsule Collection, we hosted an intimate collection press preview event with our media and KOLs who are friends of the brand at Niko Neko Matcha, Bangsar. The event showcased all the products from the special collection with an appearance from the star herself on the day of the event.

# Corporate Diary

## BONIA Townhall 2021

15 April 2021

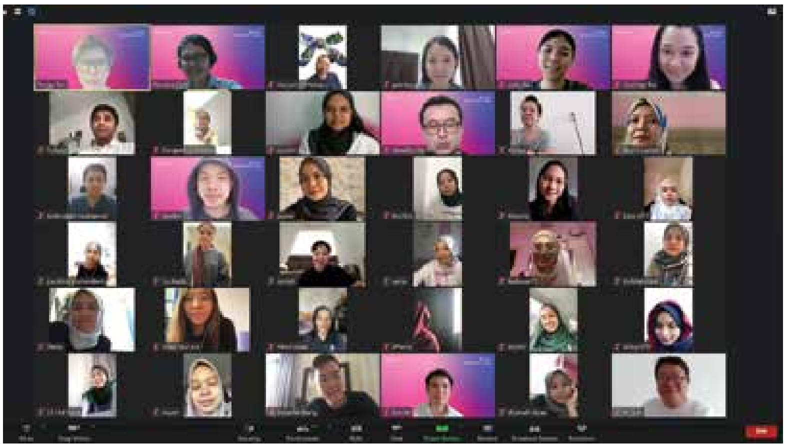


BONIA’s first ever Townhall incorporated a hybrid session, held in person for our Malaysia office while broadcasted online to our Singapore and Indonesia offices via Zoom. During the Townhall, we discussed the BONIA Corporate values (7Cs), the 6 growth strategies and positioning of BONIA's branding, which was presented by Group Executive Director, Dato’ Sri Chiang Fong Seng and Jonathan Liang, Creative Director of BONIA.

We also engaged our local and overseas audiences through interactive sessions and activities including Q&A and trivia sessions. The townhall concluded with a company-wide team building activities led by trainer Alfred Netto of The Wolf Trainer.

## Retail Townhall 2021

7 & 8 July 2021



# Corporate Diary

## BONIA x Scha In-Store Collection Preview

25 April 2021

In a member exclusive event, members were invited to the BONIA Pavilion boutique for a special styling session with celebrity fashion and hijab stylist Nazrul Anas. During the event, members were introduced to the new collection in collaboration with Malaysian actress Scha Alyahya and were demonstrated the various ways these new products could be styled.

Corporate Diary

# Braun Buffel Hari Raya Aidilfitri and Mother's Day KOL event

5 May 2021


Braun Buffel partnered with LifestyleAsia's editorial team for a special in-store event to celebrate Hari Raya Aidilfitri and Mother's Day where influencers were invited to create their own preserved floral arrangement featuring a centre-piece product from the current collection. As an added touch, the influencers were gifted a personalised illustration by talented artist Vivian Lee.

This special illustration service was also offered to customers visiting selected Braun Buffel stores during the brand's Mother's Day campaign.

# Corporate Diary

## #BONIACares Food Donation Drive in Johor Bahru

20 May 2021

As part of its Corporate Social Responsibility (CSR) pillar and #BONIACares initiative, Malaysia's leading leather goods company, BONIA Corporation Berhad, has donated over 734 meals for in-need communities and frontliners in the Johor Bahru region.

In partnership with Persatuan Kebajikan Ehsan Penyayang Daerah Johor Bahru, the meals were distributed to 580 recipients in B40 households and 154 frontliners in the following areas: Kampung Pasir, Tampoi, Kampung Telok Serdang, Perling, Kampung Danga, Sungai Danga, Kampung Kempas Baru, and Kampung Kempas Permatang, among others.

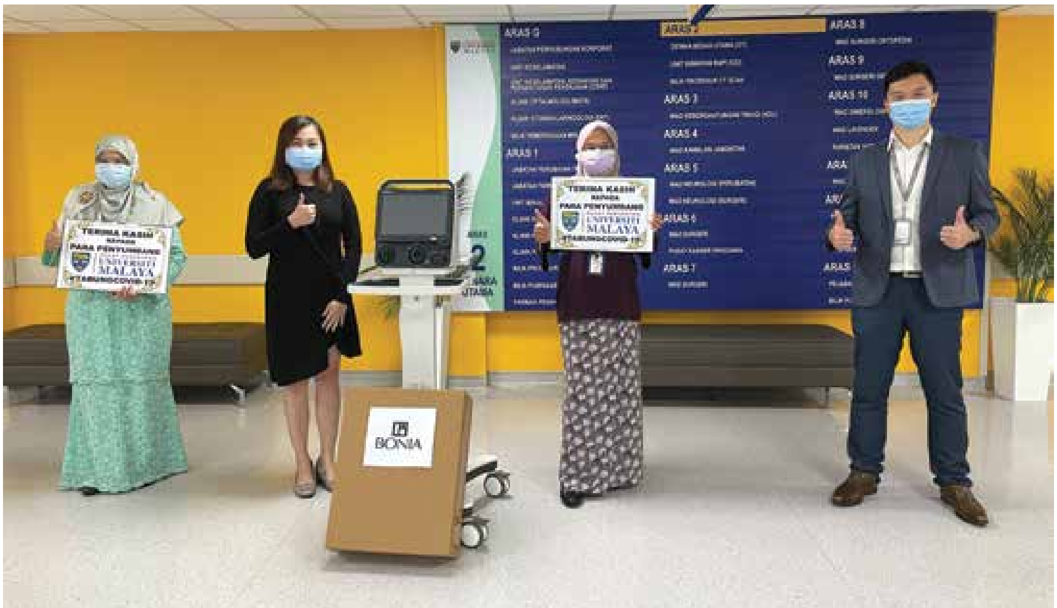
# Corporate Diary

## #BONIACares Ventilator Donation To University Malaya Medical Centre (UMMC)

21 May 2021


BONIA Corporation Berhad recently donated a total of 10 Mindray SV300 Ventilators to the frontliners of the University Malaya Medical Centre (UMMC).

This initiative falls under our Corporate Social Responsibility (CSR) pillar, focused on supporting the community in its ongoing fight against the COVID-19 pandemic in Malaysia.



# Corporate Diary


## BONIA 47th Anniversary B-Aeroport Virtual Media Event

9 September 2021

To celebrate our 47th anniversary this year, we launched our first-ever virtual pop-up site, B-Aeroport. Media were invited to tune in virtually as the BONIA team took them through the virtual space. During the event, members of the media were also introduced to the latest Autumn/Winter 2021 collection, featuring our 3 highlight bags of the season - the Ixora, Gianna, and Armeria.

BONIA

# Corporate Information

As at 30 September 2021

## BOARD OF DIRECTORS

**Chiang Sang Sem**
*Founder and Group Executive Chairman*

**Dato' Sri Chiang Fong Tat**
*Group Executive Director*

**Dato' Sri Chiang Fong Seng**
*Group Executive Director*

**Chong Chin Look**
*Group Finance Director*

**Datuk Chiang Heng Kieng**
*Non-Independent Non-Executive Director*

**Dato' Sri Chiang Fong Yee**
*Non-Independent Non-Executive Director*

**Datuk Ng Peng Hong @ Ng Peng Hay**
*Senior Independent Non-Executive Director*

**Chong Sai Sin**
*Independent Non-Executive Director*

**Azian Binti Mohd Yusof**
*Independent Non-Executive Director*

**Chiang May Ling**
*Alternate Director to Chiang Sang Sem*

**Chiang Fong Chyen**
*Alternate Director to Datuk Chiang Heng Kieng*

## AUDIT & RISK MANAGEMENT COMMITTEE

*Chairman* **Datuk Ng Peng Hong @ Ng Peng Hay**
*Members* **Chong Sai Sin**
**Azian Binti Mohd Yusof**

## NOMINATION & REMUNERATION COMMITTEE

*Chairman* **Datuk Ng Peng Hong @ Ng Peng Hay**
*Members* **Chong Sai Sin**
**Azian Binti Mohd Yusof**

## COMPANY SECRETARIES

**Chong Chin Look**
Membership No. MIA 8043
SSM Practising Certificate
No. 202008001280

**Chok Kwee Wah**
Membership No. MACS 00550
SSM Practising Certificate
No. 202008002837

**Tan Kean Wai**
Membership No. MAICSA 7056310
SSM Practising Certificate
No. 202008000801

## AUDITORS

**BDO PLT**
(LLP0018825-LCA & AF 0206)
Chartered Accountants

## SHARE REGISTRAR

**Bina Management (M) Sdn. Bhd.**
Lot 10 The Highway Centre
Jalan 51/205 46050 Petaling Jaya
Selangor Darul Ehsan Malaysia

Tel : +603-7784 3922
Fax : +603-7784 1988

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: Bonia
Stock Code: 9288

## HEAD OFFICE

Level 6 Ikon Connaught
Lot 160 Jalan Cerdas
Taman Connaught Cheras
56000 Kuala Lumpur
Wilayah Persekutuan Malaysia

Tel : +603-9108 9000
Fax : +603-9108 9098

## REGISTERED OFFICE

No.5-1 Jalan Radin Bagus 9
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Wilayah Persekutuan Malaysia

Tel : +603-9054 1498
Fax : +603-9054 1498

*www.bonia.com*
*www.facebook.com/BoniaFashion*
*www.instagram.com/bonia__official*
*www.youtube.com/boniaofficial*

# Profile of Board of Directors

**CHIANG SANG SEM**

*Founder and Group Executive Chairman*

Aged 68
Malaysian
Male

**Chiang Sang Sem** is the founder of BONIA. He was appointed to the Board on 16 June 1994 as the Executive Chairman of the Company. On 01 September 2018, he relinquished from his position as the Group Executive Chairman cum Chief Executive Officer and was re-designated as the "Founder cum Executive Director" of the Company. On 02 October 2018, he assumed the role of Group CEO and was re-designated as the "Founder, Group CEO and Group Executive Director" of Bonia Corporation Berhad. Thereafter, Chiang Sang Sem relinquished from his position as Group CEO and was re-designated as the "Founder and Group Executive Chairman" of the Company effective from 01 January 2020.

His involvement in the leather industry spans a period of over 45 years. He possesses in-depth knowledge, skills and expertise in all aspects of the leatherwear trade. He is responsible for the overall business development and formulating the Group's strategic plans and policies. He travels regularly around Europe and Asia to get the latest updates on fashion trends and technological changes in leatherwear and fashion accessories industry.

He currently holds directorships in several subsidiaries of the Company and does not have any other directorships of public companies.

His brother, Datuk Chiang Heng Kieng, his sons, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat and Dato' Sri Chiang Fong Seng, his daughter, Chiang May Ling and his nephew, Chiang Fong Chyen are also members of the Board.

**DATO' SRI CHIANG FONG TAT** SSAP

*Group Executive Director*

Aged 43
Malaysian
Male

**Dato' Sri Chiang Fong Tat** graduated with a Bachelor (Hons) Degree in Marketing and Management from Middlesex University in the United Kingdom and joined Bonia Group in 2000. He was appointed to the Board on 30 August 2004 as a Group Executive Director of the Company. He is responsible for the Group's expansion and growth, market entry, product research and development as well as business efficiency.

He holds directorships in several subsidiaries of the Company and does not have any other directorships of public companies.

His father, Chiang Sang Sem, his uncle, Datuk Chiang Heng Kieng, his brothers, Dato' Sri Chiang Fong Yee and Dato' Sri Chiang Fong Seng, his sister, Chiang May Ling, and his cousin, Chiang Fong Chyen are also members of the Board.

# Profile of Board of Directors

**DATO' SRI CHIANG FONG SENG** SSAP

*Group Executive Director*

Aged 36
Malaysian
Male

**Dato' Sri Chiang Fong Seng** was appointed to the Board on 10 January 2014 and holds the position as Group Executive Director. He graduated in year 2007 with a Bachelor of Commerce from The University of Melbourne, Australia. He joined Bonia Group in year 2008 initially as Personal Assistant to the Founder and Group Executive Chairman. His responsibilities were expanded across the Company over the years with his involvement in the Group's business development, strategic planning, products research and development.

He was conferred Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat DiMulia - Peringkat Pertama Sri Sultan Ahmad Shah Pahang (SSAP) which carries the title Dato' Sri in year 2013.

He was appointed as a Committee Member of Federation of Malaysian Fashion Textile and Apparels (FMFTA) since its launch in October 2019.

He currently holds directorships in several subsidiaries of the Company and does not have any other directorships of public companies.

His father, Chiang Sang Sem, his uncle, Datuk Chiang Heng Kieng, his brothers, Dato' Sri Chiang Fong Yee and Dato' Sri Chiang Fong Tat, his sister, Chiang May Ling, and his cousin, Chiang Fong Chyen are also members of the Board.

**CHONG CHIN LOOK**

*Group Finance Director*

Aged 58
Malaysian
Male

**Chong Chin Look** was appointed to the Board on 20 June 1994. He is the Group Finance Director of the Company and holds the position of Financial Controller of the Group since 1992. He is responsible for the overall financial and corporate functions of the Group. Prior to his current position, he was attached to KPMG Peat Marwick (now known as KPMG), an international firm of Chartered Accountants, where he gained extensive experiences in auditing, accounting, taxation and management consultancy.

He graduated with a Bachelor of Economics degree with a major in Business Administration from the University of Malaya in 1987. He is also a member of The Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

Presently, he is on the Board of CEKD Berhad as an Independent Non-Executive Director, the Chairman of its Audit Committee, and a member of its Remuneration Committee, Nominating Committee, and Risk Management Committee, respectively.

# Profile of Board of Directors

**DATUK CHIANG HENG KIENG** PMW

*Non-Independent Non-Executive Director*

Aged 59
Malaysian
Male

**Datuk Chiang Heng Kieng** was appointed to the Board on 16 June 1994. On 01 September 2018, he relinquished from his position as the Group Managing Director and was re-designated as a Non-Independent Non-Executive Director of Bonia Corporation Berhad.

He has extensive experience in retailing industry and constantly share his knowledge, skills and experience with his peers as well as the Management of Bonia Group. He holds directorship in several subsidiaries of the Company and does not have any other directorships of public companies.

Currently, he is serving as the Life Time Honorary President of the Malaysian Retailer-Chains Association (MRCA), a Director of MRCA Branding Education Charity Foundation, a Council Member of Malaysian AEON Foundation, a Council Member of Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI) and a Council Member of Kuala Lumpur Eng Choon Hoey Kuan (Association of Hokkien, Eng Choon).

His brother, Chiang Sang Sem, his nephews, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling and Chiang Fong Chyen are also members of the Board.

**DATO' SRI CHIANG FONG YEE** SSAP

*Non-Independent Non-Executive Director*

Aged 44
Malaysian
Male

**Dato' Sri Chiang Fong Yee** obtained his Bachelor Degree in Marketing and Statistic from Middlesex University in the United Kingdom in 1999. He joined the Board on 18 February 2004 as the Alternate Director to Chiang Sang Sem. On 01 September 2018, he resigned from the alternate directorship and was appointed as a Non-Independent Non-Executive Director of Bonia Corporation Berhad.

Dato' Sri Chiang Fong Yee's involvement in fashion industry spans roles from hands-on support to senior executive positions in Bonia Group. Prior to his appointment as the Alternate Director to Chiang Sang Sem, he was a Marketing Executive and later an Assistant Business Development Manager of CB Marketing Sdn. Bhd. from 2000 to 2004 primarily responsible for the marketing functions of the Bonia Group.

Presently, he is the Managing Director of CRG Incorporated Berhad ("CRG"), spearheads the CRG Group's business direction and overall strategies and policies to drive the growth and innovation of Carlo Rino products. He plays an integral role in developing CRG Group's business strategy with the rest of the management team and focuses on CRG Group's expansion and growth, market entry, sustainability, profitability and operational efficiency.

Apart from it, Dato' Sri Chiang Fong Yee is also on the board of Carzo Holdings Berhad as a Non-Independent Non-Executive Director.

His father, Chiang Sang Sem, his uncle, Datuk Chiang Heng Kieng, his brothers, Dato' Sri Chiang Fong Tat and Dato' Sri Chiang Fong Seng, his sister, Chiang May Ling, and his cousin, Chiang Fong Chyen are also members of the Board.

# Profile of Board of Directors

## DATUK NG PENG HONG @ NG PENG HAY

*Senior Independent Non-Executive Director*

Aged 69
Malaysian
Male

**Datuk Ng Peng Hong @ Ng Peng Hay** was appointed to the Board on 30 March 2020 as the Senior Independent Non-Executive Director. He is also the Chairman of the Audit & Risk Management Committee and the Nomination & Remuneration Committee of the Company, respectively.

He served as the State Assemblyman for Tengkera Constituency under Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He was appointed as the Investment Co-ordinator of the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economic Medal.

Datuk Ng also sits on the Board of Wellcall Holdings Berhad, Sinmah Capital Berhad, and CRG Incorporated Berhad.

## CHONG SAI SIN

*Independent Non-Executive Director*

Aged 54
Malaysian
Male

**Chong Sai Sin** was appointed to the Board on 30 January 2009 as an Independent Non-Executive Director. He is also a member of the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Company.

He is a Chartered Accountant, an Approved Company Auditor and an Approved Tax Agent under the Income Tax Act 1967. He is a Partner in Messrs. CL Associates PLT, Messrs. Lum & Co. and Messrs. H.S. Lee & Partners, firms of Chartered Accountants.

He is a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), Institute of Internal Auditors Malaysia (IIAM), and Chartered Tax Institute of Malaysia (CTIM). He also serves as a co-opted member of the Public Practice Committee of MICPA since February 2016.

He signed up as an article student in MICPA and started audit experience in Messrs. Kassim Chan & Co. (now known as Deloitte) since 1987. He joined Messrs. BDO Binder (now known as BDO PLT) in 1993 after he completed the articleship. He accumulated more than 7 years' experience in 2 established audit firms before joining commercial organisations as an Accountant, Corporate Finance Manager and Financial Controller from 1995 to 2002. Thereafter, he started his public practice as an audit principal and becomes an audit partner in 2005. In 2016, he co-founded CL Associates PLT. Overall, he has more than 30 years' experience in commercial organisations and public practice and gained good exposure in corporate finance and restructuring, due diligence review, listing exercise, auditing, taxation and accounting.

Presently, he is on the Board of Lysaght Galvanized Steel Bhd as an Independent Non-Executive Director and the Chairman of its Audit Committee.

# Profile of Board of Directors

## AZIAN BINTI MOHD YUSOF

*Independent Non-Executive Director*

Aged 63
Malaysian
Female

**Azian Binti Mohd Yusof** was appointed to the Board on 10 August 2020 as an Independent Non-Executive Director. She is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee of the Company.

Azian has over thirty years of experience in promoting foreign and domestic investments in the country, after having served the Malaysian Investment Development Authority (MIDA), a Government Agency under the Ministry of International Trade and Industry which is responsible for the growth and development of industries, both in the manufacturing and services sectors. She held the position of Deputy Chief Executive Officer for Strategic Planning prior to her retirement in July 2018 and had served MIDA for over 36 years. Post retirement, she had served as Independent Adviser to a few companies.

Presently, she is on the Board of Solarvest Holdings Berhad as an Independent Non-Executive Director and a member of its Audit Committee.

## CHIANG MAY LING

*Alternate Director to Chiang Sang Sem*

Aged 33
Malaysian
Female

**Chiang May Ling** graduated with a Bachelor of Commerce majoring in Accounting and Finance from Deakin University. She joined the Board on 01 September 2018 as the Alternate Director to Chiang Sang Sem.

Chiang May Ling has hands-on experience in retail industry. She has been appointed as Chief Sustainability Officer of Bonia Group since 2018. She also holds directorship in subsidiaries of Bonia Corporation Berhad, primary responsible for the sustainability management, product planning, sourcing and developing, analysing and implementation of marketing strategy for certain products of Bonia Group.

She does not have any other directorships of public companies.

Her father, Chiang Sang Sem, her uncle, Datuk Chiang Heng Kieng, her brothers, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat and Dato' Sri Chiang Fong Seng, and her cousin, Chiang Fong Chyen are also members of the Board.

## CHIANG FONG CHYEN

*Alternate Director to Datuk Chiang Heng Kieng*

Aged 41
Malaysian
Male

**Chiang Fong Chyen** holds a Bachelor of Arts degree in Business Information Technology from Coventry University. He joined the Board on 01 September 2018 as the Alternate Director to Datuk Chiang Heng Kieng.

Chiang Fong Chyen has over 10 years of sales and marketing experience. He holds directorship in subsidiaries of Bonia Corporation Berhad. His main responsibilities include implementation of marketing strategy, operations management, and product and business development for the licensed brands under the Bonia Group.

He does not have any other directorships of public companies.

His uncles, Chiang Sang Sem and Datuk Chiang Heng Kieng, his cousins, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, and Chiang May Ling are also members of the Board.

*Notes:*

1. *Save as disclosed, none of the Directors have:*
   - *any family relationship with any Directors and/or substantial shareholders of Company;*
   - *any conflict of interest with the Company; and*
   - *any conviction for offences (other than traffic offences) within the past 5 years, and/or any public sanction or penalty imposed by regulatory bodies during FY2021.*
2. *The Directors' interests in the Company are detailed in the Financial Statements section and the Analysis of Shareholdings section of this Annual Report.*

# Profile of Key Senior Management

All the Executive and Alternate Directors of Bonia Corporation Berhad are part of the Key Senior Management of the Group and their profiles are listed in the Profile of Directors section of this Annual Report.

Other Key Senior Management

## ONG MAY CHIUN

*Malaysian | aged 57 | Female*

**Ong May Chiun** joined Bonia Group in 1990 as Administration Assistant and was appointed as Executive Director of CB Marketing Sdn. Bhd. on 1 August 2006. She graduated with a Bachelor Degree in Economics (Hons) from Universiti Kebangsaan Malaysia in 1989. She is responsible for research and development, planning and implementation of marketing strategy, product distribution for ladies' leatherwear (in department stores), men's accessories and men's apparel.

## SIOW HUEY LOONG

*Malaysian | aged 57 | Male*

**Siow Huey Loong** holds directorship in subsidiaries of Bonia Corporation Berhad. He graduated with a Diploma in Business Management from Kolej Tunku Abdul Rahman in year 1987 and joined Bonia Group in year 1990. He has vast experience in retail industry particularly, in the area of ladies' footwear. He is primarily responsible for product sourcing, planning and implementation of marketing strategy and product distribution.

## MUSNIARNI MASSEWA

*Indonesian | aged 56 | Female*

**Musniarni Massewa** joined the Indonesia operations as Country Head in 2017. She graduated from RMIT University in Melbourne majoring in quantitative management for her master degree in 1992. She is currently responsible for BRAUN BUFFEL and BONIA retail in Indonesia. Musniarni has over 25 years' experience in luxury and premium brands, namely, Cartier, Tiffany & Co., Coach, Michael Kors, Kate Spade, Victoria's Secret and Bath & Body Works. Prior to her current position, she was with Valiram Group for 10 years, 6 years as General Manager and 4 years as Country Head of Valiram Group, responsible for the overall business in Indonesia.

## GAN TECK HOCK PMP

*Malaysian | aged 52 | Male*

**Gan Teck Hock** is the General Manager of Lianbee-Jeco (M) Sdn. Bhd. since April 2014 and responsible for overall BRAUN BUFFEL business in Malaysia. He obtained his Bachelor of Arts (majoring in Chinese Studies) from the University of Malaya in 1994. He has over 25 years extensive experience in all aspects of sales, retail and marketing management. He has been with Montblanc SEA Pte. Ltd. (later integrated into Richemont Luxury (M) Sdn. Bhd.) for 12 years. The last position held by him was as General Manager of Montblanc and a directorship in Richemont Luxury (M) Sdn. Bhd. prior to joining Lianbee-Jeco (M) Sdn. Bhd..

## TEOH SIM KEAT

*Malaysian | aged 47 | Male*

**Teoh Sim Keat** joined Bonia Group as General Manager of Lianbee-Jeco Pte. Ltd. in February 2020. He is responsible for brand management and business development of BRAUN BUFFEL in Asia Pacific region as well as the overall retail, license and wholesale business of BRAUN BUFFEL, RENOMA and PIERRE CARDIN in Singapore. He graduated with a Bachelor of Social Science with honours, majoring in Development Planning and Management from Universiti Malaysia Sarawak in Year 1999.

# Profile of Key Senior Management

## DATIN SRI TAN LOO YIN

*Malaysian | aged 43 | Female*

**Datin Sri Tan Loo Yin** obtained her Bachelor (Hons) Degree in Business Economics & Marketing from Middlesex University, United Kingdom in 2000. She joined Bonia Group in 2006 as Personal Assistant. She was promoted to the position of Brand Manager of the leatherwear division in January 2007. Thereafter, she was appointed as Executive Director of SBG Holdings Sdn. Bhd. and primary responsible for research and development, product distribution and brand management for SEMBONIA Brand.

She is related to Chiang Sang Sem, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling, Chiang Fong Xiang, Chiang Fong Chyen, and Datin Sri Linda Chen May Yen by virtue of their family relationship.

## DATIN SRI LINDA CHEN MAY YEN

*Malaysian | aged 37 | Female*

**Datin Sri Linda Chen May Yen** joined Bonia Group in March 2019 as Marketing & Communication Director. She graduated with a Bachelor of Business And Commerce Marketing and Management from Monash University in Melbourne in year 2006. She is entrusted with the responsibilities of developing marketing and advertising strategies for BONIA and BRAUN BUFFEL, creating brand awareness, marketing campaign strategy, and developing media relations and corporate communications.

She is related to Chiang Sang Sem, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling, Chiang Fong Chyen, Chiang Fong Xiang, and Datin Sri Tan Loo Yin by virtue of their family relationship.

## CHIANG FONG XIANG

*Singaporean | aged 33 | Male*

**Chiang Fong Xiang** graduated with a Bachelor Degree in Economics and Finance from Singapore Institute of Management (SIM) - RMIT University, Melbourne in 2013. He joined Active World Pte. Ltd. (a subsidiary of Bonia Corporation Berhad) on 1 May 2013 and lead the merchandising and marketing division. In 2014, he was appointed as a Director of Active World Pte. Ltd. overseeing the BONIA leatherwear division. He is currently responsible for research and development, product sourcing, planning and implementation of marketing strategy, product distribution for ladies' leatherwear in department stores and boutiques.

He is related to Chiang Sang Sem, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling, Chiang Fong Chyen, Datin Sri Tan Loo Yin, and Datin Sri Linda Chen May Yen by virtue of their family relationship.

*Notes:*
*Save as disclosed, none of the Key Senior Management have:*
- *any directorship in public companies and listed issuers;*
- *any family relationship with any Directors, substantial shareholders of the Company, and/or other Key Senior Management of Bonia Group;*
- *any conflict of interest with the Company; and*
- *any conviction for offences (other than traffic offences) within the past 5 years, and/or any public sanction or penalty imposed by the relevant regulatory bodies during the FY2021.*

# Corporate Structure

As at 30 September 2021

**100%**
**Active World Pte. Ltd.**
Wholesaling and retailing of fashionable leather goods and apparels

- 100%
  **Active Franchise Pte. Ltd.**
  General wholesale trade including general importers and exporters
- 100%
  **Jetbest Enterprise Pte. Ltd.**
  Wholesaling, retailing, importing and exporting of leather goods and accessories
- 100%
  **PT Active World**
  Investment holding

**100%**
**Alpha Footwear Sdn. Bhd.**
Marketing, retailing and distribution of men's and women's footwear

**100%**
**Ataly Industries Sdn. Bhd.**
Property investment

**100%**
**Banyan Sutera Sdn. Bhd.**
Marketing and distribution of fashionable goods

- 100%
  **PT Banyan Cemerlang**
  Wholesaling of fashionable goods and accessories

**100%**
**BCB Properties Sdn. Bhd.**
Property development

- 60%
  **Apex Marble Sdn. Bhd.**
  Marketing and distribution of fashionable goods

**68%***
**Casa Bologna Sdn. Bhd.**
Property investment and investment holding

* *Effective interest*

**100%**
**CB Franchising Sdn. Bhd.**
Retailing of leather goods and apparels

**100%**
**CB Holdings (Malaysia) Sdn. Bhd.**
Property investment, provision of management services and treasury management services

**100%**
**CB Marketing Sdn. Bhd.**
Designing, promoting and marketing of fashionable leather goods

**100%**
**Daily Frontier Sdn. Bhd.**
Marketing, distribution and export of fashionable goods and accessories

- 100%
  **Daily Frontier (Vietnam) Company Limited**
  Wholesaling, retailing, importing and exporting of fashionable products, accessories and cosmetics

**100%**
**De Marts Marketing Sdn. Bhd.**
Designing, promoting and marketing of fashionable ladies' footwear

**100%**
**Dominion Directions Sdn. Bhd.**
Marketing and distribution of men's apparels and accessories

- 100%
  **Galaxy Hallmark Sdn. Bhd.**
  Marketing and distribution of men's apparels and accessories
- 75%
  **VR Directions Sdn. Bhd.**
  Marketing and distribution of men's apparels and accessories, and ladies' apparels

**100%**
**Eclat World Sdn. Bhd.**
Designing, promoting and marketing of fashionable men's footwear

# Corporate Structure
As at 30 September 2021

**70%**
**Jeco (Pte) Limited**
Intellectual property management and investment holding

- 51% **BB Global Holdings Pte. Ltd.** Intellectual property management
- 49% **Braun GmbH & Co. KG** Marketing and distribution of fashionable leather goods
- 49% **Braun Verwaltungs-GmbH** Marketing and distribution of fashionable leather goods
- 100% **IBB Pte. Ltd.** General wholesale trade, including general importers and exporters
- 100% **Lianbee-Jeco (M) Sdn. Bhd.** Trading in leather products
- 100% **Lianbee-Jeco Pte. Ltd.** Retailing, importing and exporting leather goods and general merchandise
- 100% **PT Jeco Investment Indonesia** Investment holding

**100%**
**LBJR Marketing Sdn. Bhd.**
Marketing and distribution of fashionable goods and accessories

**100%**
**Long Bow Manufacturing Sdn. Bhd.**
Manufacturing and marketing of leather goods

**100%**
**Luxury Parade Sdn. Bhd.**
Property investment

**100%**
**Maha Asia Capital Sdn. Bhd.**
Property investment

**60%**
**Mcore Sdn. Bhd.**
Marketing and distribution of fashionable leather goods

**30%**
**Paris RCG Sdn. Bhd.**
Managing food and beverage business

**100%**
**Podium Retail Sdn. Bhd.**
Marketing and distribution of fashionable goods, accessories and beauty products

**100%**
**SBG Holdings Sdn. Bhd.**
Investment holding and provision of management services

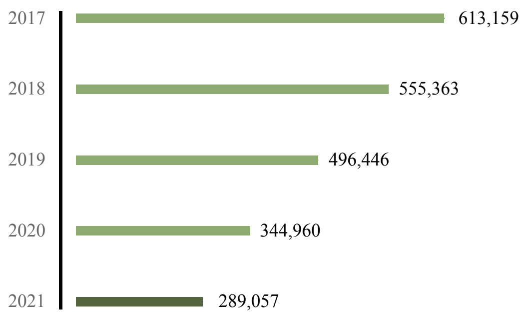
- 100% **SBA Marketing Sdn. Bhd.** Marketing and distribution of fashionable goods and accessories
- 100% **SB Boutique Sdn. Bhd.** Retailing of leather goods and apparels
- 100% **SB Directions Sdn. Bhd.** Manufacturing and marketing of fashionable goods
- 100% **SBFW Marketing Sdn. Bhd.** Designing, promoting and marketing of fashionable goods, footwear and accessories
- 100% **SB International Sdn. Bhd.** Marketing and distribution of fashionable goods and accessories
- 100% **SBL Marketing Sdn. Bhd.** Designing, promoting and marketing of fashionable leather goods
- 100% **SBM Marketing Sdn. Bhd.** Designing, promoting and marketing of fashionable men's footwear

**100%**
**Vista Assets Sdn. Bhd.**
Intellectual property management

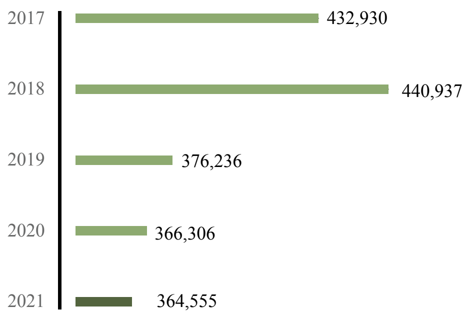
- 51% **Krinto Sdn. Bhd.** Creative design and brand management, advertising and production

# Group Financial Highlights

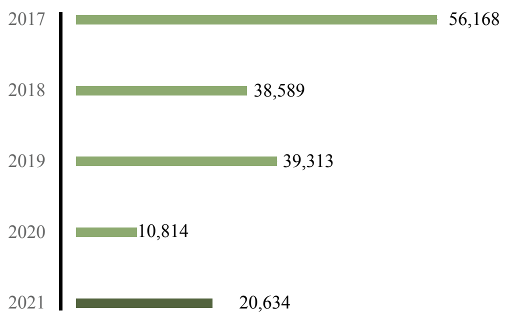
### REVENUE (5)
(RM'000)



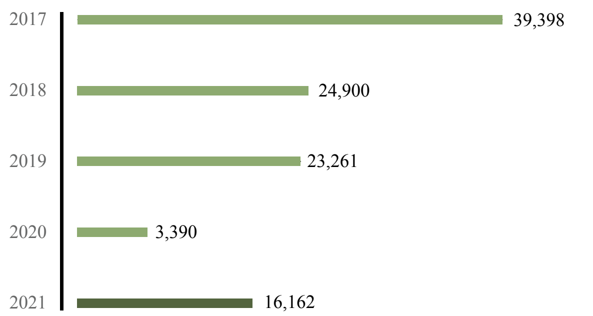

### SHAREHOLDERS' EQUITY
(RM'000)




### PROFIT BEFORE TAX (5)
(RM'000)




### PROFIT AFTER TAX (5)
(RM'000)




| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|---|---|---|---|---|
| Revenue (RM'000) (5) | 613,159 | 555,363 | 496,446 | 344,960 | **289,057** |
| Profit before tax (RM'000) (5) | 56,168 | 38,589 | 39,313 | 10,814 | **20,634** |
| Profit after tax (RM'000) (5) | 39,398 | 24,900 | 23,261 | 3,390 | **16,162** |
| Profit attributable to: | | | | | |
| - Shareholders of the parent (RM'000) (5) | 31,734 | 19,785 | 18,028 | 2,778 | **13,872** |
| - Non-controlling interests (RM'000) (5) | 7,664 | 5,115 | 5,233 | 612 | **2,290** |
| Shareholders' equity (RM'000) | 432,930 | 440,937 | 376,236 | 366,306 | **364,555** |
| No. of ordinary shares in issue ('000) | 805,651(2) | 805,651(2) | 790,553(2) | 196,220(2)&(3) | **200,995(2)** |
| Weighted average no. of ordinary shares ('000) | 201,479(2)&(3) | 201,413(2)&(3) | 200,911(2)&(3) | 196,906(2)&(3) | **194,965(2)** |
| Net assets per share (RM) | 0.54 | 0.55 | 0.48 | 1.87 | **1.81** |
| Basic EPS (sen) (5) | 15.75 | 9.82 | 8.97 | 1.41 | **7.12** |
| Final and Interim dividend per share (sen) | 1.25 | Nil(4) | 0.50 | 2.00 | **4.00(1)** |

*Notes :*

(1) *During the FY2021, the Company completed its distribution of a share dividend in respect of the financial year ended 30 June 2021 on the basis of eight (8) treasury shares for every one hundred (100) ordinary shares of the Company to the eligible shareholders of the Company.*

(2) *Excludes treasury shares*

(3) *During the FY2020, the Company completed its share consolidation exercise following the consolidation of the Company's then existing number of shares of 806,287,400 shares (inclusive of 16,882,400 treasury shares) into 201,571,842 consolidated shares (inclusive of 4,220,600 consolidated treasury shares) and the listing of and quotation for the same on the Main Market of Bursa Malaysia Securities Berhad on 23 December 2019.*

(4) *On 13 November 2018, the Company completed the distribution of its entire shareholding in CRG Incorporated Berhad ("CRG") and its rights to CRG's 805,651,400 ordinary shares (equivalent to CRG's issued share capital of RM68,000,000) by way of dividend-in-specie on the basis of one (1) CRG share for every one (1) share of the Company held on 1 November 2018.*

(5) *Comprising both continuing operations and discountining operations.*

# Board Report & Management Discussion and Analysis

## DEAR SHAREHOLDERS

We are pleased to present the Annual Report 2021, the Audited Financial Statements for the financial year ended 30 June 2021 and the Management Discussion and Analysis of results of operations and financial conditions of Bonia Corporation Berhad ("Bonia") and its group of companies ("Bonia Group" or "Group").

## BUSINESS OVERVIEW

A quarter century has passed since the listing of Bonia on the stock exchange of Malaysia in 1994. Today, apart from our core activities in product design, manufacturing, advertising, promotion, marketing, distribution, wholesale and retail of luxury leatherwear, footwear, apparel, accessories and eyewear for both men and women of various brands under our care, the Group is also involved in real estate investment and management.

Retailing is our Group's main contributor to revenue and profit and our principal markets are in Malaysia, followed by Singapore, Indonesia, Vietnam, Taiwan, Brunei, Hong Kong, Myanmar, Europe, Japan, Cambodia and China.

In Malaysia, we market our products through numerous stand-alone boutiques and consignment counters. The stand-alone boutiques are operating under the brand names of BONIA, BRAUN BUFFEL, SEMBONIA, RENOMA, VALENTINO RUDY and SANTA BARBARA POLO & RACQUET CLUB.

For overseas markets, our products are sold through retail stores managed by our licensees, distributors and dealers, except for Singapore where we operate through our subsidiary companies.

In order to penetrate the e-commerce market, we established our own online marketing platforms i.e. *www.bonia.com, www.sembonia.com and www.braunbuffel.com* to capture the attention of online shoppers. We also placed our products on other well-known online marketplaces in the region to aggressively capitalise on the e-commerce opportunities.

The Group's leatherwear and other products are mainly sourced from local factories, contract manufacturers and OEM factories, as well as from China and other ASEAN countries. We also own a manufacturing factory in Melaka that produces BONIA brand of leather products.

Beyond profitability, we are committed to a sustainable growth business model that helps to enhance competitiveness, whilst creating value for our stakeholders. The Group's sustainability efforts and practices are set out in the Sustainability Statement of this Annual Report.

## MISSION, OBJECTIVES & BUSINESS STRATEGIES

Our Group's mission, objectives, focus and business strategies for the retail business based on our in-house brands / co-ownership brands and licensed brands are discussed below.

BONIA MISSION

| Recognition | Resources | Responsibilities |
|---|---|---|
| To be recognised as an international luxury brand with excellent customer satisfaction. | To build, recognise and reward our valued human capital. | To provide sound return to stakeholders and fulfill community social responsibilities. |

# Board Report & Management Discussion and Analysis

## MISSION, OBJECTIVES & BUSINESS STRATEGIES (continued)

Objectives:

- Bonia, Braun Buffel and Sembonia
  - To reap the intangible and tangible value of the brands in the region; and
  - Continuous brand development to create and strengthen brand equity.

- Licensed brands
  - Maximise return on investment by way of utilising the licensed brand rights within our Group's retail expertise.

Focus and business strategies employed are covered below:

- Brand management
  - To create brand value through our primary vision of evoking in our customers the desire to experience a modern lifestyle through contemporary creations; and
  - The brand management is led by our Founder and Group Executive Chairman, Mr. Chiang Sang Sem together with his dedicated team of Brand Chief Executive Officers ("Brand CEOs") managing the respective brands.

- Real estate mapping and boutique design
  - To strengthen our brand positioning by applying stringent criteria in selecting key retail locations;
  - To achieve a modern, elegant and contemporary design with added innovative features in our boutique design;
  - To evoke visitors' emotions and in-store experience;
  - To enhance the brand appeal to the younger generation; and
  - To constantly update and refresh our window display.

- Product design
  - To achieve consistent and up-to-date designs across all product lines to meet our customers' needs;
  - To align with each brand's DNA and direction;
  - To engage creative directors to keep abreast with the changes in fashion trends and design in conjunction with seasonal transition; and
  - To align all product lines to a common seasonal mood for each brand and season.

- Supply chain and quality control
  - To ensure only high quality raw materials that meet our standards are used in the production of our products; and
  - To achieve consistency and sustainability in product supply and product quality.

- Customer relationship and marketing management
  - To provide customers with value-added services;
  - To build strong customer relationship and stay connected;
  - To provide interactive and experiential marketing by carrying out events and workshops; and
  - To pursue content marketing by collaboration with art houses and content owners, digital marketing and social media as well as engaging social influencers.

## OPERATIONAL REVIEW

**Table 1: Revenue breakdown**

| | FYE 30 June | | | |
|---|---|---|---|---|
| | **2021* RM'000** | **%** | **2020* RM'000** | **%** |
| Overall retailing revenue | 287,544 | | 343,966 | |
| **By country** | | | | |
| Malaysia | 177,627 | 61.8 | 206,323 | 60.0 |
| Singapore | 83,780 | 29. 1 | 107,326 | 31.2 |
| Indonesia | 15,957 | 5.6 | 24,740 | 7.2 |
| Vietnam | 1,183 | 0.4 | 2,985 | 0.9 |
| Saudi Arabia / Middle East | - | - | 445 | 0.1 |
| Others | 8,997 | 3. 1 | 2,147 | 0.6 |

# Board Report & Management Discussion and Analysis

## OPERATIONAL REVIEW (continued)

### Table 1: Revenue breakdown (continued)

| | FYE 30 June | | | |
|---|---|---|---|---|
| | 2021* RM'000 | % | 2020* RM'000 | % |
| **By business segment** | | | | |
| Consignment | 129,494 | 45.0 | 145,019 | 42.2 |
| Boutique | 111,719 | 38.9 | 143,333 | 41.7 |
| Outright / Export | 20,925 | 7.3 | 41,374 | 12.0 |
| Royalties Income | 4,678 | 1.6 | 6,712 | 1.9 |
| E-Commerce | 20,728 | 7.2 | 7,528 | 2.2 |
| **By brand** | | | | |
| Bonia | 127,497 | 44.3 | 140,446 | 40.9 |
| Braun Buffel | 92,287 | 32.1 | 115,386 | 33.5 |
| Sembonia | 27,838 | 9.7 | 33,979 | 9.9 |
| Licensed brands | 39,922 | 13.9 | 54,155 | 15.7 |
| **By product group** | | | | |
| Leatherwear | 210,482 | 73.2 | 238,024 | 69.2 |
| Ladies' footwear | 21,566 | 7.5 | 29,581 | 8.6 |
| Men's footwear | 14,952 | 5.2 | 20,638 | 6.0 |
| Men's apparel | 23,866 | 8.3 | 33,021 | 9.6 |
| Accessories | 16,678 | 5.8 | 22,702 | 6.6 |

### Table 2: Number of stores by country

| | FY2021* | | | FY2020* | | |
|---|---|---|---|---|---|---|
| | Stand-alone Boutiques | Consignment Counters | Total | Stand-alone Boutiques | Consignment Counters | Total |
| **By country** | | | | | | |
| Malaysia | 62 | 382 | **444** | 63 | 426 | **489** |
| Singapore | 8 | 45 | **53** | 9 | 54 | **63** |
| Indonesia | 28 | 11 | **39** | 29 | 18 | **47** |
| Vietnam | 1 | 5 | **6** | 1 | 6 | **7** |
| Saudi Arabia / Middle East | - | - | **-** | 4 | - | **4** |
| Others | 3 | 10 | **13** | 5 | 9 | **14** |
| **Total** | **102** | **453** | **555** | **111** | **513** | **624** |

### Table 3: Number of stores by brand

| | FY2021* | | | FY2020* | | |
|---|---|---|---|---|---|---|
| | Stand-alone Boutiques | Consignment Counters | Total | Stand-alone Boutiques | Consignment Counters | Total |
| **By brand** | | | | | | |
| Bonia | 45 | 125 | **170** | 51 | 144 | **195** |
| Braun Buffel | 37 | 19 | **56** | 38 | 26 | **64** |
| Sembonia | 16 | 134 | **150** | 16 | 143 | **159** |
| Licensed brands | 4 | 175 | **179** | 6 | 200 | **206** |
| **Total** | **102** | **453** | **555** | **111** | **513** | **624** |

* *Comprising both continuing operations and discontinuing operations*

# Board Report & Management Discussion and Analysis

## OPERATIONAL REVIEW (continued)

The outbreak of the Novel Coronavirus ("COVID-19") pandemic and the resulting various movement control orders in the form of travel and business operation restrictions imposed by all countries in which we operate in, have to the large extent, caused the Group's retailing revenue to decrease from RM344.0 million to RM287.5 million or 16.4% over the financial year.

The Group's revenue was mainly contributed by the markets from Malaysia, Singapore and Indonesia, which accounted for 96.5% (FY2020: 98.4%) of the total retailing revenue with a total of 555 stores as at 30 June 2021 (FY2020: 624 stores) in those markets.

Consignment counter sales contributed 45.0% (FY2020: 42.2%) to the Group's total retailing revenue for the financial year 2021. Consignment counter sales remain as the largest revenue contributor as a result of the Group's strong tie-ups with large departmental stores.

Boutique operations contributed 38.9% (FY2020: 41.7%) to the Group's total retailing revenue for the financial year under review. The Group continues its efforts in building its boutique business segment as it offers higher margins and stronger brand image and recognition. The Group recognises the higher risks involve in pursuing the boutique business, in relation to higher set up, operating and inventory costs, but is confident that it is able to manage these risks.

E-commerce contributed 7.2% (FY2020: 2.2%) to the Group's total retailing revenue for the financial year 2021. The Group recognised the e-commerce as an important business segment and will continue to focus the effort on the digital marketing strategies to improve the e-commerce's revenue growth.

As at 30 June 2021, the number of stores decreased from 624 to 555 stores as shown in Table 2 and 3 above. The decrease in number of stores was mainly due to closure of non-performing stores in order to optimise resources.

The prolonged COVID-19 pandemic and numerous containment measures introduced by various governments in dealing with resurgence of cases has resulted negative impact on the global economy. However, the primary markets where the Group operates, including Malaysia and Singapore, have achieved high vaccination rate for their population and are expected to recover gradually in the next financial year as the economic activities progressively re-open.

Nevertheless, with the emergence of new COVID-19 variant, the Group will remain prudent in managing the operating costs while upholding the design and quality of our products to enable us to maintain our branding position as one of the preferred and major retail players in the region.

## FINANCIAL ANALYSIS

### Table 4: Financial Performance

| | FY2021 | | | FY2020 | | | Variance | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cont'g | Discont-ing(*) | Total | Cont'g | Discont-ing(*) | Total | Cont'g | Discont-ing(*) | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % | % | % |
| Revenue | 261,219 | 27,838 | 289,057 | 310,937 | 34,023 | 344,960 | (16.0%) | (18.2%) | (16.2%) |
| Gross Profit ("GP") | 136,955 | 17,120 | 154,075 | 169,460 | 18,474 | 187,934 | (19.2%) | (7.3%) | (18.0%) |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 57,261 | 5,072 | 62,333 | 51,590 | 2,370 | 53,960 | 11.0% | 114.0% | 15.5% |
| Depreciation | (32,076) | (3,794) | (35,870) | (32,865) | (4,366) | (37,231) | (2.4%) | (13.1%) | (3.7%) |
| Amortisation | (1,798) | - | (1,798) | (1,792) | - | (1,792) | 0.3% | - | 0.3% |
| Finance income and cost, net | (3,940) | (91) | (4,031) | (4,100) | (23) | (4,123) | (3.9%) | 295.7% | (2.2%) |
| Profit/(Loss) before tax ("PBT/LBT") | 19,447 | 1,187 | 20,634 | 12,833 | (2,019) | 10,814 | 51.5% | (158.8%) | 90.8% |
| Taxation | (4,138) | (334) | (4,472) | (6,399) | (1,025) | (7,424) | (35.3%) | (67.4%) | (39.8%) |
| Profit/(Loss) after tax ("NP") | 15,309 | 853 | 16,162 | 6,434 | (3,044) | 3,390 | 137.9% | (128.0%) | 376.8% |

# Board Report & Management Discussion and Analysis

## FINANCIAL ANALYSIS (continued)

### Table 4: Financial Performance (continued)

| | FY2021 | | | FY2020 | | |
|---|---|---|---|---|---|---|
| | Cont'g | Discont-ing(*) | Total | Cont'g | Discont-ing(*) | Total |
| **Financial ratios** | | | | | | |
| GP Margin | 52.4% | 61.5% | 53.3% | 54.5% | 54.3% | 54.5% |
| EBITDA Margin | 21.9% | 18.2% | 21.6% | 16.6% | 7.0% | 15.6% |
| PBT Margin | 7.4% | 4.3% | 7.1% | 4.1% | (5.9%) | 3.1% |
| NP margin | 5.9% | 3.1% | 5.6% | 2.1% | (8.9%) | 1.0% |

* *Pursuant to the demerger of SBG Group as disclosed in Note 26 to the financial statements, the financial results of SBG Group was classified as discontinuing operations*

For the financial year ended 30 June 2021, the Group registered a revenue and profit before tax for continuing operations of RM261.2 million and RM19.4 million respectively as compared to RM310.9 million and RM12.8 million respectively recorded in the previous financial year.

The decrease in the Group's revenue for continuing operations of RM49.7 million or about 16.0% was primarily due to the impact of COVID-19 pandemic during the full financial year where various movement restrictions were introduced by the respective governments to curb the spread of COVID-19 virus. This had significantly impacted the retail market and subdued consumer spending.

Despite the decline in revenue, the Group's profit before tax for continuing operations increased by RM6.6 million or 51.5% as compared to the previous financial year. The improvement of PBT was mainly attributed to the cost optimisation exercise undertook by the management; the subsidies from respective governments; as well as the lease concessions received from shopping mall operators. The improvement of Group's profit before tax was partially offset by the impairment loss of goodwill; impairment loss of trade and other receivables; and impairment loss of right-of-use assets of RM2.6 million; RM1.1 million; and RM1.1 million respectively.

The Group's GP margin for continuing operations declined slightly from 54.5% to 52.4% due to the aggressive promotional campaign introduced during the financial year. Nonetheless, EBITDA margin has strengthened at 21.9%, up from 16.6% primarily due to the subsidies and lease concessions received. In line with the improvement in EBITDA margin, the PBT margin was increase to 7.4% from 4.1%. NP margin also increased to 5.9% from 2.1% due to the lower effective tax rate as a result of the utilisation of unabsorbed tax losses for certain subsidiaries and lower corporate tax rate for certain foreign subsidiaries. The Group remains vigilant in cost management and improving the overall profit margin.

The following are the financial effects arising from exceptional and non-recurring items in nature of the operations:

### Table 5: Exceptional and non-recurring items

| | FY2021* RM'000 | FY2020* RM'000 |
|---|---|---|
| Bad debts written off | 178 | 66 |
| Fair value loss on investment properties | 34 | - |
| Loss/(Gain) on deregistration of foreign subsidiaries | 50 | (644) |
| Impairment/(Reversal of impairment loss), net on: | | |
| - Trade and other receivables | 927 | 7,620 |
| - Goodwill on consolidation | 2,582 | - |

# Board Report & Management Discussion and Analysis

## FINANCIAL ANALYSIS (continued)

### Table 5: Exceptional and non-recurring items (continued)

| | FY2021* RM'000 | FY2020* RM'000 |
|---|---|---|
| - Property, plant and equipment | 331 | 709 |
| - Right-of-use assets | 1,763 | 578 |
| - Trademark | - | 3,927 |
| Net gain on disposals of property, plant and equipment | (152) | (28) |
| Net realised and unrealised gain on foreign exchange | (319) | (276) |
| Property, plant and equipment written off | 254 | 53 |
| Right-of-use assets written off | 17 | 41 |
| | 5,665 | 12,046 |

* *Comprising both continuing operations and discontinuing operations*

Excluding the above exceptional and non-recurring items, the Group would have recorded a profit before tax of RM26.3 million (FY2020: RM22.9 million), representing a decrease of 15.0%.

Effective tax rate

The Group's effective tax rate stood at 21.7% for the financial year under review, lower as compared to 68.7% in the preceding financial year and statutory tax rate of 24% applicable to the Group. This was primarily due to the higher expenses non-deductible for tax purposes in preceding financial year, the utilisation of unabsorbed tax losses previously not recognised as deferred tax assets and lower corporate tax rate for certain foreign subsidiaries.

### Table 6: Financial position

| | FY2021* RM'000 | FY2020* RM'000 | Variance % |
|---|---|---|---|
| Total Assets | 581,677 | 565,369 | 2.9% |
| Total Liabilities | 196,642 | 178,804 | 10.0% |
| Net Assets/Shareholders' Equity | 364,555 | 366,306 | (0.5%) |
| Net Current Assets | 176,688 | 174,152 | 1.5% |
| Financial ratios | | | |
| Quick ratio[1] | 226.6% | 163.3% | 38.7% |
| Debt to equity ratio[2] | 53.9% | 48.8% | 10.5% |

Remark:
(1) *Formula: (Cash and bank balances + short term funds + current receivables, excluding prepayments) / Current liabilities*
(2) *Formula: Total liabilities / Shareholders' equity*

* *Comprising both continuing operations and discontinuing operations*

Total assets and total liabilities increased by RM16.3 million or 2.9% and RM17.8 million or 10.0% respectively as compared to the last financial year mainly attributable to the purchases of investment properties that were partly financed by bank borrowings. The increased in total assets was partially offset by the dividend distribution during the financial year which also contributed to the lower net assets or shareholders' equity.

The increase in quick ratio was mainly due to the lower lease liabilities as a result of the repayment of leases and lease concessions received during the financial year. The higher debt to equity ratio was primarily due to the purchases of investment properties financed by bank borrowings.

The Group's financial position remains strong and healthy as at 30 June 2021 with shareholders' equity of RM364.6 million as compared to RM366.3 million in the previous financial year.

# Board Report & Management Discussion and Analysis

## FINANCIAL ANALYSIS (continued)

### Table 7: Working capital turnover days

| | FY2021* Days | FY2020* Days |
|---|---|---|
| Inventories[(1)] | 191 | 224 |
| Trade receivables[(2)] | 33 | 28 |
| Trade payables[(3)] | (11) | (23) |
| | 213 | 229 |

* *Comprising both continuing operations and discontinuing operations*

Remark
[(1)] *Formula: Inventories / Cost of sales x 365 days*
[(2)] *Formula: Trade receivables / Total revenue x 365 days*
[(3)] *Formula: Trade payables / Cost of sales x 365 days*

The net working capital turnover days had decreased to 213 days from 229 days in FY2021. This was mainly due to the lower inventory turnover days as a result of effective inventory management undertook by the Group. The increase in trade receivable turnover days was due to the slower payment received from customers as at financial year end due to the full lockdown implemented in Malaysia from 1 June 2021.

### Table 8: Cash Flows

| | FY2021* RM'000 | FY2020* RM'000 |
|---|---|---|
| Net cash from operating activities | 79,061 | 49,101 |
| Net cash used in investing activities | (56,031) | (8,303) |
| Net cash used in financing activities | (2,794) | (50,907) |
| **Net movement in cash and cash equivalents** | **20,236** | **(10,109)** |

* *Comprising both continuing operations and discontinuing operations*

The Group's cash flow position remains strong and healthy with net cash and bank balance of RM97.9 million as compared to RM77.7 million in the previous financial year. The Group recorded increase in net cash inflow, mainly due to the cost optimisation exercise, subsidies and lease concessions received. The increase in cash inflow was partially offset by the purchases of investment properties which were funded by cash and bank borrowings. There was also dividend payout amounting to RM7.8 million during the financial year.

## RISKS AND CHALLENGES

Our retail segment currently contributes approximately 99.5% of the total Group's revenue.

The principal risk factors faced by the Group's retail operations consist of the following:

- Government restrictions and policies on retail operations and import/export activities due to the COVID-19 pandemic and subsequent changes in consumer spending behavior as a result of it;
- Consumer behavior, including preference for new disruptive retail channels;
- Consumer spending power, based on GDP growth, consumer sentiment and domestic consumption patterns;
- Brand strength and reputation;
- Continuation of licensing and distributorship rights;
- Competition, including piracy and unauthorised dealers;
- Talent management; and
- General economic conditions in the markets where we operate, including impact of foreign currency on costs and revenues.

# Board Report & Management Discussion and Analysis

## RISKS AND CHALLENGES (continued)

The Group has taken the following initiatives to mitigate the impact arising from the above market, operations and financial risks:

- The Group has prepared and continuously reviews its COVID-19 pandemic response plan in line with the development of the outbreak in each market we operate in. This includes a comprehensive legal and operations policy review with regards to our existing boutique stores and consignment agreements to minimize exposure of sudden changes in business operations environments in each country;
- The Group invested significantly in e-commerce platform and marketplaces to expand its sales channel to cater for the increasing trend of online shopping;
- The Group conducts periodic customer surveys for each of our brands, and in our different market locations, to understand customer preference in terms of sales channels, brand recognition and acceptance and spending power. Products are launched, priced and marketed based on market feedback as well as from input from our designers and respective brand management who are well-versed with the latest fashion trends in global and local markets;
- The Group continuously reviews its digital marketing strategies to build brand awareness and to generate leads into the products;
- The products of the Group are well known to be of the highest quality. Management and staff are trained to educate our customers, and the general public, on how to differentiate between genuine and counterfeit products. At the same time, the Group invests in promotion of its brands to help maintain brand strength and awareness;
- The Group acknowledges that its people are one of its greatest assets. The Group invests in training and keeping a motivated workforce to enable it to attract and retain talent pool to serve its customers and to understand their ever-changing needs and preferences; and
- The Management reviews the Political, Economic, Social and Technological (PEST) conditions of the countries where we operate from time to time. Any decision to enter or exit a new market place, either locally or overseas, will be based upon full analysis and after deliberation by the Management.

To sustain our market position in this challenging environment, and to achieve operational efficiency, the retail division will continue to closely monitor its areas of operation and take swift action to respond to the changes in the marketplace.

## FUTURE PROSPECTS

The COVID-19 pandemic are expected to continue impacting the business for some time as the number of COVID-19 cases remain high in Malaysia, Indonesia and Vietnam where government of these countries introduced various measures including lockdown of economic sectors to curb the spread of COVID-19 cases.

In Malaysia, the government announced the resumption of 11 economic sectors' operations including retail industry under Phase 1 and Phase 2 of the National Recovery Plan effective 16 August 2021 with conditions of only fully vaccinated customers are allowed to enter the boutiques and stores. In Indonesia, economic activities were also gradually reopened since August 2021 in compliance with the Community Activities Restrictions Enforcement ("CARE") policy implemented by the Indonesia government.

The overall economic outlook will be dependent on the containment of COVID-19 virus including the emergence of new variants. As of 30 September 2021, 85.7% of the adult population in Malaysia have been fully vaccinated as published by the Special Committee on Ensuring Access to COVID-19 Vaccine Supply ("JKJAV"). With the high vaccination rate, Malaysia may move into endemic COVID-19 phase where people will start "living with the virus" and more sectors will be reopened with new COVID-19 norms being practised.

The management remains cautious in the short-term as the COVID-19 pandemic continues to pose challenges to the Group. While the Group remains prudent in its cost management, it will also continue with the brand enhancement exercise, expand e-commerce channel and enhance the Customer Relationship Management ("CRM") system to ensure long-term and sustainable business performance.

# Board Report & Management Discussion and Analysis

## MAJOR CORPORATE DEVELOPMENT

Bonia is in the midst of implementing the Proposals (ie. Proposed Demerger and Proposed Listing, collectively) as detailed in the Company's Circular to shareholders in relation to the Proposed Listing of SBG Holdings Sdn. Bhd. on the Leap Market of Bursa Malaysia Securities Berhad dated 22 July 2021, the Board of Directors shall keep you informed of the progress through our announcements to Bursa Malaysia Securities Berhad.

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no fund raising exercises implemented during the financial year 2021.

## MATERIAL CONTRACTS

During the financial year, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests.

## DIVIDENDS

We appreciate the continued support from our shareholders. As a way to reward our shareholders, we had declared and paid: (i) a total cash interim dividend of 4 sen per ordinary share amounted to RM7,835,000, and (ii) a share dividend via distribution of the Company's treasury shares amounted to approximately RM12,508,000 to our shareholders during the FY2021.

## ACKNOWLEDGEMENTS

On behalf of the Board, we would like to express our utmost and sincere appreciation and gratitude to the management and staff for their conscientious efforts, commitment and dedication to delivering results. The successes we achieved could not have been possible without their efforts.

We are also grateful to our valued customers, partners, shareholders, business associates, government authorities and financiers for their continued support and confidence in the Group.

For and on behalf of
The Board of Bonia Corporation Berhad

**CHIANG SANG SEM**
Founder and Group Executive Chairman

Date: 7 October 2021

BONIA

# Sustainability Statement

## INTRODUCTION

Sustainability is a business imperative that ensures safety, efficiency and responsibility in a manner that protects all stakeholders including employees, communities, shareholders and the environment, both now and in the future. At Bonia Corporation Berhad ("Bonia") or ("Company"), we recognise the importance of sustainability in how we manage and operate our business to best serve our customers, while caring for the environment and securing profits for the organisation in the long-term. Bonia and its subsidiaries ("Bonia Group") or ("Group"), strive to continue improving our sustainability management to ensure we identify our relevant stakeholders, material sustainability issues, risks affecting our business and enhancing disclosure as we deliver long-term value to our stakeholders.

This Sustainability Statement ("Statement") serves to communicate how Bonia Group engages with various stakeholders as well as highlights our progress on sustainability issues to economic, environmental, social and governance practices.

## ABOUT THIS STATEMENT

All information reported in this Statement covers the period from 1 July 2020 to 30 June 2021 ("FY2021"), corresponding to the Group's financial year. This Statement comprises our sustainability performance and initiatives of all business operations of the Group, with a focus on our principal market in Malaysia as the main contributor to revenue and profit of the Group, unless otherwise specified. We have not sought any external assurance for this Statement.

We will continue to expand our reporting scope and we have also continuously enhanced our communication process with key stakeholders as outlined in page 42.

For further information regarding sustainability at Bonia or to provide feedback on this Statement, please contact Ms. Christy Chiang (Chief Sustainability Officer) at *sustainability@bonia.com.*

The following brands are covered within the scope of our report. The report will focus mainly on retail and chain outlets located within Malaysia only.

BONIA

BRAUN BÜFFEL

SEMBONIA

renoma PARIS

Valentino Rudy ITALY

SANTA BARBARA POLO & RACQUET CLUB© Since 1911, U.S.A.

# Sustainability Statement

## Sustainability Governance

At Bonia, we aware that corporate governance involves good leadership, accountability, transparency and responsibility. Our Board of Directors and Management seek to ensure the Group's commitment to all our stakeholders are upheld; including customers, employees, suppliers and the communities in which we operate. Our priorities are to generate economic value in tandem with environmental and social value creation, building a win-win partnership for all stakeholders. Setting the tone at the top, the Board affirms its responsibility for the integration of the Group's sustainability agenda within its business strategy.

The roles and responsibilities of our sustainability governing bodies are as follows:

| | |
|---|---|
| **Board of Directors** | • Ultimately responsible for sustainability direction of the Group<br>• Ensures business strategy is integrated with sustainability strategy<br>• Approves the sustainability strategy |
| **Group Executive Chairman** | • Approves sustainability policies, targets and market disclosures<br>• Develops sustainability strategy and reports to Board of Directors<br>• Leads implementation of strategy |
| **Brand CEOs** | • Drives sustainability strategy of the respective brands, while aligning to the overall Group's agenda<br>• Reports to Group Executive Chairman on implementation of sustainability strategy |
| **Corporate Sustainability Committee ("CSC")**<br>*Leads by Chief Sustainability Officer and consists of Heads of Business Units* | • Oversees business functions in implementing sustainability strategy<br>• Considers input of all business functions to ensure holistic implementation |
| **Business Units** | • Implementation of sustainability strategy<br>• Reports on sustainability-related targets |

*Diagram 1 : Bonia's Sustainability Governance*

## Stakeholder Engagement

Bonia values stakeholder's input and is committed to constructive communication with regards to our sustainability efforts in order to align with our broader corporate goals and strategies. As such, we maintain an active and continuous dialogue with our stakeholders, ensuring the company's priorities remain relevant over time. These meaningful engagements seek to gather information and feedback which in turn help us improve on our sustainability strategies and policies; thereby allowing us to effectively respond to the management of our sustainability matters.

In FY2021, our key stakeholder groups were identified and prioritised during our materiality assessment process, taking into consideration the level of influence and dependence a stakeholder group has over our business. Our key stakeholders include but are not limited to, employees, customers, shareholders and investors, suppliers, government and regulators, and partners.

The nature of our business relies on partnerships and working with a wide range of stakeholders. Our stakeholder engagement, including topics of concern and management of issues, are listed here.

# Sustainability Statement

## Stakeholder Engagement (continued)

| Key stakeholders | Channel of communication | Key topics and concerns | Our responses |
|---|---|---|---|
| **Employees**<br><br>Individuals employed by Bonia Group, including the Board of Directors | ■ Performance appraisal<br>■ Meetings<br>■ Intranet<br>■ Company events | ■ Career development<br>■ Competitive remuneration<br>■ Employee benefits<br>■ Performance improvement | ■ Individual and departmental Key Performance Indicators ("KPIs")<br>■ Company performance<br>■ On-the-job supervision and mentoring<br>■ Training and career advancement opportunities<br>■ Rewards and appreciation |
| **Customers**<br><br>Existing and potential consumers of our products | ■ Branding activities via both print and digital platforms<br>■ Store visits<br>■ Customer service channels | ■ Quality of products<br>■ Promotional activities<br>■ Launch of new products | ■ Repairs, exchange or refunds<br>■ Investment in technology to enhance customer engagement and experience<br>■ Loyalty programme |
| **Shareholders and Investors**<br><br>Institutional and retail investors | ■ Investor Relations<br>■ Annual General Meeting<br>■ Company Reports<br>■ Announcements | ■ Financial performance<br>■ Company strategy and direction<br>■ Dividend policy | ■ Compliance with rules and regulations<br>■ Accuracy of performance results<br>■ Transparent corporate governance practices<br>■ Return on investment and dividend payout |
| **Suppliers**<br><br>Active local and international suppliers who provide materials and resources used in the supply chain of Bonia Group | ■ Meetings | ■ Transparent procurement practices<br>■ Company strategy and direction<br>■ Competitive pricing | ■ Clear procurement policies and processes<br>■ Strengthen the payment approval process<br>■ Market consolidation<br>■ Testing of new materials<br>■ Price ceiling |
| **Partners**<br><br>Licensor, dealers and landlords of Bonia Group | ■ Meetings<br>■ Social media | ■ Transparent procurement practices<br>■ Market and brand development<br>■ Sales performance<br>■ Operation coverage<br>■ Stock availability | ■ Clear procurement policies and processes<br>■ Business strategy to achieve sales targets<br>■ Cost efficiency<br>■ Stock monitoring |
| **Government/ Regulatory Authority**<br><br>Malaysian Federal and State Governments, municipal councils and regulatory bodies | ■ Online and offline communications<br>■ Site visits/meetings | ■ Regulatory compliance<br>■ Bursa listing requirements | ■ Full compliance with relevant laws and regulations |

■ Annually ■ Monthly ■ Periodically
■ Ongoing ■ As and when required ■ Quarterly

*Table 1 : Bonia's Stakeholder Engagement*

# Sustainability Statement

## Material Sustainability Matters

Bonia Group defines material sustainability matters as those that have significant economic, environmental and social impacts and can substantively influence the decisions of our key stakeholders. Our material sustainability matters form the focus of this Statement and the basis for the indicators that we use to track and measure our sustainability performance.

## Materiality Assessment Process

As we identify the latest trends in sustainability, focus our resources on addressing key sustainability issues and integrate expectations of stakeholders within the activities of Bonia Group, we managed to conduct an internal materiality assessment exercise in order to identify the significant sustainability issues for our business.

In 2021, due to the limitations brought on as a result of the pandemic, the materiality assessment was conducted via an online survey involving internal staff. We sent the survey to a cross-section of staff chosen at random including the management team and heads of department across key business divisions, providing their views on selected dimensions.

The materiality assessment process is summarised in 3-steps, as detailed in Diagram 2 below:

**IDENTIFICATION**

A list of sustainability matters relevant to our business was identified through peer benchmarking, media reviews and other internal and external sources.

**PRIORITISATION**

Sustainability matters were prioritised through a materiality assessment survey by taking into consideration its significance to Bonia and its importance to our stakeholders.
A corresponding material sustainability matters table was generated as an output from the survey.

**VALIDATION**

The material sustainability matters were reviewed and discussed with key senior management, and was thereafter approved by the Board of Directors. The material sustainability matters will be subject to an annual review by management to ensure relevance to the Group.

*Diagram 2: Bonia's Materiality Assessment Process*

The material sustainability matters are depicted in Table 2 below:

| Sustainability Pillars | Material Matters | Reporting Boundary | Priority |
|---|---|---|---|
| | Corporate Governance | Malaysia | High |
| | Economic Performance | Malaysia | High |
| | Digitalisation and Innovation | Malaysia | High |
| | Customer Satisfaction | Malaysia | High |
| | Employee Management | Malaysia | High |
| | Occupational Safety and Health | Malaysia (Manufacturing only) | High |
| | Employee Diversity | Malaysia | High |
| | Product Labelling | Malaysia | High |
| | Supply Chain | Malaysia | High |
| | Community Investment | Malaysia | High |
| | Energy | Malaysia | High |

*Table 2 : Bonia's FY2021 Reported Material Sustainability Matters*

# Sustainability Statement

## Materiality Assessment Process (continued)

These identified material sustainability matters are managed through three sustainability pillars identified below:

**ECONOMIC**

Contributing to the local economy through business excellence

**SOCIAL**

Focusing on manage the needs of our employees, customers and wider society as a whole

**ENVIRONMENT**

Protecting and minimising impact to the environment

*Diagram 3: Bonia's Sustainability Pillars*

## CORPORATE GOVERNANCE

### Anti-Corruption

Strong governance plays a critical role in Bonia Group's success, and we are committed to conducting our business according to the principles of honesty, trustworthiness, and professionalism, expecting the same in return from all our employees, suppliers as well as business partners. We seek to uphold a high level of transparency, accountability, ethics and integrity throughout our business in line with our corporate values.

Following the Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, Bonia Group has in turn enacted our own Anti-Bribery and Corruption Policy. The purpose of this policy is to provide guidance regarding the policies and procedures within the Group as well as set out Bonia Group's expectations.

At Bonia Group, the Code of Conduct is embedded within our Employee Handbook outlining our expectations for all our employees to conduct themselves in a proper, sensible and responsible manner at all times.

### Whistleblowing Policy

Bonia strives to promote and maintain high standards of transparency, accountability, ethics and integrity at the workplace in line with its corporate values. Our Whistleblowing Policy provides a mechanism for relevant parties to raise their concerns responsibly and appropriately, without fear of reprisal or detrimental action. It is applicable to all employees and third parties who have become aware of or genuinely suspect on a reasonable belief that an employee of the Group has engaged, is engaging or is preparing to engage in any improper conduct. Improper Conduct is any conduct which, if proved, constitutes a disciplinary action or a criminal offence. These include the following:

- Criminal offences, unlawful acts, fraud, corruption, bribery and blackmail;
- Failure to comply with legal or regulatory obligations;
- Misuse of the company's funds or assets;
- An act or omission which creates a substantial and specific danger to the lives, health or safety of the employees or the public or the environment;
- Unsafe work practices or substantial wasting of company resources;
- Breach of policies and / or procedures;
- Conflict of interest;
- Abuse of power by an officer of the Company; and
- Concealment of any of the above.

## CORPORATE GOVERNANCE (continued)

### Whistleblowing Policy (continued)

If any of the above conducts is suspected, the reporting party may raise their concerns either verbally or in writing to the Audit and Risk Management Committee Chairman. The protection of the whistle-blower's identity is guaranteed under this Policy, unless the whistle-blower has given consent or if there is a requirement by law. Subsequently, an investigation will be initiated, and necessary action will be taken if warranted in the judgement of the Board.

In FY2021, zero incidents were reported via this channel.

## ECONOMIC PERFORMANCE

Through our operations, we are able to contribute to the local economy and create value for a wide variety of stakeholders, including our shareholders, investors, local communities, employees and suppliers. As we pursue sustainable profits through revenue generation, we understand that strong financial performance is key to the sustainable growth of our business and our future success. Bonia has also consciously contributed to the economic well-being of its stakeholders through various activities, including community contributions, providing employment opportunities and servicing taxes.

Below is a summary of how we distributed the economic value we generated over the past three years and a diagram representing our distribution of value for FY2021.

| RM ('000) | FY2021 | FY2020 | FY2019 |
|---|---|---|---|
| **Economic Value Generated** | **289,193** | **322,616** | **474,087** |
| **Economic Value Distributed** | **272,564** | **294,232** | **516,078** |
| Operating Cost | 169,478 | 203,286 | 317,416 |
| Employees | 60,279 | 69,343 | 97,314 |
| Government (Income tax) | 4,834 | 6,748 | 15,001 |
| Providers of Capital | 37,356 | 14,727 | 86,162 |
| Community (Donation) | 617 | 128 | 185 |
| **Economic Value Retained** | **16,629** | **28,384** | **(41,991)** |

*Table 3: Bonia's Value Distribution*

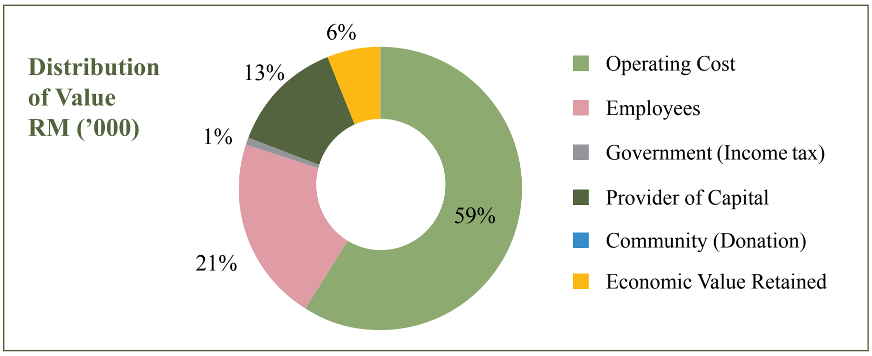



*Diagram 4: Bonia's Value Distribution for FY2021*

Further details on our financial performance can be found on the Financial Statements section of this Annual Report.

## DIGITALISATION AND INNOVATION

In this increasingly digital age, digital technology is driving the fashion and retail industry, affecting not only data management but also reducing costs and enhancing operational efficiencies. Thus, digitalisation is necessary for Bonia Group's sustainability processes and is a good tool to streamline operations. To this end, Bonia Group continued to enhance its various methods of engagement with stakeholders, anticipating and responding to changing customer shopping preferences and practices in addition to promoting the increasing shift to digital engagement, social media communication, and online shopping.

# Sustainability Statement

## DIGITALISATION AND INNOVATION (continued)

As we recognise the importance of emerging digital technologies, the COVID-19 pandemic also accelerated the push for digital enhancements to our business operations. Data suggests that companies that were digitally and analytically mature outperformed competitors without robust digital and analytics capabilities, particularly during the pandemic. Despite the challenges faced, we continued to promote creativity and innovation as well as drive our digitalisation initiatives; striving to streamline our processes and enhance the customer experience.

The pandemic highlighted to us the importance of digital marketing as the ideal platform to bridge our retail stores with our online stores; providing the perfect approach for our brand to communicate directly with potential and existing customers. Staying in touch with our customers was key to Bonia during this time and we used our recently launched Bonia Care programme to engage with and ensure customer satisfaction, while our e-commerce platform (*www.bonia.com*), continued to provide relevant information of our products.

One thing COVID-19 has done is led to a surge in e-commerce as various lockdown and physical distancing measures imposed in most countries contributed to shift some economic activity towards online platforms. In Malaysia, retail sales from online platforms increased markedly during the Movement Control Order ("MCO") as people and businesses increasingly turned to digital platforms to pursue economic activities, since businesses deemed 'non-essential services' were not allowed to operate for some period of time. Bonia Group experienced an uptick in online sales during the MCO as we operated primarily on our online shopping platform *www.bonia.com* whilst also being available on marketplaces such as Lazada, Shopee and Zalora.

Digitalisation on social media platforms such as Facebook, Instagram and YouTube are increasingly more relevant to fashion and retail as they provide an excellent platform for engaging with customers and can reach a vast audience by keeping them updated about the brand on a regular basis. In addition, fashion influencers are also an effective marketing tool and help make brands more accessible to their target customers as people identify with these influencers in a positive way.

Therefore, besides our e-commerce platform, Bonia brand also engaged with several social media platforms, influencers and personalities, leveraging on their appeal to support and endorse our brand, with the intent of increasing brand awareness and driving sales. For further information on these events, please refer to our Corporate Diary as disclosed in pages 10 to 16.

## CUSTOMER SATISFACTION

Customer satisfaction helps us validate important decisions within our business and provides a catalyst for our brand's sustainability and growth. Our corporate culture includes the promise to deliver quality products and meet all customer expectations; in line with our mission to be a recognised international luxury brand with excellent customer satisfaction. Every single day, Bonia Group makes significant efforts to provide customers with a positive experience.

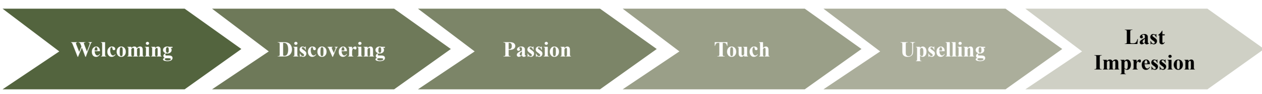



*Diagram 5 : Bonia's Delightful Cycle steps in servicing customers*

One way of retaining customers is by rewarding them for being customers; providing them with many major reasons to shop at Bonia's boutiques instead of a competitor: prestige, convenience and a better customer experience. Since 2009, our Bonia brand's Loyalty Programme has been rewarding loyal customers through various benefits including member discounts, members sale, and birthday privileges just to name a few. A notable customer event of ours is our Members Day Event held at selected boutiques nationwide. To date, we have a total of 34,289 loyal members and we will continue to provide the best deals and offers to them.

In order to provide a level of service consistent with our brand, we ensure that our retail staffs are trained to educate customers on leather care know-how. Post-purchase, we also provide repair services and complimentary lifetime polishing services to every customer. In previous years, we have engaged with our customers via fashion shows and other similar events. However, in FY2021 due to the pandemic, we were unable to initiate such physical engagement; instead focusing our engagement online via Facebook and Instagram.

# Sustainability Statement

## CUSTOMER SATISFACTION (continued)

### Customer Feedback

In this dynamic and everchanging retail environment, accurate customer feedback is crucial in evaluating the quality of our products and services and staying ahead of the game. In order to capture genuine, honest feedback, we have designated several platforms for customers to communicate with us. Our goal is to ensure that all online responses are attended to by our dedicated service team within 24 hours; with a typical resolve duration of 1 working day. All feedback is important to us, and we want to ensure any complaints are dealt with swiftly.

The list of feedback platforms is identified in the diagram below:

Bonia : *www.facebook.com/BoniaFashion*
Braun Buffel : *www.facebook.com/BraunBuffel*
Sembonia : *www.facebook.com/sembonia*

Bonia : *www.instagram.com/bonia__official*
Braun Buffel : *www.instagram.com/braunbuffel*
Sembonia : *www.instagram.com/sembonia_official*

Bonia : *www.youtube/boniaofficial*
Braun Buffel : *www.youtube.com/c/BraunBuffelOfficial*

Bonia : *www.linkedin.com/company/bonia-corporation-berhad*

**E-COMMERCE PLATFORM**

Bonia : *www.bonia.com*
Braun Buffel : *www.braunbuffel.com*
Sembonia : *www.sembonia.com*

**CUSTOMER CARELINE**

+603-9108 9000

**EMAIL**

*ecustomercare@bonia.com*

*Diagram 6 : Bonia's available online and offline customer engagement platforms*

For customers who prefer the offline route, they may go to our physical boutiques where they can submit their feedback to any of our boutiques and their feedback will subsequently be directed to operations for follow-up or further action.

As for online options, customers can submit their feedback to the following email address: *ecustomercare@bonia.com* where their feedback will subsequently be directed to operations for follow-up and directed to the respective personnel.

Through these available customer engagement platforms, we monitor all feedback received. Data suggests that feedback from customers via the various channels for Bonia brand was related to enquiries on products and requests for minor product repair works.

| Year | Number of Feedback |
|---|---|
| **FY2021** | 1,198 |
| **FY2020** | 2,473 |
| **FY2019** | 2,458 |

*Table 4: Number of feedback received by Bonia Brand*

## EMPLOYEE MANAGEMENT

At Bonia, we work hard to create a functional, efficient workplace that capitalises on the strengths and skills of our employees - our most valuable business resource. To accomplish this, Bonia Group promotes effective recruitment, development, and the utilisation of globally competitive human resources as the most important issues for us to survive the constantly changing business environment and achieve sustainable growth. As we strive to fulfil our mission to build, recognise and reward our people, we are committed to the principle of treating all applicants fairly and avoid discrimination of any kind; providing equal opportunity to all employees regardless of age, gender, ethnicity and religion. Part of our retention strategy includes providing proactive support to employees; allowing them to diversify their portfolios and advance in their careers through job rotation opportunities within the Group, amongst others.

# Sustainability Statement

## EMPLOYEE MANAGEMENT (continued)

### Training and Development

Bonia Group recognises that employee training and development programmes are essential to business success and directly affect our bottom line. We aim to empower our employees by enhancing their individual abilities and accelerating their personal growth. Our industry is rapidly evolving, and we need to equip our people with the necessary skills to navigate this changing work environment. Thus, we invest in developing our people through ongoing training and development, offering a range of professional, management, and leadership development programmes for all levels of employment.

We also provide systematic leadership development as well as specific knowledge and skills necessary to address any competency gaps, particularly for critical or high-risk jobs. Part of our training approach includes collaboration with external bodies to develop technical programmes customised to the specific needs of the Company. This means sending employees for professional certification programmes, arranging on-the-job attachment, engaging specialists for certain jobs to facilitate knowledge transfer as well as upskilling and retraining of existing employees.

For the year in review, despite the various MCOs and restrictions, Bonia Group conducted a total of 76.3 training hours for its staff. These included:

1) **Bonia Leadership Development Programme**

   10 employees were chosen to participate in a leadership programme with Alfred Netto of 'The Wolf Trainer' to foster leadership-oriented development and growth. Having worked with this trainer previously, we believed it would be beneficial for our staff to gain insights into leadership strategies. Participants were those who would be moving into a leadership role, where they would need to develop specific leadership skills including enhanced self-awareness, conflict resolution and increasing team performance. This programme allowed them to gain critical techniques, leadership skills and confidence to transform into a leader who reinvigorates and inspires their team.

2) **New Product Briefing - Tableware and Scarves**

   A briefing and training session was conducted by the operations team to train frontliners on BONIA's newest product line extension consisting of tableware and scarves. Bonia expanded its line of products to include its first-ever collection of tableware crafted from Fine Bone China. Available in three distinctive designs, each series features stunning plates, cups and mugs which are both durable and lightweight, while offering an elegant alternative for both everyday and special occasions. Bonia's first-ever scarves collection are now part of our permanent catalogue. Crafted from silk satin and chiffon, there are distinctive designs available ranging from minimal to contemporary.

# Sustainability Statement

## EMPLOYEE MANAGEMENT (continued)

### Training and Development (continued)

**3) Executive Master of Business Administration**

Selected staff participated in the Executive Master of Business Administration Programme ("EMBA"). EMBA is a 3-day course conducted by Action Business School that focused on organisational leadership, applied learning, international connectivity, and personal skill development. During the 3-day course, the speaker Li Jian, dove deep into various skills such as strategic thinking, value creation, assets and finance management and concluded the session with a presentation on how to apply learnt skills into company daily operations.

**4) Key Performance Indicators Workshop**

A Key Performance Indicators ("KPI") workshop was organised involving members across different departments and companies. This day-long workshop focused on strategising performance management to craft effective KPIs and covered all aspects of KPIs, ranging from definition to implementation and included insights needed to achieve continuous improvement and higher performance. Participants were provided with valuable guidance on KPI processes and application of KPI methods to the organisation.

### Employee Engagement

Townhall meeting is an excellent way to enable senior management to keep employees informed and engaged in company matters, providing employees with the opportunity to closely interact with team leaders. As part of our efforts to further boost employee engagement, Bonia decided to organise its first ever Townhall meeting with staff.

The first BONIA Townhall incorporated a hybrid session - for our Malaysia office, the townhall was held in person while we broadcasted our townhall to our Singapore and Indonesia offices via Zoom.

During the Townhall, we discussed BONIA's Corporate values as well as the six growth strategies and positioning of BONIA's branding, which was presented by Group Executive Director, Dato' Sri Chiang Fong Seng and Jonathan Liang, Creative Director of BONIA.

We also engaged our local and overseas audiences through interactive sessions and activities including a Question-and-Answer session and trivia. The townhall concluded with a company-wide team building activities led by trainer Alfred Netto of The Wolf Trainer.

To provide further engagement of our staff, the establishment of a Townhall committee was done to ensure standardisation of the Townhall as an annual event. This would provide updates on company activities as well as alignment on future strategies to all employees.

# Sustainability Statement

## OCCUPATIONAL SAFETY AND HEALTH

A safe and healthy working condition is one of the most basic human rights and one which Bonia Group strives to provide for all our employees, contractors, visitors and all whom we have encounters with through our operations.

### Occupational Safety and Health ("OSH") Policy

Our OSH Policy realises our commitment towards contributing to a conducive and safe environment. This is consistent with the requirements of the Occupational Safety and Health Act 1994.

Our commitments highlighted within the OSH Policy are as follows:

- Comply with all laws and regulations related to OSH enforced by the government;
- Provide a safe and healthy working environment;
- Identify and assess all possible hazards in the workplace;
- Investigate all incidents and dangerous occurrences, and take necessary action;
- Provide welfare facilities for all employees;
- Integrate occupational health and safety programmes and activities;
- Ensure that all employees are given adequate training and information to carry out their duties in a safe manner; and
- Review OSH policies when needed.

### COVID-19 and Employee Wellbeing

During the COVID-19 pandemic, the health and safety of our employees remained our top priority. To ensure all our employees were kept abreast on recent developments, we set up policies and procedures to respond to and communicate about the impacts that COVID-19 would have on our employees and our business as a whole.

As the restrictions put in place began to ease and once we started returning to the workplace, we undertook various workplace safety guidelines to prevent the spread of COVID-19 and reduce its impact on our employees. This included social distancing measures, regular sanitization, weekly office disinfection, providing hygiene kits such as face masks and personal hand sanitizers to all staff, installing humidifiers for better air circulation, and ensuring compliance to COVID-19 preventive SOPs in all our boutiques, counters, offices, warehouses and factory.

Apart from the above, in order to protect our employees against COVID-19, we offered a workplace vaccination program for all our employees. As at the date of this Statement, more than 95% of our office staff are vaccinated.

### Safety and Health Committee ("SHC")

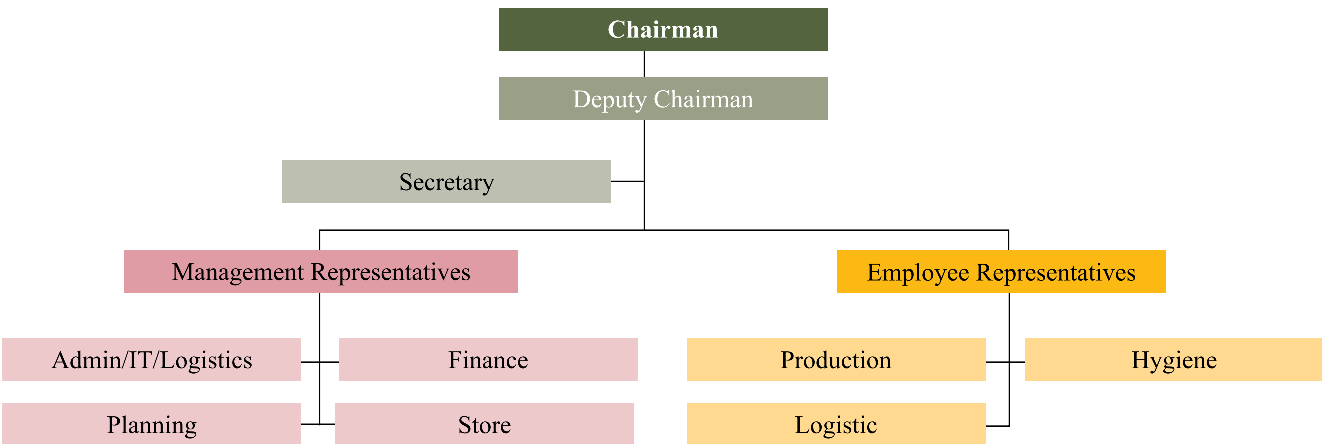



*Diagram 7: Bonia's Manufacturing Plant Safety and Health Committee*

Diagram 7 depicts our Plant SHC organisational which is spearheaded by the SHC Chairman, while being assisted by a deputy chairman and secretary. The committee acts as a facilitating platform for discussion between employer and employee representatives to discuss arising OSH issues.

## OCCUPATIONAL SAFETY AND HEALTH (continued)

### Safety and Health Committee ("SHC") (continued)

Our SHC roles and responsibilities are summarised below:

- Carry out inspections of workplaces and equipment at least once every 3 months or as scheduled;
- Advise management on safety and health matters;
- Review workplace safety and health policies at least once every five years;
- Investigate any incidents in the workplace and perform incident trend data analysis;
- Report and review any changes in work activities that may be detrimental to the safety and health of employees;
- Assess the needs of first aid, health services, fire prevention and accidents;
- Assist in monitoring hazards and risks in the workplace as well as the effectiveness of corrective and preventive actions that can be taken; and
- Coordinate and engage in trainings and programmes related to OSH.

### OSH Trainings and Performance

As we work to raise awareness and increase employee knowledge on the topic, we continuously conduct OSH trainings, briefings, and refreshers to remind employees of workplace health and safety procedures and requirements. Due to the COVID-19 pandemic, during FY2021, we had to conduct these virtually via emails and company newsletters as we updated our people on the latest Standard Operating Procedures.

To ensure workplace safety, over the years we have ensured that our staff participated in several safety and health trainings such as fire drill and safe use of fire extinguisher.

Our efforts of regularly promoting health and safety awareness have had a positive impact and resulted in zero fatality and zero accident at our manufacturing plant for the financial year 2021.

## EMPLOYEE DIVERSITY

Bonia Group is committed to cultivating a workplace culture with respect for diversity and inclusion, recognising that a diverse talent pool can capitalise on their different backgrounds; enabling all employees to achieve their full potential.

The diagrams below reflect local employees of Bonia Group only and exclude foreign subsidiaries employees at Bonia Group.

For the financial year ended 30 June 2021, Bonia Group comprised a total of 615 employees of which 488 or a total of 79% are female, while senior positions comprised of 133 women; indicating that the Group is an equal opportunity employer providing opportunities for women.

Apart from our employee development initiatives, undergraduates who are seeking exposure to the working world are allowed to undergo an internship programme with us. The duration of the programme typically ranges between 2 to 6 months. For FY2021, we had a total of 6 interns working with us and we absorbed 1 as a member of our permanent staff.

# Sustainability Statement

## EMPLOYEE DIVERSITY (continued)

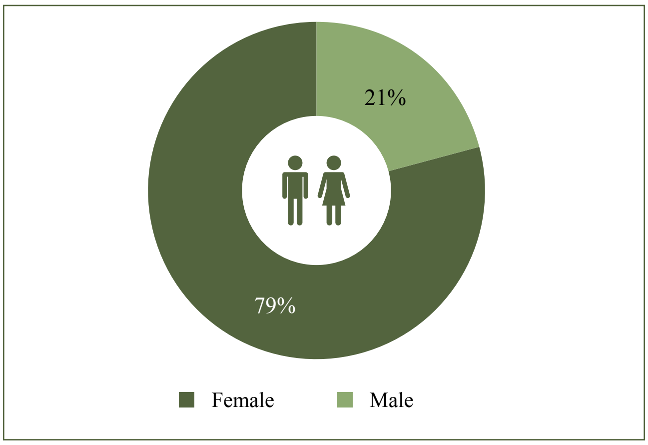



*Diagram 8:*
*Bonia's Total Number of Employees by Gender FY2021*

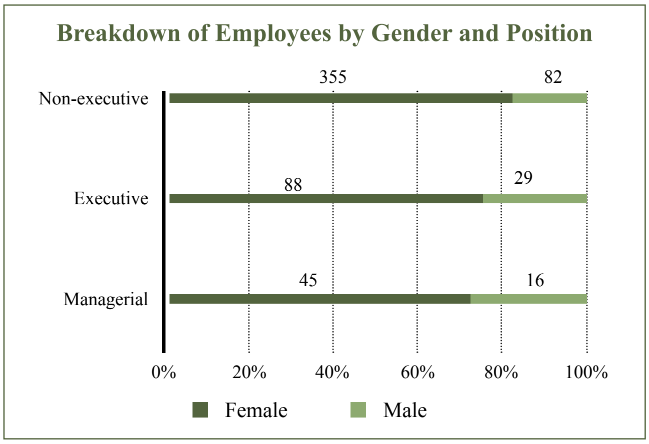



*Diagram 9:*
*Bonia's Breakdown of Employees by Position*

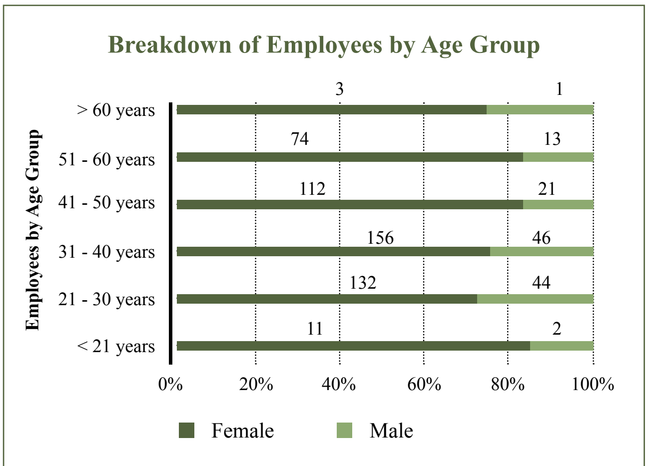



*Diagram 10:*
*Bonia's Breakdown of Employees by Age Group*

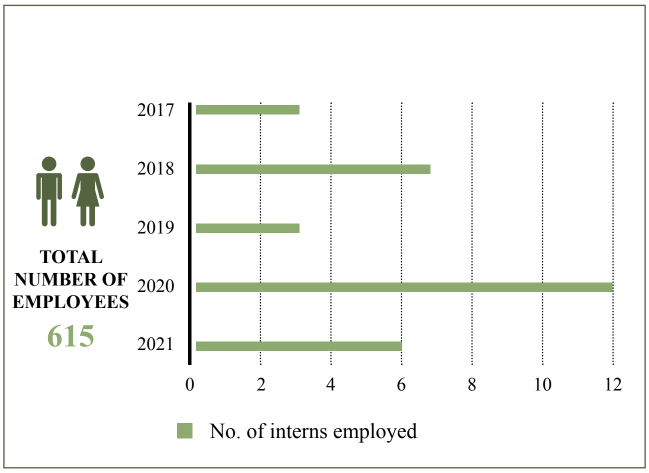



*Diagram 11:*
*Number of Interns employed by Bonia Group over the past 5 years*

## PRODUCT LABELLING

Product labelling offers a means of communication between a brand and its consumers, providing valuable information on the product as well as distinguishing it from another brand. Our customers are at the heart of everything we do. Being a global retail brand, we are aware of the need to meet rising consumer expectations on the usage of responsible and sustainable materials in our products. We strive to uphold our products and services stewardship by carefully selecting and sourcing sustainable materials throughout our value chain.

# Sustainability Statement

## PRODUCT LABELLING (continued)

To ensure that our products present accurate information to our customers, we provide proper product labelling as shown below.

### CAMILLA RE-EDITION DUO

2 Pockets
1 Zip Pocket
1 Card Slot
1 External Zip Pocket
Material: Nappa Leather
Material Texture: Plain
Material Type: Moderate
Logo: Metal Logo
Accessories: Gold
Lining Type: Logo
Shoulder Strap: Non Detachable,
Adjustable [H:22cm-35cm]
XS Bag Size Sling: Detachable, Adjustable
Bonia-860344-201

### VENICE EXOTICA SATCHEL S

1 Card Slot
1 Key Finder
Leather Type: Split Leather
Lining: Plain
Material Type: Moderate
Logo: Metal Logo
Accessories Type: Gold
Lining Type: Logo
Strap: Detachable,
Non-Adjustable Shoulder Strap (L:51cm)
Bonia-860361-002A

It is our job to make every important aspect of the customer experience better. Our product labelling allows Bonia customers to access to correct product description and information, facilitating them to make the right purchase and most importantly ensuring product satisfaction. To deliver on this, we are focused on providing them a seamless shopping experience; with proactive advice and solutions that meet their needs and make them feel confident in their purchases. One strategy we have employed to ensure our customers enjoy the best of our products is to provide proper care instructions for our leather products. These instructions educate our customers on the basics of leather care, keeping the leather products looking healthy and new. For more information, kindly refer to our website at *https://www.bonia.com/pages/product-care*.

## SUPPLY CHAIN

We continuously enhance our supply chain and procurement management, identifying issues and risks in order to achieve consistency and sustainability in our product supply and quality. In doing so, we ensure the supply process is streamlined and responsive to the market.

We also work closely with our suppliers to validate that our supply chains are well managed and in compliance with all relevant laws and regulations. The main criteria to select our suppliers is workmanship quality and cost. We expect our suppliers and vendors to adopt best practices in quality control, labour management, worker safety and environmental management.

## COMMUNITY INVESTMENT

As a business organisation, Bonia Group understands that we have a responsibility to our communities to create better value and positively impact ourselves, our shareholders and society in general. Over the years we have been supporting a range of local community initiatives through our corporate social responsibility efforts. Over the past year, the COVID-19 pandemic has changed the world and impacted practically every aspect of our business. We focused on helping the community at large navigate the uncertainties brought on by the pandemic. During this critical period, Bonia Group donated a number of Mindray SV300 Ventilators worth of RM550,000 to University Malaya Medical Centre ("UMMC").

# Sustainability Statement

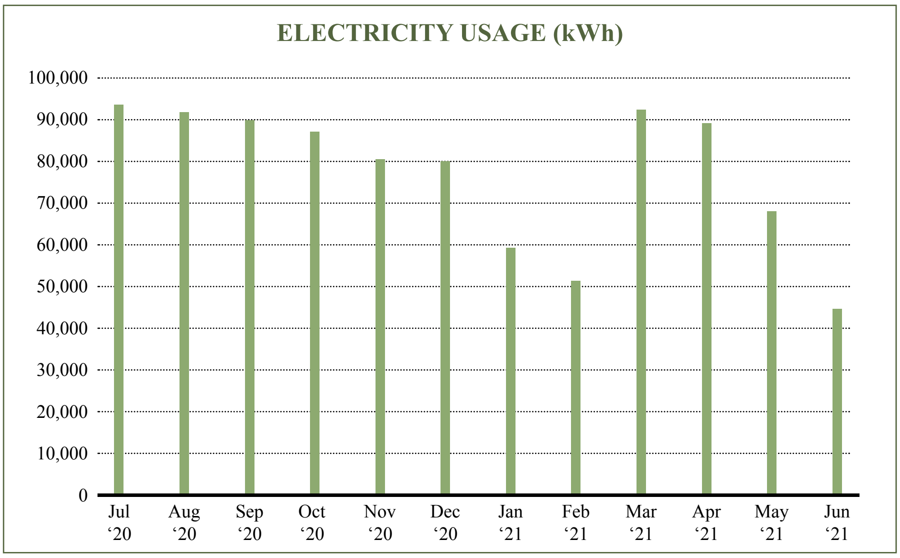
## COMMUNITY INVESTMENT (continued)

Additionally, we provided funds for a donation of over 734 meals for in-need communities and frontliners in the Johor Bahru region. In collaboration with Persatuan Kebajikan Ehsan Penyayang Daerah Johor Bahru, the meals were distributed to 580 recipients came from B40 households and 154 frontliners in the following areas: Kampung Pasir, Tampoi, Kampung Telok Serdang, Perling, Kampung Danga, Sungai Danga, Kampung Kempas Baru, and Kampung Kempas Permatang, among others.

## ENERGY

As a responsible corporate citizen, Bonia Group continues to implement strategies to reduce our carbon footprint through efficient management of our energy consumption. Similar to previous years, we rely on our in-house “Go-Green” initiatives such as adjusting air-conditioning temperature, using LED lights and mindful usage of lightings to save electricity. For FY2021, we recorded over 100,000 kWh usage less than the previous year; mostly during months which experienced Enhanced MCO.

Below is the electricity consumption for Bonia Group offices and warehouses for FY2021.




| Month | Electricity Usage (kWh) |
|---|---|
| Jul 2020 | 94,572 |
| Aug 2020 | 92,622 |
| Sep 2020 | 89,704 |
| Oct 2020 | 86,002 |
| Nov 2020 | 80,858 |
| Dec 2020 | 80,262 |
| Jan 2021 | 59,022 |
| Feb 2021 | 51,803 |
| Mar 2021 | 92,067 |
| Apr 2021 | 89,258 |
| May 2021 | 68,358 |
| Jun 2021 | 43,548 |
| **Total** | **928,076** |

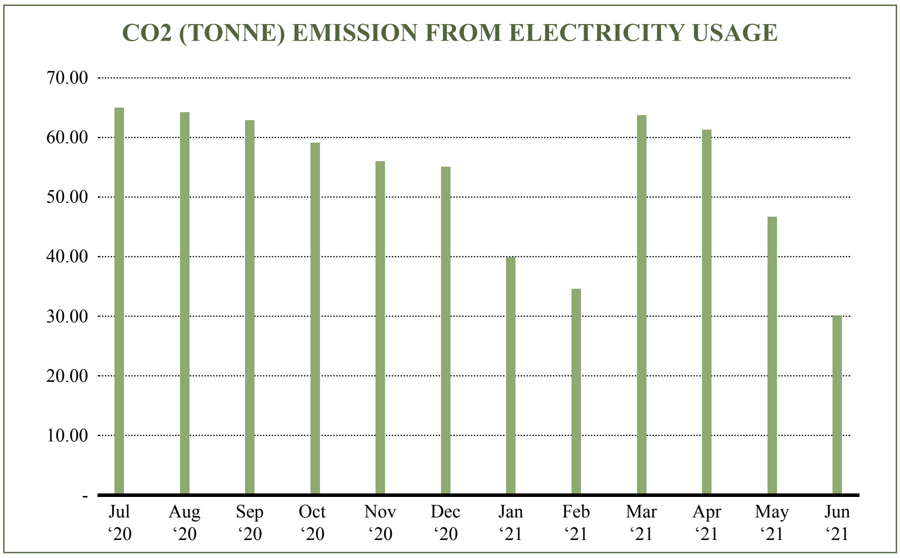
*Diagram 12 : Bonia’s Electricity Consumption by kWh for FY2021*

For the purpose of this calculation, we calculated our carbon emission using the following website calculator *https://greentechmalaysia.my/carboncalculator/*.

# Sustainability Statement

## ENERGY (continued)

The following graph depicts the $CO_2$ emission based on our scope of the study.

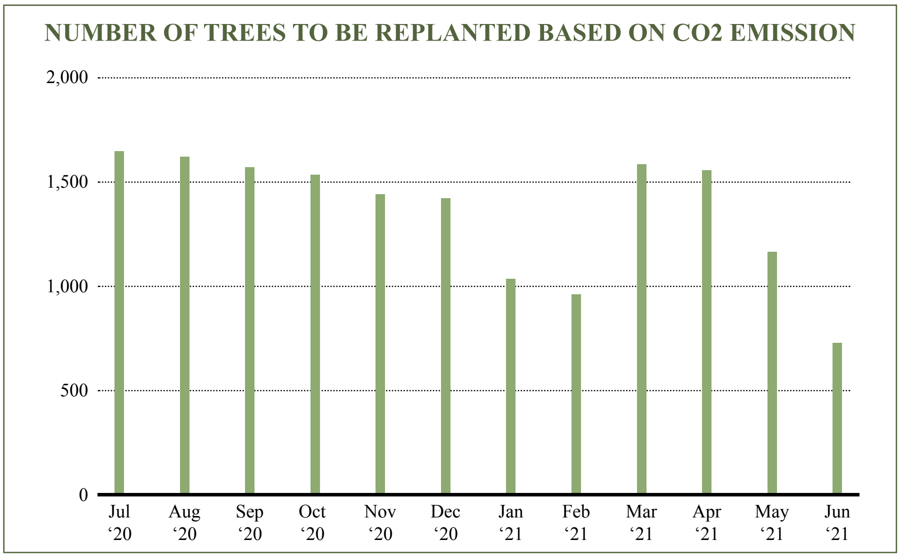



| Month | CO2 (Tonne) |
|---|---|
| Jul 2020 | 65.63 |
| Aug 2020 | 64.28 |
| Sep 2020 | 62.25 |
| Oct 2020 | 59.69 |
| Nov 2020 | 56.12 |
| Dec 2020 | 55.70 |
| Jan 2021 | 40.96 |
| Feb 2021 | 35.95 |
| Mar 2021 | 63.89 |
| Apr 2021 | 61.95 |
| May 2021 | 47.44 |
| Jun 2021 | 30.22 |
| **Total** | **644.08** |

*Diagram 13 : Bonia's CO2 (Tonne) Emission From Electricity Usage*

During the FY2021, Bonia Group's carbon emissions totaled 644.08 $CO_2$/Tonne. In order to absorb such $CO_2$ emissions, a total of 16,515 trees were to be replanted.

The next graph indicates the number of trees to be replanted each month based on the kWh used.




| Month | Replanting of Trees |
|---|---|
| Jul 2020 | 1,683 |
| Aug 2020 | 1,648 |
| Sep 2020 | 1,596 |
| Oct 2020 | 1,531 |
| Nov 2020 | 1,439 |
| Dec 2020 | 1,428 |
| Jan 2021 | 1,050 |
| Feb 2021 | 922 |
| Mar 2021 | 1,638 |
| Apr 2021 | 1,588 |
| May 2021 | 1,217 |
| Jun 2021 | 775 |
| **Total** | **16,515** |

*Diagram 14 : Bonia's Number of Trees to be Replanted Based on CO2 Emission*

Moving forward, we will continue to track and monitor our electricity consumption and identify further areas to enhance energy efficiency and conservation.

### Our Commitment

As a responsible corporate citizen, we shall persevere to undertake sustainable and responsible practices to add value to sustainable business growth and environmental stewardship.

This statement is made in accordance with a resolution of the Board of Directors of Bonia Corporation Berhad dated 7 October 2021.

BONIA

# Corporate Governance Overview Statement

The Board of Directors of Bonia Corporation Berhad ("Board"), in recognising the importance of corporate governance, is committed to ensure that the Group carries out its business operations with integrity, transparency and professionalism.

The Board is pleased to provide the following statement, which outlines the practices adopted by the Company in compliance with the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2017 ("MCCG") to protect and enhance all aspects of the shareholders' value.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

***Roles and responsibilities of the Board***

The Board plays pivotal role in leading and managing the Group with the ultimate objective of realising long-term shareholders' value. The collective responsibilities and roles of the Board, among others, are to:

- review and adopt the overall strategic plans and programmes for the Group
- oversee and evaluate the conduct of businesses of the Company and of the Group
- identify principal risks and ensure implementation of appropriate internal controls and mitigation measures
- establish a succession plan
- develop and implement a shareholder communication policy for the Company
- review the adequacy and the integrity of the management information and internal control systems of the Group
- provide oversight and monitoring of environmental, social and governance aspects of business in the Group which underpin sustainability

***Chairman of the Board***

Effective from 01 January 2020, Chiang Sang Sem was re-designated as the "Founder and Group Executive Chairman" of the Company to lead the Board and ensures that the Board is able to perform its duties and responsibilities effectively. He also promotes effective communication to shareholders and other stakeholders of the objectives, strategies and policies of Bonia Group.

***Separation of roles of Chairman, CEO and/or Managing Director***

During the FY2020, the Board has decided to streamline its reporting structure by eliminating the position of Group CEO. To promote accountability and facilitates division of responsibilities between the Directors, each of them plays a distinctive role but complementing each other to ensure balance of power and authority. The presence of the Independent Non-Executive Directors whom are independent from the management and major shareholders of the Company, free from any business dealing and other relationships that could materially interfere with the exercise of their independent judgement, assures a check and balance to the Board. Together with the Executive Directors who possess intimate knowledge of the Group's rapidly evolving businesses, the Board is constituted of individuals who are committed to business integrity and professionalism in all their activities.

***Roles and responsibilities of Company Secretaries***

The Board is supported by suitably qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to applicable rules and procedures, and advocate adoption of corporate governance best practices.

Our Company Secretaries assist the Board in strengthening good governance practices and processes within Bonia Group. They provide counsel to the Board on the governance matters, board's statutory duties, board procedures, disclosure obligations and listing requirements. Regular updates on matters relating to new statutory and regulatory requirements and corporate governance were received from the Company Secretaries. They also keep the Board informed of those communications received from the relevant regulatory or governmental authorities.

The Directors have full access to the information within the Group as well as the advice and services of the Company Secretaries, the Internal and External Auditors, and other independent professionals in carrying out their duties and if necessary, at the Company's expenses.

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

## I. Board Responsibilities (continued)

***Board charter and Board reserved matters***

The Board Charter, sets out the roles, responsibilities, processes and functions of the Board is published on the Company's website, and is subject to periodic review and update to ensure compliance with regulatory requirements.

Subject to the limitations imposed by the applicable laws and/or the Company's Constitution, the Board may from time to time delegate responsibility for specified matters to individual Board members, Board committees or the management. However, objective and strategy determination are reserved for decision by the Board and covers such areas as key corporate policies and standards, major financial and other resources allocations, material corporate or financial exercises, significant investments, acquisitions or disposals, declaration of dividend as well as the key risks affecting the Group.

***Code of conduct and ethics and Whistleblowing Policy***

The Board observes the "Code of Ethics for Company Directors" as prescribed by the Suruhanjaya Syarikat Malaysia which provides guidance on the standards of conduct and prudent business practices as well as standards of ethical behavior to the Directors. The "Code of Ethics for Company Directors" is published on the Company's website. Any non-compliance, allegation or concern on the relevant issues can be reported confidentially to the Senior Independent Non-Executive Director to enable prompt corrective actions to be taken where appropriate.

Bonia's code of conduct and ethics for employees are provided in its Employee Handbook. All concerns or complaints relating to the Group can be channeled to Bonia HR Department.

The Company has formalised its Whistleblowing Policy for Bonia Group and the same is published on the Company's website.

## II. Board Composition

***Size and Composition of the Board***

Our Company is led by an experienced and diverse Board. To reinforce independence, there are 4 Executive Directors, 2 Non-Independent Non-Executive Directors, 3 Independent Non-Executive Directors and 2 Alternate Directors on the Board.

Out of a total of 9 members on Board, only 4 members have executive functions. Although the number of independent directors is less than half of the Board (3 over 9), the Board is of the view that the number of its Independent Directors is adequate at present to provide the necessary check and balance to the Board's decision-making process.

***Independence***

The Board regards independence as an important element for ensuing objectivity and fairness in Board's decision-making. In order to uphold independence, the Board undertakes annual assessment on its Independent Directors judging from events that would affect the ability of the Independent Directors to continue bringing independent and objective judgment to Board deliberations, the criteria of independent directors under regulatory definition, as well as their duty not to act contrary to the interest of the Company.

For those Independent Director(s) who has served the Company for a cumulative term of 9 years or more, the Board's independence test will be extended to check if his independence has been compromised by his length of service, and whether he is still able to exercise independent judgement and demonstrate objectivity in his deliberations in the best interest of the Company and of the Group.

If the Board is satisfied with the assessment results, it will proceed to seek shareholders' approval on its intention to retain those individual Independent Director(s) who has served the Company for a cumulative term of 9 years or more.

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

**II. Board Composition (continued)**

***Appointment/Election of directors***

Pursuant to the Constitution of the Company, at least 1/3 of the Directors including the Managing Director (if any) are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting ("AGM"). Any Director appointed to fill the casual vacancy shall retire and seek re-election by the shareholders at the next AGM to be held following his appointment.

Upon the recommendations of the NRC, the Board as a whole will determine and nominate individuals for election to the Board by the shareholders, for filling vacant board seats that may occur between AGMs or as an addition to the existing Directors. Nominees for directorship will be selected with due consideration be given to each candidate's integrity, competence, experience, achievements and commitments regardless of age, gender or ethnicity.

***Gender Diversity***

The Board will remain mindful of Principle of the MCCG on the gender diversity policy for boardroom. In relation to the Group's diversity, the followings were achieved since 01 September 2018:

- there are 2 female Directors (1 Independent Non-Executive Director and 1 Alternate Director) on our Board who serve to bring value to the Board discussions from different perspectives and approaches, and
- an internal statistical report revealed that women hold approximately 30% of the senior management positions in the Group.

***Board Committees***

The Board may from time to time establish appropriate committees and delegate specific duties to such committees as the Board deems fit. Such committees shall operate within their own defined charters that are approved by the Board.

Reports on committees' meetings and activities are submitted to the Board at the next regularly scheduled meeting of the Directors for their evaluation and consideration. However, the ultimate responsibility for the final decision on the matters concerned, lies with the entire Board.

(i) Audit & Risk Management Committee ("ARC")

The primary objectives of the ARC are to assist the Board in examining the Group's financial reporting, risk management and internal control system, internal and external audit processes, related party transactions, and conflict of interests situation, and to submit to the Board its recommendations and/or reports on matters within its purview or other matters of the Group referred to it by the Board, for the Board's consideration.

The summary of activities of the ARC are set out in the Report of the Audit & Risk Management Committee of this Annual Report.

(ii) Nomination & Remuneration Committee ("NRC")

The NRC is tasked to assist the Board in:

- *Board performance* - to assess and recommend to the Board the candidature of directors and boardroom diversity, appointment of directors to board committees, review of the Board's succession plans and training programmes, and to carry out periodic review on the composition and size of the Board, including the performance of individual Directors, and the independence of Independent Directors so to assess the appropriateness and effectiveness of the Board as a whole, and
- *Board remuneration* - to carry out periodic review on the remuneration policies and procedures to attract, retain and motivate Directors. The remuneration package should be aligned with the business strategy and long-term objectives of the Company and of the Group as well as to reflect the Board's responsibilities, expertise and complexity of the Company's activities.

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

**II. Board Composition (continued)**

***Board Committees (continued)***

(ii) Nomination & Remuneration Committee ("NRC") (continued)

Since the commencement of the FY2021, there were changes occurred in the composition of the NRC due to the changes in the Board as follows:

| Period | Membership | | Designation |
|---|---|---|---|
| 01.05.2020 - 09.08.2020 | Chairman:<br>Member: | Datuk Ng Peng Hong @ Ng Peng Hay<br>Chong Sai Sin | Senior Independent Non-Executive Director<br>Independent Non-Executive Director |
| 10.08.2020 - to-date | Chairman:<br>Member:<br>Member: | Datuk Ng Peng Hong @ Ng Peng Hay<br>Chong Sai Sin<br>Azian Binti Mohd Yusof | Senior Independent Non-Executive Director<br>Independent Non-Executive Director<br>Independent Non-Executive Director |

During the FY2021, the NRC members met once, with the following record of attendance:

| NRC member | No. of meetings attended/held |
|---|---|
| Datuk Ng Peng Hong @ Ng Peng Hay | 1/1 |
| Chong Sai Sin | 1/1 |
| Azian Binti Mohd Yusof [1] | 1/1 |

Note:
(1) Appointed as NRC member effective from 10 August 2020

The responsibilities of the NRC are set out in the Nomination & Remuneration Committee Charter duly approved by the Board, a copy of which is posted on the Company's website.

The NRC's annual work plan for the FY2021 focused on 3 key areas as follow:

| | |
|---|---|
| *Performance evaluation on the Board as a whole, the Committees of the Board, each of the individual Board Member, and the independence of the Independent Directors* | The NRC carried out Board and committees assessments by individual directors, self and peer assessments together with an assessment of independence of independent directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, each of the individual Board member, and the independence of the Independent Directors.<br>The following key evaluation criteria have been carefully reviewed during the assessments:<br>• *Performance of the Board and Board Committees* - composition, structure, processes, principal responsibilities, succession planning and governance matters<br>• *Performance of each individual Board member, and independence of Independent Directors* - competency, integrity, skills, experience, commitment, contribution, conflict of interest and independence as guided by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").<br>No major concerns were identified in the evaluation result and the NRC was satisfied with the overall performance of the parties under review, particularly the term of office and performance of the ARC and each of its members where they have carried out their duties efficiently and effectively in accordance with the ARC Charter. |

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

**II. Board Composition (continued)**

***Board Committees (continued)***

(ii) Nomination & Remuneration Committee ("NRC") (continued)

The NRC's annual work plan for the FY2021 focused on 3 key areas as follow (continued):

| | |
|---|---|
| *Election, re-election, re-appointment and retention of Board members* | The NRC gave its full support to Directors concerned to be elected/re-elected/re-appointed/retained at the Company's 29th AGM after going through detailed assessments on the quality, contribution and/or independence of such Directors. |
| *Fees and remuneration package of Directors* | After taking into consideration the annual performance of the Directors as well as the financial condition of the Group, the NRC was of its view that the Directors' emoluments other than fees for the FY2020 was fair and justified, and also proposed for: (i) Directors' Benefits by Bonia Corporation Berhad up to an amount of RM95,000 for the period from 01 December 2020 until the next AGM of the Company to be held in 2021, and (ii) Directors' fees of Bonia Corporation Berhad and its subsidiaries not exceeding RM1,700,000 for the financial year ended 30 June 2021 to be divided amongst the Directors in such manner as they may determine, with payment of the fees to be made semiannually in arrears at the end of each half-year, to reward the Board members. |

All activities and recommendations of the NRC were reported and accepted by the Board. The Board was also satisfied with the overall performance of the NRC, ARC, the Board and individual Directors as well as the independence of Independent Directors via its performance evaluations conducted at Board level.

***Board Commitment***

All Board members are committed to devote sufficient time to carry out their responsibilities effectively. The Directors shall notify the Chairman of the Board before accepting any new directorship with an indication of time that will be spent on the new appointment. Acceptance of such new directorship shall not result in a conflict with the discharge of the Directors' duties to the Company.

The Directors meet as and when necessary, on dates selected and upon notice as provided by the Company's Constitution, to deliberate and consider various matters of the Group within the scope of the Board.

The following are the details of attendance of the Directors at all Board meetings held during FY2021:

| Director | Attendance | Percentage |
|---|---|---|
| Chiang Sang Sem | 5/5 | 100% |
| Dato' Sri Chiang Fong Tat | 5/5 | 100% |
| Dato' Sri Chiang Fong Seng | 5/5 | 100% |
| Chong Chin Look | 5/5 | 100% |
| Datuk Chiang Heng Kieng | 5/5 | 100% |
| Dato' Sri Chiang Fong Yee | 5/5 | 100% |
| Datuk Ng Peng Hong @ Ng Peng Hay | 5/5 | 100% |
| Chong Sai Sin | 5/5 | 100% |
| Azian Binti Mohd Yusof (1) | 5/5 | 100% |
| Chiang May Ling (Alternate Director to Chiang Sang Sem) | 5/5 | 100% |
| Chiang Fong Chyen (Alternate Director to Datuk Chiang Heng Kieng) | 5/5 | 100% |

Note(s):
(1) Appointed as Independent Non-Executive Director effective from 10 August 2020

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

**II. Board Composition (continued)**

***Supply of Information***

Prior to Board meetings, the Chairman sets the board agenda and ensures that board members are furnished with comprehensive meeting materials of a quality in a timely manner to enable them to discharge their duties and responsibilities efficiently and effectively. Proposals are supported with management papers and be presented to the Board for evaluation and consideration. The Board's deliberations, dissenting views (if any) and decisions are recorded in the minutes of meeting. All the Directors observe the requirements that they do not participate in the discussions or decision-making of the matters in which they are interested in. Urgent matters that require immediate attention of the Board may be resolved via directors' resolutions in writing to speed up the decision-making process.

***Continuous Professional Development***

Induction programmes will be conducted for all newly appointed Board members and Company Secretaries including, where appropriate, visits to the Group's business and meeting with the management to facilitate their understanding of the Group's businesses and operations.

All the Directors on Board during the FY2021 have attended the Mandatory Accreditation Training Programme (MAP) as prescribed by the MMLR, whereas the continuous training programmes attended by the Directors and the Company Secretaries are as follows:

| Designation | Name | Particulars of the training programmes |
|---|---|---|
| Directors | Chiang Sang Sem | • Sustainability Best Practices: Governments' Views and What Businesses are Doing |
| | Dato' Sri Chiang Fong Tat | • Powering Nation's Digital Economy (Smart Retail Live Virtual Conference)<br>• Bonia ABMS Training<br>• Alibaba Cloud Global Summit |
| | Dato' Sri Chiang Fong Seng | • MIDA Fashion DAY 2020 & Virtual Conference: "Realizing Opportunities: Reset & Reshape"<br>• DesignDevt&Innovation 2020: "Creating A Sustainable Fashion Brand"<br>• EMBA Session No. 398 Module 11.0 by Master Li Jian<br>• Performance Management: Driving Peak Performance with KPIs<br>• Online EMBA: CEO Learning: Be Wary of Predators by Master Li Jian<br>• Online EMBA: CEO Learning: Data Thinking by Master Li Jian |
| | Chong Chin Look | • PwC Malaysia's Budget 2021 Webinar - Paving the way towards a resilient future<br>• Affin Hwang Capital Zoom Webinar - Know Your Fund Manager Series<br>• In-House Webinar Training - Anti-Bribery Management System Awareness Training<br>• Allianz Zoom Webinar - A Legacy to Your Loved Ones<br>• Affin Hwang Asset Management - Review & Outlook \| Ask Teng Anything on Market<br>• Webinar - Family Trust: The New Trend of Wealth Preservation & Succession (Singapore) |

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

**II. Board Composition (continued)**

***Continuous Professional Development (continued)***

| Designation | Name | Particulars of the training programmes |
|---|---|---|
| Directors | Datuk Chiang Heng Kieng | • KLSCCCI Webinar Series # 1: Are Tina, Fomo & 1968 Driving Equity Investors Crazy?<br>• KLSCCCI Webinar Series # 2: Is PENJANA the Solution for Business Recovery?<br>• ACCCIM 9th Young Entrepreneurs Conference 2020<br>• KLSCCCI Webinar Series # 3: Are There Still Opportunities in the Tech Sector?<br>• KLSCCCI Webinar Series # 4: New Cyber Security Strategy SMEs must know!<br>• SMEICC Goes Online: Re-Thinking & Re-Shaping your company to the “Next Future”<br>• KLSCCCI Webinar Series # 5: SME Digital Transformation/Grant<br>• KLSCCCI Webinar Series # 9: “COVID-19 Bill” ~ Impact on Related Industries<br>• Budget 2021 Dialogue<br>• 1st Series of ACCCIM’s Webinar: How will RCEP Increase the Business Opportunities for Malaysia and for you?<br>• MRCA Webinar Series: A Time to Soar!<br>• 2nd Series of ACCCIM Webinar: How the RCEP will Deepen and Promote Malaysia-China’s Economic and Trade Relations?<br>• Tax Tips for Retailer, What You Should Know? |
| | Dato’ Sri Chiang Fong Yee | • Climate and Sustainability Ambitions of our Trading Partners |
| | Datuk Ng Peng Hong @ Ng Peng Hay | • Updates on Malaysian Code of Corporate Governance 2021 |
| | Azian Binti Mohd Yusof | • Mandatory Accreditation Program for Directors of Public Listed Companies |
| | Chong Sai Sin | • Corporate Liability Under S17A of the (Amendment) Act 2018<br>• National Tax Conference 2020<br>• MIA Webinar Series: Audit Quality Enhancement Programme for SMPs<br>• Virtual Briefing Session for MIA Members by Suruhanjaya Syarikat Malaysia<br>• 2021 Budget Highlights<br>• 2021 Budget Seminar<br>• Bounce Back Together II: Reimagine and Rebuild<br>• Managing Your Fraud Risk: Are You Doing Enough?<br>• Complimentary Webinar: MPERS E-Book and Latest Developments<br>• The Economy Beyond the Pandemic<br>• MIA Complimentary Webinar: Applying Ethics During the Pandemic and Beyond<br>• MIA Webinar Series: Capital Statement: Are you on IRB’s Radar?<br>• MIA Complimentary Webinar: Unclaimed Money Act 1965 |
| | Chiang May Ling | • Pressing Ahead with the Renewable Energy Agenda |
| | Chiang Fong Chyen | • Anti-Bribery Management System (“ABMS”) Awareness Training |

# Corporate Governance Overview Statement

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

## II. Board Composition (continued)

***Continuous Professional Development (continued)***

| Designation | Name | Particulars of the training programmes |
|---|---|---|
| Company Secretaries | Chok Kwee Wah | • Violations of the CA 2016<br>• MBRS Annual Return<br>• Practical on the reporting framework for BO of legal persons |
| | Tan Kean Wai | • Data & Compliance Report 2020 Clinic for Company Secretary<br>• Technical Briefing for Company Secretaries of Listed Issuers 2020<br>• EY Malaysia Budget 2021 Webminar<br>• Seminar Percukaian Kebangsaan 2020<br>• The Malaysian Transfer Pricing Developments<br>• The Good Governance Academy's 5th Colloquium |

The Board and the Company Secretaries will continue to assess their own training needs and undergo relevant training and development programmes to enhance their skills and knowledge and to keep abreast with new developments in the business environment.

## III. Remuneration

***Board and Senior Management Remuneration Policies and Procedures***

The objective of the Company's policy on Directors' remuneration is to ensure the level of remuneration is sufficient to attract and retain high caliber Directors to run the Group successfully. For Executive Directors who are also the top senior management of the Group, they are subject to both fixed and performance-linked reward system. The fixed component consists of salary and other contractual entitlements whereas the performance-linked component includes a discretionary bonus based on the individual performance and financial performance of the Group. For Non-executive Directors, the level of remuneration reflects the levels of experience, expertise and responsibilities undertaken by the individual Director concerned.

Directors' fees are paid to both Executive and Non-Executive Directors of Bonia Corporation Berhad by the Company and several of its local and foreign subsidiaries upon approval granted by the shareholders at AGMs. Apart from it, Independent Non-Executive Directors receive yearly fixed allowance for their membership of the Audit & Risk Management Committee and Nomination & Remuneration Committee, and attendance allowance for each general meeting, Board and/or Committee Meeting they attended. Executive Directors are not entitled to such attendance allowance. Any fee payable by the Company to the Alternate Directors shall be deducted from their principal directors' remuneration.

The remunerations of all Directors are reviewed by the NRC, and thereafter by the Board on an annual basis prior to tabling for the approval of the shareholders of the Company.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### III. Remuneration (continued)

***Board and Senior Management Remuneration Policies and Procedures (continued)***

Details of the fees and remuneration of Directors of the Company during the FY2021 received/receivable from the Company and/or its subsidiaries are as follows:

| | The Company | | | | | The subsidiaries of the Company | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Directors on Board during the FY2021 | Fees RM | Salaries & bonuses RM | Benefits-in-kind RM | Other Emolu-ments RM | Company total RM | Fees RM | Salaries & bonuses RM | Benefits-in-kind RM | Other Emolu-ments RM | Subsidia-ries total RM |
| *Executive Directors* | | | | | | | | | | |
| Chiang Sang Sem | 50,000 | 194,460 | - | 29,336 | 273,796 | 290,274 | 473,700 | - | 263,924 | 1,027,898 |
| Dato' Sri Chiang Fong Tat | 60,000 | - | - | 7,200 | 67,200 | 15,000 | 437,400 | - | 221,621 | 674,021 |
| Dato' Sri Chiang Fong Seng | 60,000 | - | - | 7,200 | 67,200 | 285,675 | 747,440 | - | 218,075 | 1,251,190 |
| Chong Chin Look | 60,000 | - | - | 7,200 | 67,200 | 264,214 | 446,933 | - | 582,679 | 1,293,826 |
| Chiang May Ling (Alternate) | 50,000 | - | - | 6,000 | 56,000 | 6,000 | 120,000 | - | 23,837 | 149,837 |
| Total: | 280,000 | 194,460 | - | 56,936 | 531,396 | 861,163 | 2,225,473 | - | 1,310,136 | 4,396,772 |
| *Non-Executive Directors* | | | | | | | | | | |
| Datuk Chiang Heng Kieng | 42,000 | - | - | 6,540 | 48,540 | 18,000 | - | - | 1,560 | 19,560 |
| Dato' Sri Chiang Fong Yee | 60,000 | - | - | 8,700 | 68,700 | - | - | - | - | - |
| Datuk Ng Peng Hong @ Ng Peng Hay | 60,000 | - | - | 22,000 | 82,000 | - | - | - | - | - |
| Chong Sai Sin | 60,000 | - | - | 22,000 | 82,000 | - | - | - | - | - |
| Azian Binti Mohd Yusof (1) | 53,548 | - | - | 19,795 | 73,343 | - | - | - | - | - |
| Chiang Fong Chyen (Alternate) | 18,000 | - | - | 2,160 | 20,160 | 6,000 | 132,000 | - | 35,963 | 173,963 |
| Total: | 293,548 | - | - | 81,195 | 374,743 | 24,000 | 132,000 | - | 37,523 | 193,523 |

Note:
(1) Appointed as Independent Non-Executive Director effective from 10 August 2020

Pursuant to Section 230(1) of the Companies Act 2016 ("CA2016"), the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a listed company and its subsidiaries, shall be approved at a general meeting. Suruhanjaya Syarikat Malaysia further clarified that "benefits" as prescribed in Section 230(1) of the CA2016 that requires shareholders' approval are those benefits that are arose from the appointment to the office of a director. Accordingly, the proposed fees and benefits payable to the Directors of the Company shall be tabled at the forthcoming AGM for the consideration of the shareholders.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit & Risk Management Committee

***The ARC***

The ARC shall examine the Group's matters pertaining to the financial reporting, risk management and internal control, internal and external audit processes, related party transactions, and conflict of interest situation, and reports its findings and/or recommendations for the consideration of the Board.

All the members of the ARC are Independent Non-Executive Directors and the ARC is chaired by its Chairman who is not the Chairman of the Board.

***Relationship with the External Auditors***

The Board, via the ARC, has established a transparent and appropriate relationship with the Group's External Auditors. In the course of audit of the Group's operations, the External Auditors highlighted to the ARC and the Board, matters that require their attention.

# Corporate Governance Overview Statement

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)**

**I. Audit & Risk Management Committee (continued)**

***Financial Reporting***

The Board aims to present a balanced and meaningful assessment of performance and prospects of the Group in all of its financial reports. The unaudited and audited financial statements of the Group which are drawn up in compliance with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards, and are released to the public within the stipulated time frame, reinforce the Board's commitment to ensure the accuracy, completeness and timely dissemination thereof for greater accountability and transparency.

The Directors' Responsibility Statement made pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the Financial Statements is presented in the appropriate section of this Annual Report.

***Independence of External Auditors***

The independence of External Auditors is essential to the provision of an objective opinion on the truth and fairness of the financial statements. As such, the ARC is mandated to ensure continuing objectivity and independence of the External Auditors. The ARC performs annual review on the External Auditors on a number of criteria including, but not limit to:

- the independence of the external audit firm from the Group and their ability to maintain independence throughout the engagement;
- there being no conflict of interest situations that could affect the independence of the External Auditors;
- the external audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner and succession planning;
- professional competency, experience and integrity of key personnel;
- the thoroughness of audit approach and methodology;
- audit budget;
- the provision of non-audit services by the External Auditors (if any) shall not cause an impairment to the objectivity and independence of the audit firm; and
- effective control of multi-geographical audit process.

Subject to satisfactory performance and the recommendation of the ARC, the Board will recommend the re-appointment of the External Auditors to shareholders at the AGM. If the ARC does not recommend the incumbent audit firm, a tender process will be carried out by the ARC and executive management to select a new audit firm.

**II. Risk Management and Internal Control Framework**

***Responsibilities of the Board***

The Board acknowledges their responsibilities for the Group's risk management and system of internal controls covering not only financial controls but also operational and compliance controls. The ARC which comprises all Independent Non-Executive Directors, assists the Board to oversee the Company's risk management framework and policies.

The Board takes necessary steps to identify, assess and monitor key business risks, and constantly review and enhance its internal control system to manage such risks with objective to safeguard the shareholders' investments and the Group's assets.

The Statement on Risk Management & Internal Control in this Annual Report provides an overview on the state of risk management and internal controls within the Group.

***Independence of Internal Auditors***

During the ARC and the Board's annual reviews on the outsourced Internal Auditors of the Company namely M/s NeedsBridge Advisory Sdn. Bhd. ("NBSB"), both the ARC and the Board were satisfied that:

- the internal audit personnel assigned to handle the internal audit function of Bonia Group were free from any relationship and no conflict of interest with the Group;
- the key personnel who involved in the internal audit function of Bonia Group were equipped with the necessary skills and knowledge to carry out their duties and responsibilities; and
- NBSB has carried out the internal audit function in accordance with the professional, and of Bonia Group's recognised framework.

# Corporate Governance Overview Statement

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

***Corporate Disclosure***

The Company recognises the importance of keeping its shareholders, investors and stakeholders informed of the Group's performance and corporate developments. The Board maintains a high level of transparency and accountability in its disclosure procedures by observing the corporate disclosure framework under Bursa Malaysia Securities Berhad Main Market Listing Requirements and other regulatory bodies to provide timely and material information of the Group to the public at large to facilitate their decision-making process. The Board also refers to the "Corporate Disclosure Guide" issued by Bursa Malaysia Securities Berhad to address the gaps (if any) and to enhance the quality of its disclosure practices.

Pertinent and updated information of the Group is disseminated vide media conferences, press releases, corporate reports, circulars and announcements from time to time. The Board also leverages on its website to provide quick access to information on the Group to its stakeholders. Alternatively, the Group's latest announcements on financial reports and corporate developments can be retrieved from Bursa Malaysia Securities Berhad's website at *www.bursamalaysia.com*.

### II. Conduct of General Meetings

***General Meetings***

General Meeting is a crucial mechanism in shareholders communication and remains the principal forum for dialogue with shareholders of the Company. At general meetings, shareholders, their appointed proxies or authorised corporate representatives have direct access to the Board and senior management and are given the opportunity to discuss about the resolutions being proposed or about the Group's businesses and operations in general.

Pursuant to Paragraph 8.29A of the MMLR, all resolutions set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting of the Company, shall be voted by poll based on the principle of "one share one vote", and the Company shall appoint at least 1 scrutineer to validate the votes cast at the general meeting. The mandatory poll voting ensures fairness, transparency and effective representation of the members in general meetings of the Company.

Shareholders are able to find out the poll results at the respective general meetings, on the Company's website as well as the Company's announcements to Bursa Malaysia Securities Berhad at *www.bursamalaysia.com*.

To ensure that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at an AGM, the Company serves a longer notice period of 28 days or more to its shareholders to enable outstation or overseas shareholders in particular, to participate fully in the AGM. All the Directors of the Company shall attend the AGM and to provide meaningful response to the questions raise by the shareholders, their appointed proxies or authorised corporate representatives.

## CONCLUSION

The Board is satisfied that the Company has substantially complied with the Principles and Recommendations set out in the MCCG throughout the FY2021. Where a specific Practice of the MCCG has not been observed during the financial period under review, the departure has been explained in the Corporate Governance Report of the Company.

This statement is made in accordance with a resolution of the Board of Directors of Bonia Corporation Berhad dated 07 October 2021.

# Report of the Audit & Risk Management Committee

The Board of Directors of Bonia Corporation Berhad ("Board") is pleased to present the Report of the Audit & Risk Management Committee ("ARC") for the FY2021.

## RESPONSIBILITIES OF THE ARC

The responsibilities of the ARC are set out in the Audit & Risk Management Committee Charter duly approved by the Board, a copy of which is posted on the Company's website.

Being a delegated body of the Board, the ARC is empowered to investigate any matter within its purview at the cost of the Company. Information pertaining to the Group is made available to the ARC members to ease their investigation role, and the ARC received full support from the Board members, Company Secretaries, Internal and External Auditors as well as the staff of the Group in discharging its duties during the FY2021.

All members of the ARC undertook continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

## MEMBERSHIP AND MEETINGS

Since the commencement of the FY2021, there were changes occurred in the composition of the ARC due to the changes in the Board as follows:

| Period | Membership | | Designation |
|---|---|---|---|
| 01.05.2020 - 09.08.2020 [1] | Chairman: | Datuk Ng Peng Hong @ Ng Peng Hay | Senior Independent Non-Executive Director |
| | Member: | Chong Sai Sin | Independent Non-Executive Director |
| 10.08.2020 - to-date | Chairman: | Datuk Ng Peng Hong @ Ng Peng Hay | Senior Independent Non-Executive Director |
| | Member: | Chong Sai Sin | Independent Non-Executive Director |
| | Member: | Azian Binti Mohd Yusof | Independent Non-Executive Director |

Note:
(1) Bursa Malaysia Securities Berhad has granted an extension of time up to 31 October 2020 for the Company to comply with Paragraph 15.19(1)(a) of the Main Market Listing Requirements

All ARC members possess a wide range of necessary skills to discharge their duties. They are financially literated and are able to understand matters under the purview of the ARC including the financial reporting process.

During the FY2021, the ARC members met 5 times, with the following record of attendance:

| ARC member | No. of meetings attended/held |
|---|---|
| Datuk Ng Peng Hong @ Ng Peng Hay | 5/5 |
| Chong Sai Sin | 5/5 |
| Azian Binti Mohd Yusof [1] | 5/5 |

Note:
(1) Appointed as ARC member with effect from 10 August 2020

Other regular attendees at the ARC meetings included the invited Executive Directors, senior or middle management, and representatives from the Internal or External Auditors, to assist the ARC's discussions and consideration of reports, and to answer questions in relation to internal or external audit reviews and improvement recommendations. The ARC Chairman will then report on key issues discussed at each meeting to the Board for their further considerations and deliberations. A private discussion between the ARC and the External Auditors was held in the FY2021 to provide additional opportunity for open dialogue and feedback without the presence of the Executive Directors and management.

# Report of the Audit & Risk Management Committee

## KEY AREAS OF FOCUS FOR THE ARC

The ARC's annual work plan for the FY2021 focused on 5 key areas covering the: (i) financial reporting, (ii) risk management and internal control, (iii) internal audit, (iv) external audit, (v) related party transactions, and conflict of interest.

*Financial reporting*

The ARC reviewed the quarterly reports and year-end financial statements before recommending to the Board for consideration and approval, and concluded that the going concern assumption, changes in or implementation of accounting policies and practices, significant audit adjustments, and major judgmental areas made by the management in those quarterly reports and year-end financial statements, were in compliance with approved accounting standards, regulatory and other legal requirements for financial reporting, and those reports were fair and reasonable in reflecting the Group's business performance.

*Risk management and internal control*

The ARC assessed the risk profile, risk appetite, levels of tolerance of the Group, challenged and tested on the adequacy and integrity of the internal control system in place to manage the selected areas representing significant risks, considered the findings and recommendations made by the Internal and External Auditors and management's response or actions to mitigate control deficiencies, and concluded that the risk management and internal control system of the Group is continuously being enhanced to safeguard the shareholders' investments and the Group's assets.

*Internal audit*

The ARC assessed the internal audit plan, audit methodology, remuneration, scope of works, and reports on audit findings and recommendations presented by the Internal Auditors, considered the management's response and follow up actions thereto to ensure significant findings are adequately addressed by the management. The ARC concluded that the internal audit processes duly completed by the Internal Auditors in FY2021 were adequate, added value and improved the efficiency of the operations of the Group.

*External audit*

Prior to the commencement of annual audit, the ARC reviewed the audit plan, audit strategy, scope of work, independence, objectivity and remuneration proposed by the External Auditors. Thereafter, the ARC discussed with the External Auditors their audit findings, audit reports, management letters and management's response to the concerns raised by the External Auditors. It was concluded that the audit processes carried out by the External Auditors were comprehensive and added credibility to Group's financial statements which allowed the stakeholders of the Group to use them with greater confidence.

*Related party transactions, and conflict of interest*

In accordance with the threshold and provisions specified in Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), and the methods and procedures to govern the requirements of related party transactions ("RPT") and recurrent related party transactions ("RRPT") duly established by the Company, the ARC identified, tracked and monitored the potential and existing RPT and RRPT of the Group. Due consideration being given to the nature and class of such transactions that are supposed to be consistent with the ordinary course of the Group's business, undertaken on an arm's length basis at the prevailing prices or market rates and are based on usual and fair commercial terms not more favorable to related parties than those generally available to the public, or otherwise in accordance with the applicable industry norms. Where there is no market value for a particular transaction, the transaction will be on a willing buyer willing seller basis or the nearest equivalent. These transactions are also not prejudicial to the interest of the shareholders of the Company and not detrimental to its minority shareholders. The ARC also reviewed the appropriateness of the relevant announcements to BMSB, Circular to Shareholders and disclosure made in the Annual Report of the Company.

After making all the necessary enquiries to the management and Directors of the Company, the ARC reported to the Board that they have no knowledge of the existence of any conflict of interest within the Group during the FY2021.

# Report of the Audit & Risk Management Committee

## THE INTERNAL AUDIT FUNCTION

The Group's internal audit function was being outsourced to M/s NeedsBridge Advisory Sdn. Bhd. ("NBSB"). NBSB is a professional firm that has adequate resources and appropriate standing to undertake its activities independently and objectively to provide reasonable assurance to the ARC regarding the adequacy and effectiveness of risk management, internal control and governance systems. The Internal Auditors report directly to the ARC. All NBSB personnel assigned to undertake internal audit on Bonia Group are free from any relationships or conflicts of interest which could impair their objectivity and independence. They are competent and experienced, and are able to access information of the Group for them to carry out the audit function in accordance with the Group's "Risk Management And Internal Control Framework" effectively.

NBSB adopts a risk-based methodology in its work and undertakes regular risk and vulnerability assessment on the business units (operational and non-operational) within the Group, highlights significant weaknesses and makes appropriate recommendations for improvement to ensure proper, economic and effective use of resources of the Group.

The internal audit plans presented by NBSB were reviewed and approved by the ARC and endorsed by the Board. All in, 3 audit visits to the targeted business units that represented the key risk areas were carried out in FY2021. During the audit visits, the representatives of the Internal Auditors had tested the efficiency and effectiveness of the risk management and internal control system of those business units, benchmarked them against the industry practices and suggested appropriate processes and procedures to mitigate the control deficiencies. The relevant findings, management's response and/or recommendations were reported to the ARC, and thereafter to the Board in their quarterly meetings held. The fee incurred for the FY2021 in relation to the internal audit function is RM41,340.

## THE EXTERNAL AUDITORS

The ARC places great importance on the quality and effectiveness of the audit services of the External Auditors and considers the appointment or re-appointment (as the case may be) of the External Auditors annually.

The following areas are essential upon evaluating the performance of the External Auditors for the FY2021:

*Independence and objectivity*

The ARC received a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The External Auditors also informed the ARC that:

- M/s BDO PLT is seeking for its re-appointment at the forthcoming 30th AGM of the Company; and
- Chan Wai Leng is the Lead Audit Partner responsible for the Group's audit for FY2021, and will continue her role should M/s BDO PLT be re-appointed External Auditors of the Company.

*Effectiveness*

The ARC met with the Executive Directors and management to obtain their feedback pertaining to the effectiveness of the External Auditors, judging from the thoroughness of their audit approach and methodology, the competency, experience and integrity of their key personnel, and the quality of the audit delivery.

*Audit and Non-Audit Fees*

In relation to the audit services provided by M/s BDO PLT for the FY2021, the shareholders of the Company have granted their approval for the Board to determine the remuneration of the External Auditors at the Company's 29th AGM held on 30 November 2020.

During the FY2021, the External Auditors also rendered non-audit services to the Group including the review of the Company's Statement on Risk Management & Internal Control, agreed upon procedures of subsidiary companies' gross sales statements to landlords, and etc.

After due consideration, both the ARC and the Board were of the view that the following audit and non-audit fees for the FY2021 duly incurred M/s BDO PLT and its affiliates are fair and reasonable, and the provision of the non-audit services to the Group did not impair, or was not perceived to impair the independence and objectivity of the External Auditors:

| **Fee incurred** | **Audit Fee RM'000** | **Non-Audit Fee RM'000** |
|---|---|---|
| The Company | 68 | 88 |
| The subsidiaries of the Company | | |
| - Continuing oeprations | 573 | 18 |
| - Discontinuing oeprations | 54 | 24 |

# Report of the Audit & Risk Management Committee

**THE EXTERNAL AUDITORS (continued)**

The performance evaluation on the External Auditors duly conducted in September 2021 indicated a satisfactory result to the ARC and recommendation was made to the Board for the re-appointment of the External Auditors. The Board has accepted this recommendation and a resolution for the re-appointment will be put to the shareholders at the forthcoming 30th AGM of the Company.

**RECURRENT RELATED PARTIES TRANSACTIONS OF REVENUE OR TRADING NATURE (RRPT)**

During the FY2021, the ARC also closely monitored all the RRPT undertook by Bonia Group and concluded that those RRPT were conducted on arm's length basis, under normal commercial terms consistent with the Group's business practices, on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders of the Company.

The class and nature of the RRPT of Bonia Group are tabulated as follows:

| RRPT No. | Transacting party | Transacting related party | Interested directors, major shareholders and/or persons connected with them | Nature of transactions | Actual aggregate value transacted during FY2021 RM'000 |
|---|---|---|---|---|---|
| 1. | Bonia Group | Long Bow Manufacturing (S) Pte. Ltd. ("LMS") | Chiang Sang Sem and persons connected with him (including their family); and Chiang Boon Tian (a director of Bonia's subsidiaries) and persons connected with him (including their family) | Payment of office rental to LMS | 429 |
| 2. | Bonia Group | Speciale Eyewear Sdn. Bhd. ("SESB") | Datuk Chiang Heng Kieng and persons connected with him (including their family) | Purchase of eyewear from SESB | 151 |
| 3. | Bonia Group | Speciale Eyewear Sdn. Bhd. ("SESB") | Datuk Chiang Heng Kieng and persons connected with him (including their family) | Sell of bags and accessories to SESB | 4 |
| 4. | Bonia Group | Speciale Eyewear Sdn. Bhd. ("SESB") | Datuk Chiang Heng Kieng and persons connected with him (including their family) | Rent of office space to SESB | 45 |
| 5. | Bonia Group | Bonia International Holdings Pte. Ltd. ("BIH") | Chiang Sang Sem and persons connected with him (including their family) | Payment of Bonia, and Sembonia trademarks royalties to BIH | 630 |

The aggregate value of the RRPT transacted during the FY2021 as compared to the net assets of Bonia Group as reported in the Audited Financial Statements FY2021 of Bonia Corporation Berhad is 0.3%.

**CONCLUSION**

The Board is of the view that the ARC and all its members have discharged their duties and responsibilities effectively during the FY2021 and the new ARC members will strive to maximise the quality of the risk management, internal control and governance framework of the Group.

This statement is made in accordance with a resolution of the Board of Directors of Bonia Corporation Berhad dated 07 October 2021.

# Statement on Risk Management & Internal Control

The Board of Directors of Bonia Corporation Berhad ("Board") is pleased to present its Statement on Risk Management & Internal Control for the FY2021, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("SRMIC Guidelines"). This statement outlines the nature and state of risk management and internal controls of the Group (comprising the Company and its subsidiaries) during the FY2021. The associated companies of the Group have not been dealt with as part of the Group for the purposes of applying these guidelines.

## BOARD RESPONSIBILITIES AND ASSURANCE

Cognizant of the importance of the Group's risk management and internal control system to safeguard the shareholders' investment and the Group's assets, the Board strives to apply a risk-sensitive approach in identifying, evaluating and managing significant risks that may affect the Group's businesses. The Group's internal control system encompasses all types of control including those of a strategic, operational, reporting and compliance nature, and it is being closely monitored and adjusted to be consistent with the risk appetite and tolerance levels set by the Board.

The management assists the Board in embedding risk management and internal control system in all aspects of the Group's activities. They play a key role in ensuring the sanctioned practices, processes and procedures to address current and emerging risks are appropriately implemented throughout the Group, and to promptly report any significant deficiencies and weaknesses of the control environment to alleviate and manage such risks.

In view of the limitations that are inherent in any systems of risk management and internal control, the Group's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

For the FY2021, the Board has received assurance from its: (i) Founder and Group Executive Chairman, and (ii) Group Finance Director where, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the Risk Management and Internal Control Framework adopted by the Group.

The Board confirms that there is a continuous process in place to identify, evaluate and manage the significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this ongoing process has been in place for the whole FY2021 and up to the date of issuance of the Company's Annual Report FY2021.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK ("RMICF")

<u>Group's Objectives</u>

The Group's RMICF is geared to achieving its objectives that support Bonia's mission set forth in the following 4 categories:

| | | |
|---|---|---|
| Strategic objectives | These are high-level goals, aligned with and supporting the Group's mission | BONIA MISSION |
| Operations objectives | These pertain to effectiveness and efficiency of the Group's operations, including operational and financial performance goals, and safeguard assets against loss | |
| Reporting objectives | These pertain to internal and external financial and non-financial reporting and may emcompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognised standard setters, or the Group's policies | |
| Compliance objectives | These pertain to adherence to laws and regulations to which the Group is subject | |

The aforesaid objectives are set by the Board after taking into consideration on the Group's risk appetite and tolerance level.

# Statement on Risk Management & Internal Control

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (“RMICF”) (continued)

Risk Management and Internal Control

Risk management and internal control shall become the concern of every individual in Bonia Group and the relevant approach shall be consistent with the recommendations made by the:

- Enterprise Risk Management - Integrated Framework; and Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); and
- Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers,

that involve the identification, assessment and management of risks, as well as the formalisation and implementation of effective and efficient control processes to provide reasonable assurance regarding the achievement of the Group’s objectives in all levels of its activities.

The Directors, management and staff of Bonia Group are guided by the following risk management and control processes in identifying, assessing, responding, controlling, communicating and monitoring of risks on an ongoing basis:


Events Identification

All existing and potential events affecting the achievement of the Group’s objectives must be identified, distinguishing between risks and opportunities. Opportunities are channeled back to management’s strategy or objective-setting processes

Risks Assessment

Identified risks are analysed to form a basis for determining how they should be managed, and are assessed on an inherent and a residual basis using qualitative techniques followed by more quantitative analysis of the most important risks through risk matrix analysis

| **Impact** | **Risk Management Actions** | | |
|---|---|---|---|
| *Significant* | Considerable management required | Must manage and monitor risks | Extensive management essential |
| *Moderate* | Risks may be worth accepting with monitoring | Management effort worthwhile | Management effort required |
| *Minor* | Accept risks | Accept, but monitor risks | Manage and monitor risks |
| | Low | Medium | High |
| | Likelihood | | |

Risks Response

The risk management strategy to response to risks can be: avoiding, accepting, reducing, sharing, transferring, monitoring and/or controlling the risks, and involves developing a set of actions to align risks with the Group’s risk tolerances and risk appetite

Control Activities

Control activities through policies and procedures that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, shall be developed and deployed on a timely and appropriate manner

Information & Communication

Relevant information shall be communicated in a form and timeframe that enables all people within the Group to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across and up the Group so to ensure personnel receive clear communications regarding their roles and responsibilities in risk management and internal control processes

Monitoring

The risk management and internal control processes shall be closely monitored, and modifications be made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both

# Statement on Risk Management & Internal Control

## THE REPORTING AND REVIEW MECHANISM

The Board adopts a two-tier review mechanism to evaluate the adequacy and integrity of the risk management system and internal control processes of the Group. The first aspect of the review is undertaken by the Management while the second aspect constitutes the independent review by the ARC with the assistance of the Internal Auditors. Risk profiles and tolerance levels, significant audit findings, audit issues highlighted in the preceding internal audit reports together with the follow up actions are being considered at length by all parties concerned.

The Board solicits feedback on the effectiveness of risk management system and internal control processes from the ARC and seeks continuous improvement in its RMICF to close gaps and/or mitigate deficiencies.


<u>Management</u>
Management are tasked to implement the policies and procedures on risk management and internal control sanctioned by the Board. Major day-to-day risk management and internal control issues shall be communicated to the Risk Management Working Committee for evaluations and actions

<u>Risk Management Working Committee ("RMC")</u>
RMC comprises Executive Directors of Bonia with the other members who should have in-depth knowledge of the operation and/or financial aspects of risk management and internal control being selected from the Management to resolve the major day-to-day risk management and internal control issues duly reported by the Management. RMC also undertakes the first-tier review on the efficiency and effectiveness of the Group's risk management and internal control processes on a regular basis with issues that require the attention of the Board be communicated to the ARC for further deliberations

<u>Internal Auditors</u>
The Internal Auditors is an independent function that reports directly to the Audit & Risk Management Committee, and thereafter to the Board. It performs internal audit on various activities within the Group based on the Internal Audit Plan approved by the ARC by adopting risk-based methodology, recommends the best practices to enhance the quality of the risk management, internal control and governance systems of the Group, and provide reasonable assurance to the ARC on the efficiency and effectiveness of such systems

<u>Audit & Risk Management Committee ("ARC")</u>
The ARC is composed of Independent Directors of Bonia. It conducts second-tier risk management assessments, review internal control processes and evaluate the adequacy and integrity of the risk management, internal control and governance systems of the Group independently on a regular basis, and reports to the Board of Bonia for further evaluations and actions

<u>Board of Directors</u>
The Board sets business objectives for the Group, establishes risk profiles, determines and adjusts risk appetite and tolerance levels, ensures appropriate policies and procedures are in place to manage those significant risks within the Group, performs regular checks on the health of the Group's risk management, internal control and governance systems, and seeks continuous improvement to close gaps and/or mitigate deficiencies

# Statement on Risk Management & Internal Control

**KEY RISKS ASSESSMENT AND INTERNAL CONTROL PROCESSES**

The Board undertook a detailed assessment of the risks of Bonia Group. Key risks were identified, analysed, and categorised as follow:

**BONIA GROUP**

**Strategic Risks**
- Growth strategy
- Competition
- Branding/image
- Strategic investment
- Sustainability

**Operational Risks**
- Boutiques/outlets management
- Supply chain management
- Resources management
- Information Technology
- Quality control

**Financial Risks**
- Liquidity
- Cost of capital
- Credit risk
- Foreign exchange risk

**Hazard Risks**
- Employee safety and health
- Office/factory/boutique/outlet safety and health
- Natural disasters
- Pandemic

These inherent risks may have an adverse impact on the Group's business operations, financial condition and its growth momentum. The risks above are not exhaustive and new risks emerge from time to time. The Board will constantly review its risk profiles to include those new risks that may be significant to the Group.

The key elements of the Group's risk management system and internal control processes are described below:

- There are proper documentations to define the responsibilities and functions of the Board and each of its committees.
- Internal policies and procedures are in place, which are updated as and when necessary.
- There is an organisation structure with clearly defined lines of responsibility, limits of authority and accountability aligned to business and operations requirements which supports the maintenance of a strong control environment.
- There is a clearly defined delegation of responsibilities to the Management of operating units who ensure that appropriate risk management and control procedures are in place. The Group identifies the key risks by line of business and key functional activities.
- There are procedures for investment appraisal covering the acquisition or disposal of any business, application of capital expenditure and approval on borrowing, with post implementation reviews be conducted and reported.
- Actual performances would be reviewed against budgeted results on a quarterly basis, allowing timely response and corrective actions to be taken to mitigate risks.
- Comprehensive management accounts and reports are prepared monthly for effective monitoring and decision-making.
- Regular meetings are held and attended by directors and senior management to discuss and report on operational performance, business strategies, key operating statistics, legal and regulatory matters of each business unit where plans and targets are established for business planning and budgeting process.
- Review of quarterly and annual financial reports by the Audit & Risk Management Committee (ARC) and the Board.
- Working committees are established (as and when required) as part of the stewardship team to conduct study on various business processes and functions to identify key elements that are vital to achieve the Group's mission and goals.
- Given the strategic plans of the Group, the risk profiles, risk appetite and tolerance level would be adjusted where necessary to add value to the risk management and control system and for mitigative actions.

# Statement on Risk Management & Internal Control

**REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements To Report On The Statement on Risk Management and Internal Control Included In the Annual Report ("AAPG3"), issued by Malaysian Institute of Accountants. AAPG3 does not require the External Auditors to consider whether the Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management system and internal control processes of the Group. AAPG3 also does not require the External Auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report FY2021 would, in fact, remedy the problems. Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management & Internal Control is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SRMIC Guidelines, nor is it factually inaccurate.

**CONCLUSION**

The Board is of the view that the Group's system of risk management and internal controls is generally satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board and Management will continue to take necessary measures to strengthen the control environment and monitor the health of the risk management and internal controls processes of the Group.

This statement is made in accordance with a resolution of the Board of Directors of Bonia Corporation Berhad dated 07 October 2021.

# Directors' Responsibility Statement

Pursuant to the Companies Act 2016 ("CA2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors have prepared the Consolidated Financial Statements of the Group and of the Company for the FY2021 that gave a true and fair view of the financial position of the Group and of the Company as at the end of the financial year as well as their financial performance, and cash flows for the financial year in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the relevant provisions of CA2016.

In preparing the said Consolidated Financial Statements, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and fair;
- ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position, financial performance, and cash flows of the Group and of the Company and to enable them to ensure that the financial statements are in compliance with CA2016.

The Directors have a general responsibility for taking such steps that are reasonably available to them to maintain a sound risk management framework and internal control system to safeguard the shareholders' investment and the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors of Bonia Corporation Berhad dated 07 October 2021.

# List of Properties

Held by the Group as at 30 June 2021

| Location of Property | Description | Tenure | Existing Use | Age of Building (Year) | Area (Sq Ft) | Carrying Amount RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| **CB HOLDINGS (MALAYSIA) SDN. BHD.** | | | | | | | |
| QT No. 85228 Lot No. 2794 UG-31, Upper Ground Floor, Cheras Sentral Mall, Batu 6, Jalan Cheras, 56000 Kuala Lumpur | Shopping Complex Lot | Freehold | Vacant | 27 | 432 | 200 | 17/05/1993 |
| PN No. 1339 Lot No. 385 Unit 2B, 3.04 & 3.05, KOMTAR Shopping Complex, 10000 Pulau Pinang | Shopping Complex Lot | Leasehold (Expiring in 2084) | Vacant | 35 | 1,806 | 500 | 29/08/1994 |
| PN No. 1339 Lot No. 385 Unit C2, 4.03B, KOMTAR Shopping Complex, 10000 Pulau Pinang | Office Lot | Leasehold (Expiring in 2092) | Vacant | 35 | 1,134 | 150 | 31/12/1994 |
| **CASA BOLOGNA SDN. BHD.** | | | | | | | |
| Geran 34325 Lot 510, Seksyen 067, Jalan Bukit Bintang, 55100 Kuala Lumpur | Freehold Land | Freehold | Rented Out | N.A. | 17,287 | 40,000 | 17/08/2020 |
| H.S.(D) 119062 PT133, Seksyen 067, Jalan Delima, 55100 Kuala Lumpur | Freehold Land | Freehold | Vacant | N.A. | 5,145 | 11,320 | 17/08/2020 |
| **LONG BOW MANUFACTURING SDN. BHD.** | | | | | | | |
| PM 1471 Lot No. 8417 Lot 18, Merlimau Industrial Estate, Phase ll, 77300 Merlimau, Melaka | Industrial Land and Building | Leasehold (Expiring in 2085) | Office cum Factory | 35 | 135,100 | 3,951 | 07/02/1989 |
| Lot No. PT 683 HS (D) 1499 No. 1483, Jalan Jasin, Tmn Bunga Muhibbah, 77300 Merlimau, Melaka | Single-Storey Semi-detached House | Freehold | Hostel | 28 | 3,199 | 116 | 12/06/1992 |
| GRN No. 57103 Lot No. 21085 No. 60, Jalan Kilang Midah, Taman Midah, Cheras, 56000 Kuala Lumpur | 6-storey Industrial Building | Freehold | R&D Centre cum Warehouse | 13 | 13,713 | 8,212 | 31/01/2008 |
| PM 454, Lot 3226 Mukim Sempang Daerah Jasin Negeri Melaka | Industrial Land | Leasehold (Expired in 2081) | Vacant | N.A. | 85,917 | 624 | 08/02/2011 |

# List of Properties

Held by the Group as at 30 June 2021

| Location of Property | Description | Tenure | Existing Use | Age of Building (Year) | Area (Sq Ft) | Carrying Amount RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| **LUXURY PARADE SDN. BHD.** | | | | | | | |
| HS(D) No. 182 PT15 SEK 4 Unit No. G0.07, Plaza Bukit Mertajam, 566, Jalan Arumugam Pillai, 14000 Bukit Mertajam, Pulau Pinang | Shopping Complex Lot | Freehold | Rented Out | 23 | 1,038 | 785 | 19/03/1995 |
| Strata Geran 61152/M1/1/2 Strata Geran 61152/M1/B1/1 The Club House, Angkasa Condominium, No. 5, Jalan Puncak Gading, Taman Connaught, Cheras, 56000 Kuala Lumpur | Club House | Freehold | Rented Out (Partially) | 15 | 7,599 | 1,000 | 03/02/2005 |
| Strata Geran 61152/M1/1/2 154 Units of Parking Bay, Angkasa Condominium, No. 5, Jalan Puncak Gading, Taman Connaught, Cheras, 56000 Kuala Lumpur | Condominium Covered & Uncovered Car Parks | Freehold | Rented Out (Partially) | N.A. | - | - | 20/06/2008 |
| HS(D) No 76874-76878 PT 92 - 96 Unit No L1-046 Plaza Rakyat Pudu, Kuala Lumpur | Shopping Complex Lot | Leasehold (Expiring in 2081) | Under Construction | N.A. | 524 | - | 23/05/1996 |
| PN(WP) 10228 Lot No. 31627 No. 5, Jln Orkid Desa, Desa Tun Razak, Cheras, 56000 Kuala Lumpur | 3-storey Detached Factory | Leasehold (Expiring in 2085) | Warehouse | 11 | 13,595 | 3,408 | 15/01/2008 |
| Geran 61154 Lot 39891 Lot G-01 & GR-01, Ground Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur and 99 Units of Parking Bay Strata Geran 61154/M1/2/18 | Commercial Units with Covered Car Parks | Freehold | Rented Out | 7 | 4,241 | 4,449 | 16/11/2020 |
| Geran 61154 Lot 39891 Lot G-03A & GR-03A, Ground Floor Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur and 59 Units of Parking Bay Strata Geran 61154/M1/2/15 | Commercial Units with Covered Car Parks | Freehold | Rented Out | 7 | 2,874 | 3,010 | 16/11/2020 |

# List of Properties

Held by the Group as at 30 June 2021

| Location of Property | Description | Tenure | Existing Use | Age of Building (Year) | Area (Sq Ft) | Carrying Amount RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| **LUXURY PARADE SDN. BHD. (continued)** | | | | | | | |
| Geran 61154 Lot 39891 Lot G-11 & GR-11, Ground Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur and 100 Units of Parking Bay Strata Geran 61154/M1/2/8 | Commercial Units with Covered Car Parks | Freehold | Rented Out | 7 | 1,679 | 2,538 | 16/11/2020 |
| Geran 61154 Lot 39891 Parcel No. L5-06, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur | 1 unit Office Suites | Freehold | Office | 7 | 801 | 631 | 02/08/2017 |
| Geran 61154 Lot 39891 Parcel No. L6-03A, L6-05, L6-06 Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur | 3 unit Office Suites | Freehold | Office | 7 | 2,163 | 1,308 | 01/10/2014 |
| Geran 61154 Lot 39891 Parcel No. L7-01, L7-02, L7-03, L7-03A, L7-05, L7-06, L7-07, L7-08, L7-09, L7-10, L7-11, L7-12, L7-13, L7-13A, L7-15, L7-16, L7-17 Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur | 17 unit Office Suites | Freehold | Office | 7 | 18,747 | 9,141 | 11/05/2011 |
| Geran 61154 Lot 39891 Parcel No. L8-01, L8-02, L8-03, L8-03A, L8-05, L8-06, L8-07, L8-08 Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur | 8 unit Office Suites | Freehold | Office | 7 | 15,347 | 7,884 | 13/06/2012 |
| HS(D) No. 131905 PT No. 49975 Block A, Platinum Cheras Jalan Cheras Zen 1A, Cheras, 43200 Selangor Darul Ehsan | 6-storey Office Building | Freehold | Office and Warehouse | 7 | 65,574 | 27,125 | 19/10/2011 |

# List of Properties
Held by the Group as at 30 June 2021

| Location of Property | Description | Tenure | Existing Use | Age of Building (Year) | Area (Sq Ft) | Carrying Amount RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| **LUXURY PARADE SDN. BHD. (continued)** | | | | | | | |
| HS(D) No. 131905<br>PT No. 49975<br>Block B, Platinum Cheras<br>Jalan Cheras Zen 1A<br>Cheras, 43200<br>Selangor Darul Ehsan | 6-storey Office Building | Freehold | Office and Warehouse | 7 | 32,838 | 13,443 | 19/10/2011 |
| HS(D) No. 131905<br>PT No. 49975<br>231 Units of Parking Bay<br>Block A & B<br>Platinum Cheras<br>Jalan Cheras Zen 1A<br>Cheras, 43200<br>Selangor Darul Ehsan | Covered Car Parks | Freehold | - | N.A. | - | 3,098 | 21/11/2014 |
| **MAHA ASIA CAPITAL SDN. BHD.** | | | | | | | |
| Geran 27239 Lot 457<br>Seksyen 67<br>No.10, Jalan Delima,<br>55100 Kuala Lumpur | Land with Single-storey Detached House | Freehold | Rented Out | N.A. | 15,109 | 24,000 | 29/10/2013 |
| **PT ACTIVE WORLD** | | | | | | | |
| D23 & D25, Jln Marina<br>Raya Rukan Cordoba,<br>Pantai Indah Kapuk,<br>Jakarta Utara, Indonesia | 3-storey Shop-office | Leasehold (Expiring in 2032) | Office and Warehouse | 17 | 4,037 | 1,110 | 27/06/2011 |
| Unit no. 19-09,<br>Pakuwon Center<br>Tunjungan Plaza (City),<br>Jalan Embong Malang,<br>Surabaya, Indonesia | Office Suite | Leasehold (Individual title not yet issued | Rented Out | 4 | 2,777 | 2,731 | 25/09/2012 |
| Unit B-02, Waterplace<br>Residence,<br>Pakuwon Indah,<br>Surabaya, Indonesia | 3 1/2-storey Shop-office | Leasehold (Individual title not yet issued) | Vacant | 12 | 2,260 | 1,169 | 24/10/2012 |
| **PT BANYAN CEMERLANG** | | | | | | | |
| Boutique Office Lot 5, No. 3<br>Komplek Cengkareng<br>Business Centre<br>Jl.Atang Sanjaya, No. 21<br>Rt:004 Rw:006<br>Kelurahan Benda<br>Kecamatan Benda<br>Kotamadya Tangerang<br>Banten 15125 Indonesia | 6-storey Boutique Office and 2-storey Basement | Leasehold (Individual title not yet issued) | Rented Out | 4 | 9,935 | 3,550 | 25/08/2015 |

# List of Properties

Held by the Group as at 30 June 2021

| Location of Property | Description | Tenure | Existing Use | Age of Building (Year) | Area (Sq Ft) | Carrying Amount RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| **PT BANYAN CEMERLANG (continued)** | | | | | | | |
| Boutique Office Lot 5, No. 5 Komplek Cengkareng Business Centre Jl.Atang Sanjaya, No. 21, Rt:004 Rw:006 Kelurahan Benda, Kecamatan Benda, Kotamadya Tangerang, Banten 15125 Indonesia | 6-storey Boutique Office and 2-storey Basement | Leasehold (Individual title not yet issued) | Rented Out | 4 | 9,935 | 3,550 | 25/08/2015 |
| **PT JECO INVESTMENT INDONESIA** | | | | | | | |
| Boutique Office Lot 5, No. 2 Komplek Cengkareng Business Centre Jl.Atang Sanjaya, No. 21 Rt:004 Rw:006 Kelurahan Benda, Kecamatan Benda, Kotamadya Tangerang, Banten 15125 Indonesia | 6-storey Boutique Office and 2-storey Basement | Leasehold (Individual title not yet issued) | Vacant | 4 | 9,935 | 3,209 | 22/03/2016 |
| **SBG HOLDINGS SDN. BHD.** | | | | | | | |
| GRN 50053 Lot No. 50644 No. 62, Jalan Kilang Midah Taman Midah, Cheras 56000 Kuala Lumpur | 6-storey Office cum Warehouse | Freehold | Office cum Warehouse | 23 | 24,374 | 12,150 | 04/12/2018 |

# Analysis of Shareholdings

As at 30 September 2021

| | | |
|---|---|---|
| Class of shares | : | Ordinary shares |
| Number of issued shares | : | 201,571,842 (inclusive of 576,719 treasury shares) |
| Voting rights | : | 1 vote per ordinary share held on a poll<br>1 vote per shareholder/proxy/corporate representative on a show of hands |
| Number of shareholders | : | 4,058 |
| Remark | : | The Analysis of Shareholdings is based on the issued shares of the Company after deducting 576,719 treasury shares |

## DISTRIBUTION OF SHAREHOLDINGS

| | Number of shareholders | | Number of ordinary shares held | | Percentage (%) | |
|---|---|---|---|---|---|---|
| **Size of shareholdings** | **Malaysian** | **Foreign** | **Malaysian** | **Foreign** | **Malaysian** | **Foreign** |
| Less than 100 | 454 | 5 | 18,673 | 154 | 0.01 | 0.00 |
| 100 to 1,000 | 738 | 10 | 349,143 | 2,531 | 0.17 | 0.00 |
| 1,001 to 10,000 | 2,153 | 35 | 7,438,735 | 122,114 | 3.70 | 0.06 |
| 10,001 to 100,000 | 569 | 19 | 14,875,983 | 782,221 | 7.40 | 0.39 |
| 100,001 to less than 5% of issued shares | 62 | 11 | 53,803,316 | 24,182,366 | 26.77 | 12.03 |
| 5% and above of issued shares | 2 | 0 | 99,419,887 | 0 | 49.46 | 0.00 |
| Total | 3,978 | 80 | 175,905,737 | 25,089,386 | 87.52 | 12.48 |
| Grand Total | | 4,058 | | 200,995,123 | | 100.00 |

Note:
The above information is based on the Record of Depositors as at 30 September 2021 provided by Bursa Malaysia Depository Sdn. Bhd. and the number of holders reflected is in reference to CDS account numbers

## REGISTER OF SUBSTANTIAL SHAREHOLDERS

| | Shareholdings | | | |
|---|---|---|---|---|
| **Name** | **Direct** | **Percentage (%)** | **Indirect** | **Percentage (%)** |
| Bonia Holdings Sdn. Bhd. | 54,776,484 | 27.25 | - | - |
| Freeway Team Sdn. Bhd. | 44,643,403 | 22.21 | - | - |
| Chiang Sang Sem | 19,323,440 | 9.61 | 111,669,283 (1) | 55.56 |
| Chiang Family Holdings Ltd | - | - | 44,643,403 (2) | 22.21 |

Note:

(1) Deemed interest by virtue of: (i) his interests in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd. and Kontrak Kosmomaz Sdn. Bhd., and (ii) his interest held in trust by Able Wealth Assets Ltd (the shareholder of Able Wealth Assets Ltd is HSBC International Trustee Ltd, the trustee of a trust, the beneficiaries of which are Chiang Sang Sem and his family members) pursuant to Section 8 of the Companies Act 2016

(2) Deemed interest by virtue of its interest in Freeway Team Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

# Analysis of Shareholdings

As at 30 September 2021

## DIRECTORS' SHAREHOLDINGS IN BONIA CORPORATION BERHAD

| | Shareholdings | | | |
|---|---|---|---|---|
| Name | Direct | Percentage (%) | Indirect | Percentage (%) |
| Chiang Sang Sem | 19,323,440 | 9.61 | 124,651,397[1] | 62.02 |
| Dato' Sri Chiang Fong Tat | 558,738 | 0.28 | 27,000[2] | 0.01 |
| Dato' Sri Chiang Fong Seng | 5,954,514 | 2.96 | - | - |
| Chong Chin Look | - | - | - | - |
| Datuk Chiang Heng Kieng | - | - | 47,520[2] | 0.02 |
| Dato' Sri Chiang Fong Yee | 1,417,500 | 0.71 | - | - |
| Datuk Ng Peng Hong @ Ng Peng Hay | - | - | - | - |
| Azian Binti Mohd Yusof | - | - | - | - |
| Chong Sai Sin | - | - | - | - |
| Chiang May Ling (Alternate Director to Chiang Sang Sem) | 209,000 | 0.10 | - | - |
| Chiang Fong Chyen (Alternate Director to Datuk Chiang Heng Kieng) | 216,000 | 0.11 | - | - |

Notes:

[1] Deemed interest by virtue of: (i) his interests in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd. and Kontrak Kosmomaz Sdn. Bhd., and (ii) his interest held in trust by Able Wealth Assets Ltd (the shareholder of Able Wealth Assets Ltd is HSBC International Trustee Ltd, the trustee of a trust, the beneficiaries of which are Chiang Sang Sem and his family members) pursuant to Section 8 of the Companies Act 2016; AND (iii) indirect interest by virtue of his spouse and children's direct interests pursuant to Section 59(11)(c) of the Companies Act 2016

[2] Indirect interest by virtue of his spouse's interest pursuant to Section 59(11)(c) of the Companies Act 2016

## DIRECTORS' SHAREHOLDINGS IN JECO (PTE) LIMITED (70%-owned subsidiary of Bonia Corporation Berhad)

| | Shareholdings | | | |
|---|---|---|---|---|
| Name | Direct | Percentage (%) | Indirect | Percentage (%) |
| Chiang Sang Sem | - | - | 50,000[1] | 10.00 |

Note:

[1] Indirect interest by virtue of his spouse and a child's interests in BBS (S) International Pte. Ltd., a corporate shareholder holding 10% of the total number of issued shares of Jeco (Pte) Limited

# Analysis of Shareholdings

As at 30 September 2021

## 30 LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of shares held | Percentage (%) |
|---|---|---|---|
| 1. | Bonia Holdings Sdn. Bhd. | 54,776,484 | 27.25 |
| 2. | Freeway Team Sdn. Bhd. | 44,643,403 | 22.21 |
| 3. | Chiang Sang Sem | 7,983,224 | 3.97 |
| 4. | UOBM Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: United Overseas Bank Nominees (Pte) Ltd for Chiang Sang Sem | 7,425,216 | 3.69 |
| 5. | HSBC Nominees (Asing) Sdn. Bhd.<br>Beneficiary: Exempt An for The HongKong And Shanghai Banking Corporation Limited | 6,219,288 | 3.09 |
| 6. | Kontrak Kosmomaz Sdn. Bhd. | 6,030,108 | 3.00 |
| 7. | Cartaban Nominees (Asing) Sdn. Bhd.<br>Beneficiary: SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust | 5,940,000 | 2.96 |
| 8. | Chong See Moi | 4,153,862 | 2.07 |
| 9. | Cimsec Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: CIMB Bank for Chiang Fong Seng | 4,129,506 | 2.05 |
| 10. | DB (Malaysia) Nominee (Asing) Sdn. Bhd.<br>Beneficiary: Exempt An for Deutsche Bank AG Singapore | 3,877,200 | 1.93 |
| 11. | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: Employees Provident Fund Board | 2,523,634 | 1.26 |
| 12. | CIMB Group Nominees (Asing) Sdn. Bhd.<br>Beneficiary: Exempt An for DBS Bank Ltd | 2,519,829 | 1.25 |
| 13. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: Maybank Private Wealth Management for Chiang Fong Seng | 1,825,008 | 0.91 |
| 14. | Chiang Heng Pang | 1,485,432 | 0.74 |
| 15. | Chiang Fong Yee | 1,417,500 | 0.71 |
| 16. | UOB Kay Hian Nominees (Asing) Sdn. Bhd.<br>Beneficiary: Exempt An for UOB Kay Hian Pte Ltd | 1,292,040 | 0.64 |
| 17. | Chiang Boon Tian | 1,101,060 | 0.55 |
| 18. | HSBC Nominees (Asing) Sdn. Bhd.<br>Beneficiary: BBH and Co Boston for Fidelity Global Value Advance Equity Mother Fund | 1,088,856 | 0.54 |
| 19. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: Pledged securities account for Wong Yee Hui | 1,080,000 | 0.54 |
| 20. | Cartaban Nominees (Asing) Sdn. Bhd.<br>Beneficiary: SSBT Fund F9N7 for Fidelity Global Growth and Value Investment Trust | 1,080,000 | 0.54 |
| 21. | CGS-CIMB Nominees (Asing) Sdn. Bhd.<br>Beneficiary: Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. | 1,019,520 | 0.51 |
| 22. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: Maybank Trustees Berhad for Dana Makmur Pheim | 851,904 | 0.42 |
| 23. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: CIMB for Kwan Yoong Yu | 809,997 | 0.40 |
| 24. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: CIMB for Siva Kumar A/L M Jeyapalan | 700,000 | 0.35 |
| 25. | Yong Siew Moi | 688,500 | 0.34 |
| 26. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: BBH and Co Boston for Fidelity Low-Priced Stock Fund | 675,810 | 0.34 |
| 27. | Cartaban Nominees (Asing) Sdn. Bhd.<br>Beneficiary: Pledged securities account for Lee Swee Kiat & Sons Sdn. Bhd. | 589,167 | 0.29 |
| 28. | Chong Cheong Leong | 576,000 | 0.29 |
| 29. | Chiang Fong Tat | 558,738 | 0.28 |
| 30. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>Beneficiary: Pledged securities account for Fong York Siang | 540,000 | 0.27 |
| | **Total** | **167,601,286** | **83.39** |

Note:
The above information is based on the Record of Depositors as at 30 September 2021 provided by Bursa Malaysia Depository Sdn. Bhd. and without aggregating securities from different securities accounts belonging to the same person

# Notice of 30th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of Bonia Corporation Berhad will be held on Tuesday, 30 November 2021 at 9.30 am as a fully virtual meeting via the online platform at *www.agm.virtualeagm.com.my* (Domain Registration No. with MyNIC Berhad: DIA444202) provided by AI Smartual Learning Sdn. Bhd. in Malaysia, for the following purposes:

**AGENDA**

**ORDINARY BUSINESS**

1. To lay the Audited Financial Statements for the financial year ended 30 June 2021 together with the reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 2*

2. To re-elect the following Directors who retire pursuant to the Constitution of the Company and being eligible, have offered themselves for re-election:

| | | | |
|---|---|---|---|
| 2.1 | Dato' Sri Chiang Fong Tat | - Clause 86.1 | *Ordinary Resolution 1* |
| 2.2 | Dato' Sri Chiang Fong Yee | - Clause 86.1 | *Ordinary Resolution 2* |
| 2.3 | Chong Sai Sin | - Clause 86.1 | *Ordinary Resolution 3* |

3. To re-appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 30 June 2022 and to authorise the Board of Directors to fix their remuneration. *Ordinary Resolution 4*

4. To approve the Directors' fees of Bonia Corporation Berhad and its subsidiaries not exceeding RM1,600,000 for the financial year ending 30 June 2022 to be divided amongst the Directors in such manner as they may determine, with payment of the fees to be made semiannually in arrears at the end of each half-year. *Ordinary Resolution 5*

5. To approve the Directors' benefits of Bonia Corporation Berhad up to an amount of RM95,000 for the period from 01 December 2021 until the next Annual General Meeting. *Ordinary Resolution 6*

**SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions, with or without modifications thereto:

6. **Retention of Independent Non-Executive Director**

   "THAT contingent upon the passing of Ordinary Resolution 3, Chong Sai Sin shall continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an independent director has exceeded a cumulative term of 12 years." *Ordinary Resolution 7*

7. **Approval for Allotment of shares or Grant of rights**

   "THAT the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue not more than 20% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time, upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force, and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be allotted and issued after the expiration of the approval hereof, and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted and issued on the Bursa Malaysia Securities Berhad." *Ordinary Resolution 8*

# Notice of 30th Annual General Meeting

8. **Proposed renewal of shareholders' mandate to enable Bonia Corporation Berhad to purchase up to 10% of its total number of issued shares ("Proposed Share Buy-Back")**

"THAT subject to all the applicable laws and regulations, the Directors be and are hereby authorised to purchase the ordinary shares of the Company through the stock exchange of Bursa Malaysia Securities Berhad at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and in the interests of the Company provided that the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed 10% of the total number of issued shares of the Company; and the funds allocated for the purchase of shares shall not exceed its retained profits for the time being.

THAT the Directors be and are hereby further authorised to deal with the treasury shares in their absolute discretion pursuant to Section 127(7) of the Companies Act 2016.

THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company following the general meeting at which the Proposed Share Buy-Back was passed at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first.

AND THAT the Board of Directors be and is hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the aforesaid share buy-back in the best interest of the Company." *Ordinary Resolution 9*

9. To transact any other business of which due notice shall have been given.

By Order of the Board

**CHONG CHIN LOOK** (Membership No. MIA 8043, SSM Practising Certificate No. 202008001280)
**CHOK KWEE WAH** (Membership No. MACS 00550, SSM Practising Certificate No. 202008002837)
**TAN KEAN WAI** (Membership No. MAICSA 7056310, SSM Practising Certificate No. 202008000801)
Company Secretaries

29 October 2021
Kuala Lumpur

**Notes:**

1. Only a depositor whose name appears on the Record of Depositors as at 18 November 2021 shall be entitled to attend, participate, speak and vote at this Meeting as well as for appointment of any person as his proxy(ies) to exercise all or any of his rights to attend, participate, speak and vote at the Meeting on his stead.

2. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. However, a member shall not, subject to Paragraphs (3) and (4) below, be entitled to appoint more than 2 proxies to attend and vote at the Meeting.

3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

# Notice of 30th Annual General Meeting

5. Where a member entitled to vote on a resolution has appointed more than 1 proxy, the proxies shall only be entitled to vote on any question at the Meeting on poll provided that the member specifies the proportion of his holdings to be represented by each proxy.

6. Where a member is a corporation, it may also by resolution of its directors or other governing body authorising a person or persons to act as its representative or representatives to exercise all or any of its rights to attend, participate, speak and vote at the Meeting on its stead.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll.

   The instrument appointing a proxy or proxy form and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority, certified by an advocate and solicitor or where the member is a body corporate, the copy of the power or authority may also be certified by an authorised officer of that member, shall be deposited at the office of the Poll Administrator, *AI Smartual Learning Sdn. Bhd. at 23-5, Menara Bangkok Bank, Berjaya Central Park, Jalan Ampang, 50450 Kuala Lumpur, Malaysia, alternatively to be submitted electronically through enquiry@aismartuallearning.com*, not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll as may be provided or permitted under the applicable laws, and in default the instrument of proxy or proxy form shall not be treated as valid. *Faxed and photocopied copies of the duly executed Proxy Form are not acceptable.*

8. Should you wish to participate at the Meeting remotely, please register electronically via the online meeting platform at *www.agm.virtualeagm.com.my* by the registration cut-off date and time. Please refer to the Administrative Guide for Thirtieth Annual General Meeting as enclosed in the Annual Report 2021 of the Company, for further details.

9. As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the online meeting platform that is registered with MyNIC Berhad and hosted in Malaysia is recognised as the meeting venue under Section 327 of the Companies Act 2016. No shareholders, proxies, corporate/authorised representatives, or attorneys from the public are allowed to be physically present thereat on the day of the Meeting.

**Explanatory Notes:**

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all the resolutions set out in this Notice will be put to vote by poll.

2. *Item 1 of the Agenda* - This item is meant for discussion only as the provision of Section 340 of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Henceforth, this item is not put forward for voting.

3. *Item 2 of the Agenda* - The resolutions, if approved, will authorise the continuity in office of the Directors. An annual assessment on the performance and effectiveness of the Directors (including the independence of Independent Non-Executive Directors) for the financial year ended 30 June 2021 has been undertaken, and the result was satisfactory to the Board.

4. *Item 3 of the Agenda* - BDO PLT (LLP0018825-LCA & AF0206), being the Auditors of the Company for the financial year ended 30 June 2021, have expressed their willingness to continue in office.

5. *Items 4 and 5 of the Agenda* - Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors including compensation for loss of employment of a director or former director of a listed company and its subsidiaries, shall be approved at a general meeting.

   The resolutions, if approved, will authorise:

   (i) the payment of the Directors' fees to the Directors of Bonia Corporation Berhad by the Company and several of its local and foreign subsidiaries; and

   (ii) the payment of the Directors' benefits to the Non-Executive Directors of Bonia Corporation Berhad by the Company for the period from 01 December 2021 until the next AGM in year 2022 that are derived from:

      (a) the fixed allowance for membership of the Audit & Risk Management Committee and the Nomination & Remuneration Committee of RM20,000 per person per financial year; and

      (b) the estimated meeting allowance based on the number of scheduled and unscheduled meetings (where necessary) of the Board and Board committees of RM500 per day of meeting.

6. *Item 6 of the Agenda* - The resolution, if approved, will authorise the continuity in office of Chong Sai Sin as an independent non-executive director of the Company notwithstanding that his tenure as an independent director has exceeded a cumulative term of 12 years from the date of his first appointment. The Board had carried out a comprehensive independence test on the independence of Chong Sai Sin as set out in the Corporate Governance Overview Statement of the Annual Report 2021 of the Company, and the result was satisfactory to the Board.

   In line with Practice 5.3 of the Malaysian Code of Corporate Governance 2021, the Board is seeking annual shareholders' approval through a two-tier voting process to retain Chong Sai Sin as an independent non-executive director of the Company.

# Notice of 30th Annual General Meeting

7. *Item 7 of the Agenda* - Pursuant to Bursa Malaysia Securities Berhad ("BMSB")'s letter dated 16 April 2021, the Company is allowed to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing requirements ("MMLR") of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities ("20% General Mandate") subject to fulfilment of the conditions as stipulated therein during these trying and challenging times due to the Covid-19 pandemic. This 20% General Mandate may be utilised by the Company to issue new securities until 31 December 2021 and thereafter, the 10% limit under Paragraph 6.03(1) of the MMLR will be reinstated. The authorisation, if approved, and unless revoked or varied by a resolution of the Company, will expire at the conclusion of the annual general meeting held next after the approval was given; or at the expiry of the period within which the next annual general meeting is required by law to be held after the approval was given, whichever is the earlier.

   The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders due to the rising risk from the uncertain global and domestic economic environment, coupled with weak Ringgit performance, and this measure could give access to additional fundraising flexibility for the Company to ensure its long term sustainability and to meet its funding requirements such as working capital, operational expenditure, strategic opportunities involving equity deals and/or so forth which may require issuance of new shares, expeditiously and efficiently, during this challenging time. In addition, any delay arising from and cost involved in convening a general meeting to approve such issuance of shares could be eliminated.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the existing mandate which will lapse at the conclusion of the forthcoming annual general meeting.

8. *Item 8 of the Agenda* - The details of the proposal are set out in the Circular to Shareholders dated 29 October 2021 and is published at the Company's website.

# Statement Accompanying Notice of Thirtieth Annual General Meeting ("30th AGM")

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR")]

**Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming 30th AGM of the Company.

**Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the MMLR**

The details of the general mandate are set out in Item 7 of the Explanatory Notes of the Notice of 30th AGM dated 29 October 2021.

# Proxy Form

**BONIA CORPORATION BERHAD**
Registration No. 199101013622 (223934-T)

I/We ..........................................................................................

NRIC/Passport/Company No. ........................................ Tel No. ........................................

CDS Account No. ........................................ Number of shares held: ........................................

Address: ..........................................................................................

..........................................................................................

being a member of BONIA CORPORATION BERHAD [Registration No. 199101013622 (223934-T)] hereby appoint:

1. Name of Proxy ........................................ NRIC/Passport No. ........................................

Email Address ..........................................................................................

Tel No. ........................................ Number of shares represented ........................................

2. Name of Proxy ........................................ NRIC/Passport No. ........................................

Email Address ..........................................................................................

Tel No. ........................................ Number of shares represented ........................................

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, at the Thirtieth Annual General Meeting of the Company to be held on Tuesday, 30 November 2021 at 9.30 am as a fully virtual meeting via the online platform at *www.agm.virtualeagm.com.my* (Domain Registration No. with MyNIC Berhad: DIA444202) provided by AI Smartual Learning Sdn. Bhd. in Malaysia or at any adjournment thereof, in the manner as indicated below:

| No. | Resolutions | | For | Against |
|---|---|---|---|---|
| 1. | Ordinary Resolution 1 | Re-election of Dato' Sri Chiang Fong Tat as Director | | |
| 2. | Ordinary Resolution 2 | Re-election of Dato' Sri Chiang Fong Yee as Director | | |
| 3. | Ordinary Resolution 3 | Re-election of Chong Sai Sin as Director | | |
| 4. | Ordinary Resolution 4 | Re-appointment of Messrs BDO PLT as Auditors and to authorise the Directors to fix their remuneration | | |
| 5. | Ordinary Resolution 5 | Approval for Directors' Fees for financial year ending 30 June 2022 | | |
| 6. | Ordinary Resolution 6 | Approval for Directors' Benefits | | |
| 7. | Ordinary Resolution 7 | Retention of Chong Sai Sin as Independent Non-Executive Director | | |
| 8. | Ordinary Resolution 8 | Approval for Allotment of shares or Grant of rights | | |
| 9. | Ordinary Resolution 9 | Proposed Share Buy-Back | | |

Please indicate with an "X" or "√" in the space provided above how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Signature/Seal of the Shareholder(s): ........................................ Date: ........................................

Notes:

1. Only a depositor whose name appears on the Record of Depositors as at 18 November 2021 shall be entitled to attend, participate, speak and vote at this Meeting as well as for appointment of any person as his proxy(ies) to exercise all or any of his rights to attend, participate, speak and vote at the Meeting on his stead.
2. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. However, a member shall not, subject to Paragraphs (3) and (4) below, be entitled to appoint more than 2 proxies to attend and vote at the Meeting.
3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member entitled to vote on a resolution has appointed more than 1 proxy, the proxies shall only be entitled to vote on any question at the Meeting on poll provided that the member specifies the proportion of his holdings to be represented by each proxy.
6. Where a member is a corporation, it may also by resolution of its directors or other governing body authorising a person or persons to act as its representative or representatives to exercise all or any of its rights to attend, participate, speak and vote at the Meeting on its stead.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll.
   The instrument appointing a proxy or proxy form and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority, certified by an advocate and solicitor or where the member is a body corporate, the copy of the power or authority may also be certified by an authorised officer of that member, shall be deposited at *the office of the Poll Administrator, AI Smartual Learning Sdn. Bhd. at 23-5, Menara Bangkok Bank, Berjaya Central Park, Jalan Ampang, 50450 Kuala Lumpur, Malaysia, alternatively to be submitted electronically through enquiry@aismartuallearning.com*, not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll as may be provided or permitted under the applicable laws, and in default the instrument of proxy or proxy form shall not be treated as valid. *Faxed and photocopied copies of the duly executed Proxy Form are not acceptable*.
8. Should you wish to participate at the Meeting remotely, please register electronically via the online meeting platform at *www.agm.virtualeagm.com.my* by the registration cut-off date and time. Please refer to the Administrative Guide for Thirtieth Annual General Meeting as enclosed in the Annual Report 2021 of the Company, for further details.
9. As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the online meeting platform that is registered with MyNIC Berhad and hosted in Malaysia is recognised as the meeting venue under Section 327 of the Companies Act 2016. No shareholders, proxies, corporate/authorised representatives, or attorneys from the public are allowed to be physically present thereat on the day of the Meeting.

Fold Here

Affix
stamp

To: **AI Smartual Learning Sdn. Bhd**.

23-5, Menara Bangkok Bank, Berjaya Central Park,
Jalan Ampang, 50450 Kuala Lumpur, Malaysia

(The Poll Administrator for the 30th AGM of Bonia Corporation Berhad)

Fold Here

# Administrative Guide for Thirtieth Annual General Meeting

| | | |
|---|---|---|
| Date and time of the 30th AGM | : | Tuesday, 30 November 2021 at 9.30 am |
| Fully virtual online meeting platform | : | *www.agm.virtualeagm.com.my*<br>(Domain Registration No. with MyNIC Berhad: D1A444202)<br>provided by AI Smartual Learning Sdn. Bhd. in Malaysia |

**1.0 ENTITLEMENT TO PARTICIPATE AND VOTE**

1.1 Only depositors whose names appear in the Record of Depositors as at 18 November 2021 shall be entitled to participate and/or vote remotely at the Annual General Meeting ("AGM") or appoint a proxy/proxies to participate and/or vote on his stead.

1.2 Eligible members are required to pre-register for the RPV at *www.agm.virtualeagm.com.my* to ascertain their eligibility to participate and/or vote at the AGM remotely.

**2.0 REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES ("RPV")**

**2.1 Details of the RPV**

i. The RPV is available to: individual members; proxy holders; corporate representatives; authorised nominees; and exempt authorised nominees (individually, "participant", and collectively, "participants")

ii. Eligible participants are entitled to participate and/or vote remotely at the AGM using the RPV provided by AI Smartual Learning Sdn. Bhd. at *www.agm.virtualeagm.com.my* from various devices such as smart phone, tablet, laptop or computer.

iii. The quality of the participant's connection to the live broadcast is dependent on the bandwidth and stability of the internet of his location and the device he uses.

iv. In the event the participant encounters any issues with pre-meeting registration, submission of questions, log-in, connection to the live streamed meeting or online voting on the meeting day, kindly contact the Poll Administrator (details of the Poll Administrator is stated in Item 4.0 of this administrative guide) for assistance.

**2.2 Appointment of Proxy(ies)**

i. Members may appoint proxy(ies) to participate and/or vote at the AGM via RPV, or to appoint the Chairperson of the Meeting as his proxy by indicating the voting instructions in the Proxy Form [otherwise the proxy(ies) will vote at his discretion] in accordance with the notes and instructions printed therein.

ii. Please ensure that the duly completed and executed Proxy Form is deposited at *the office of the Poll Administrator, AI Smartual Learning Sdn. Bhd. at 23-5, Menara Bangkok Bank, Berjaya Central Park, Jalan Ampang, 50450 Kuala Lumpur, Malaysia* not less than 48 hours before the time appointed for holding the AGM ie. latest by Sunday, 28 November 2021 at 9.30 am. Alternatively, the duly completed and executed Proxy Form can also be submitted electronically, through *enquiry@aismartuallearning.com*.

iii. Thereafter, the Poll Administrator will create a USER ID for the appointed proxy(ies) with the login credentials be sent via email to the appointed proxy(ies) to facilitate their access to the RPV.

**2.3 Appointment of Corporate/Authorised Representative(s)**

i. Members who are body corporates may appoint their corporate/authorised representative(s) to participate and/or vote at the AGM.

ii. Appointed corporate/authorised representative(s) shall: (i) provide a copy of his identity card, email address and mobile phone number, and (ii) deposit together with the original evidence of his authority (eg. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority in English or Bahasa Malaysia) to the Poll Administrator at the office of the Poll Administrator, *AI Smartual Learning Sdn. Bhd. at 23-5, Menara Bangkok Bank, Berjaya Central Park, Jalan Ampang, 50450 Kuala Lumpur, Malaysia* not later than Sunday, 28 November 2021 at 9.30 am, for verification.

# Administrative Guide for Thirtieth Annual General Meeting

**2.0 REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES ("RPV") (continued)**

**2.3 Appointment of Corporate/Authorised Representative(s) (continued)**

iii. Thereafter, the Poll Administrator will create a USER ID for the appointed corporate/authorised representative(s) with the login credentials be sent via email to the appointed corporate/authorised representative(s) to facilitate their access to the RPV.

**2.4 Submission of Questions**

i. Pre-meeting submission of questions - Members are welcome to submit questions to the Board and/or the Auditors of the Company in advance prior to the AGM not later than Sunday, 28 November 2021 at 9.30 am electronically, through *enquiry@aismartuallearning.com*.

ii. Submission of questions during the AGM - Participants may pose questions to the Board and/or the Auditors of the Company via real time submission of typed texts throughout the AGM.

iii. The Board will endeavour to answer the questions received at the AGM.

**2.5 Voting Procedures**

i. Members/proxies/corporate representatives can proceed to vote on the resolutions via the RPV at *www.agm.virtualeagm.com.my* at any time from the commencement of the AGM at 9.30 am on 30 November 2021 but before the end of the voting session which will be announced by the Chairperson of the meeting.

ii. Upon completion of the voting session, the appointed independent scrutineers will verify the poll results followed by the Chairperson's declaration whether the resolutions put to vote were successfully carried or otherwise.

**2.6 Procedures for RPV**

Members/proxies/corporate representatives who wish to participate and/or vote at the AGM remotely via RPV are to follow the requirements and procedures as summarised in "Annex A" as annexed hereto.

**3.0 OTHERS**

3.1 NO gifts/meal vouchers - There will be no distribution of gifts or meal vouchers for members/proxies/corporate representatives who participate in the AGM.

3.2 NO recording or photography - Unauthorised recording and/or photography are strictly prohibited at the AGM.

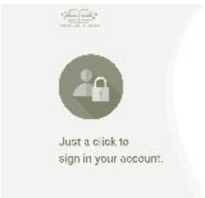
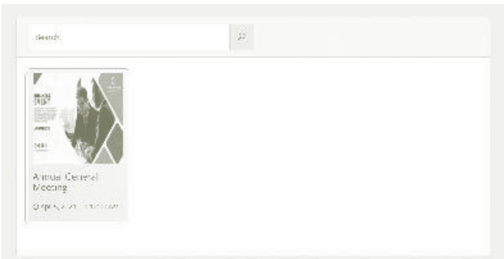
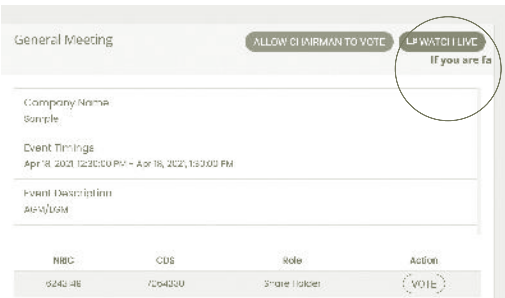
**4.0 ENQUIRY AND RPV ASSISTANCE**

4.1 If you have any enquiries on the above, please contact the Poll Administrator during office hours from 9.00 am to 5.00 pm (Monday to Friday, excluding public holidays and days on which the office is closed due to regulations imposed by the Malaysian government to curb the spread of Covid-19 pandemic, if any):

| | | |
|---|---|---|
| Poll Administrator | : | AI Smartual Learning Sdn. Bhd.<br>23-5, Menara Bangkok Bank, Berjaya Central Park, Jalan Ampang<br>50450 Kuala Lumpur, Malaysia |
| Contact person | : | Mr David Cheng |
| Telephone No. | : | +6017 770 0887 |
| Email | : | *davidcheng@aismartuallearning.com* |

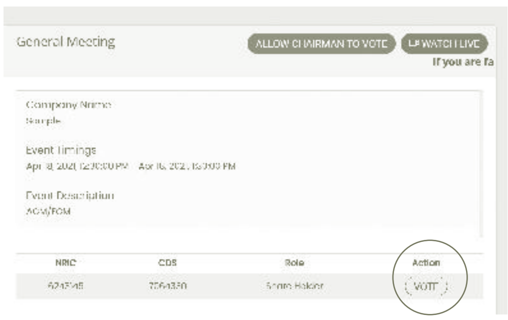
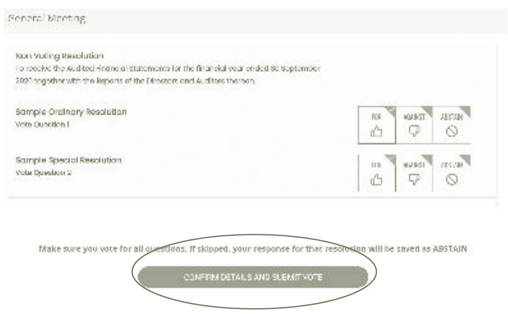
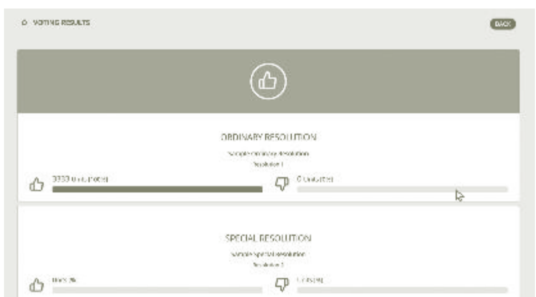
# Administrative Guide for Thirtieth Annual General Meeting

**ANNEX A : PROCEDURES FOR RPV**

<table>
<tr><th colspan="2">Procedure</th><th>Action</th></tr>
<tr><td>1.</td><td>Register as a user with www.agm.virtualeagm.com.my (“AI-Portal”)<br><br></td><td><ul><li>Registration is open from 20 November 2021 at 9.30 am until 29 November 2021 at 9.30 am</li><li>Please access the URL www.agm.virtualeagm.com.my, input your details accordingly and click “submit”</li><li>After verification, registration will be approved within 1 working day and you will be notified via email with the login credentials to be sent to you. You are advised to change the password to your preferred password for future login</li><li>If you are already a registered user of AI-Portal, you are not required to register again. You just need to login at the AI-Portal on the AGM day to participate and/or vote thereat</li></ul></td></tr>
<tr><td>2.</td><td>Login to the RPV at www.agm.virtualeagm.com.my on the AGM day<br><br>BEFORE<br><br><br>AFTER<br><br><br><br>DURING THE LIVE STREAMING<br><br></td><td><ul><li>The AI-Portal will open for access on the AGM day from 30 November 2021 at 8.30 am until the conclusion of the AGM</li><li>After logging in, click on the event icon to participate the AGM</li><li>Your screen will divert you to the event page of the AGM as shown</li><li>To watch live streaming, please click on the blue button “Watch Live” on the top right corner. If you are facing issues in watching live, please click the “Click Here” to open the Zoom application directly</li><li>Continue watching</li></ul></td></tr>
</table>

# Administrative Guide for Thirtieth Annual General Meeting

**ANNEX A : PROCEDURES FOR RPV (continued)**

| Procedure | | Action |
|---|---|---|
| 3. | Submission of questions via RPV<br> | • If you wish to raise a question, please click the "Q&A" icon at the bottom of your screen, type your question(s) in the Q&A pop-up screen, and click "Send" to send in the question(s)<br>• There is no limitation of the number of questions that you may raise |
| 4. | Casting of votes<br> | • To cast your votes, please click return to the earlier tab as shown<br>• Please cross check the event details, your name, NRIC number and CDS number. If all are in order, please click the "Vote" button to reach the voting page |
| |  | • Your screen will turn to the voting page as shown<br>• Please vote accordingly<br>• Upon ready to submit your votes, please click on the blue button "Confirm Details and Submit Vote" to complete your voting |
| |  | • To view the voting results, please click the green button "Results" |
| |  | • The voting results will be presented as shown |
| 5. | Conclusion of AGM | Thank you for your participation |

# Financial Statements

04


| | |
|---|---|
| 096 | Directors' Report |
| 101 | Statement by Directors |
| 101 | Statutory Declaration |
| 102 | Independent Auditors' Report to the Members of Bonia Corporation Berhad |
| 108 | Statements of Financial Position |
| 109 | Statements of Profit or Loss and Other Comprehensive Income |
| 110 | Consolidated Statement of Changes in Equity |
| 111 | Statement of Changes in Equity |
| 112 | Statements of Cash Flows |
| 115 | Notes to the Financial Statements |

# Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company. The principal activities and the details of the subsidiaries and associates are set out in Notes 11 and 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2021.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the financial year | 16,162 | 16,014 |
| Profit for the financial year attributable to: | | |
| Owners of the parent | | |
| - from continuing operations | 13,019 | 16,014 |
| - from discontinuing operations | 853 | - |
| | 13,872 | 16,014 |
| Non-controlling interests | 2,290 | - |
| | 16,162 | 16,014 |

## DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

| | Company RM'000 |
|---|---|
| In respect of the financial year ended 30 June 2021: | |
| Single tier interim dividend of 2.00 sen per ordinary share, paid on 3 November 2020 | 3,815 |
| Single tier interim dividend of 2.00 sen per ordinary share, paid on 6 April 2021 | 4,020 |
| | 7,835 |

On 11 January 2021, the Company declared a share dividend to distribute its treasury shares to the entitled shareholders of the Company on the basis of eight (8) treasury shares for every one hundred (100) shares of the Company held on 26 January 2021 ("Entitlement date"). On 15 February 2021, the relevant treasury shares amounting to approximately RM12,508,000 were distributed and credited into the central depository accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. and this was accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2021.

The Directors do not recommend any final dividend in respect of the financial year ended 30 June 2021.

On 28 September 2021, the Board of Directors declared a single tier interim dividend of 2.00 sen per ordinary share of approximately RM4,020,000 in respect of the financial year ending 30 June 2022, to be paid on 28 October 2021 to the shareholders of the Company whose names appear in the Record of Depositors on 13 October 2021. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year ended 30 June 2021.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 30 June 2021.

# Directors' Report

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year ended 30 June 2021.

## TREASURY SHARES

During the financial year, the Company repurchased 10,113,800 of its issued ordinary shares from the stock exchange of Bursa Malaysia Securities Berhad and held the same as treasury shares at an average buy-back price of RM0.682 per ordinary share. The total consideration (including transaction costs) of RM6,893,000 paid for the repurchases was financed by internally generated funds.

On 11 January 2021, the Company declared a share dividend to distribute its treasury shares to the entitled shareholders of the Company on the basis of eight (8) treasury shares for every one hundred (100) shares of the Company held on 26 January 2021 ("Entitlement date"). On 15 February 2021, the relevant treasury shares amounting to approximately RM12,508,000 were distributed and credited into the central depository accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. as disclosed in Note 20(c) to the financial statements.

As at 30 June 2021, the Company held 576,719 (2020: 5,351,400) treasury shares out of its total issued shares of 201,571,842 (2020: 201,571,842) ordinary shares. Such treasury shares are recorded at a carrying amount of RM485,000 (2020: RM6,100,000). Further relevant details are disclosed in Note 20(c) to the financial statements.

## DIRECTORS OF BONIA CORPORATION BERHAD

The Directors who held office during the financial year and up to the date of this report are as follows:

| | |
|---|---|
| Chiang Sang Sem | - Founder and Group Executive Chairman |
| Dato' Sri Chiang Fong Tat | - Group Executive Director |
| Dato' Sri Chiang Fong Seng | - Group Executive Director |
| Chong Chin Look | - Group Finance Director |
| Datuk Chiang Heng Kieng | - Non-Independent Non-Executive Director |
| Dato' Sri Chiang Fong Yee | - Non-Independent Non-Executive Director |
| Datuk Ng Peng Hong @ Ng Peng Hay | - Senior Independent Non-Executive Director |
| Chong Sai Sin | - Independent Non-Executive Director |
| Azian Binti Mohd Yusof [1] | - Independent Non-Executive Director |
| Chiang May Ling | - Alternate Director to Chiang Sang Sem |
| Chiang Fong Chyen | - Alternate Director to Datuk Chiang Heng Kieng |

(1) Appointed during the financial year

## DIRECTORS OF SUBSIDIARIES OF BONIA CORPORATION BERHAD

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries of Bonia Corporation Berhad during the financial year and up to the date of this report are as follows:

Chiang Sang Sem
Datuk Chiang Heng Kieng
Chiang Sang Bon
Dato' Sri Chiang Fong Tat
Dato' Sri Chiang Fong Seng
Chong Chin Look
Datin Sri Tan Loo Yin
Chiang May Ling
Chiang Fong Chyen
Chiang Sang Yau
Lee Eng Cheng
Datin Sri Chen May Yen [1]
Yeow Kim Thai
Chew Siew Moy
Ong May Chiun
Lee Poh Seong
Siow Huey Loong
Chiang Sang Ling
Bong Kwan Chin
Lim Ting Fong
Ting Oi Ling
Manimaran Kanapathi [2]
Tan Tai Kwan [1]
Musniarni Massewa [1]
Liao Tien Fook
Liao Tian Sze
Chiang Boon Tian
Chiang Fong Xiang
Christiane Brunk
Tan Kim Eng
Susan Silvia Gretz
Tan Feng Nee
Chong See Moi
Fong Kok Leong [1]
Liang Yow Shuih [1]

(1) Appointed during the financial year
(2) Resigned during the financial year

# Directors' Report

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year ended 30 June 2021 were as follows:

| | ← Number of ordinary shares | | | → |
|---|---|---|---|---|
| | **Balance as at 1.7.2020** | **Additions** | **Sold/ Transferred** | **Balance as at 30.6.2021** |
| **The Company** | | | | |
| Direct interests | | | | |
| Chiang Sang Sem | 4,345,400 | 17,829,140 | (3,000,000) | 19,174,540 |
| Dato' Sri Chiang Fong Yee | 1,312,500 | 105,000 | - | 1,417,500 |
| Dato' Sri Chiang Fong Seng | 1,056,950 | 4,897,564 | - | 5,954,514 |
| Dato' Sri Chiang Fong Tat | 517,350 | 41,388 | - | 558,738 |
| Chiang May Ling | 175,000 | 34,000 | - | 209,000 |
| Chiang Fong Chyen | 200,000 | 16,000 | - | 216,000 |
| Indirect interests | | | | |
| Chiang Sang Sem | 94,508,251 | 30,143,146 | - | 124,651,397 |
| Dato' Sri Chiang Fong Tat | 25,000 | 2,000 | - | 27,000 |
| Datuk Chiang Heng Kieng | 44,000 | 3,520 | - | 47,520 |
| **Subsidiary company - Jeco (Pte) Limited** | | | | |
| Indirect interests | | | | |
| Chiang Sang Sem | 50,000 | - | - | 50,000 |
| Dato' Sri Chiang Fong Seng | 50,000 | - | (50,000) | - |

By virtue of his substantial interests in the Company, Chiang Sang Sem is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have been derived by virtue of the remuneration received and receivable by certain Directors from related corporations in their capacity as Directors or full-time employees of those related corporations and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company and its subsidiaries have substantial interests as disclosed in Note 36 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 36(c) to the financial statements.

# Directors' Report

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 30 June 2021 was RM12,010.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year ended 30 June 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature except for the impact arising from the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year ended 30 June 2021 in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

# Directors' Report

**SUBSIDIARIES**

Details of subsidiaries are set out in Note 11 to the financial statements.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 40 to the financial statements.

**AUDITORS**

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2021 are disclosed in Notes 26 and 31 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

.....................................................
**Chiang Sang Sem**
**(or his alternate, Chiang May Ling)**
Founder and Group Executive Chairman

.....................................................
**Chong Chin Look**
Group Finance Director

Kuala Lumpur
7 October 2021

# Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 108 to 212 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....................................................
**Chiang Sang Sem**
**(or his alternate, Chiang May Ling)**
Founder and Group Executive Chairman

.....................................................
**Chong Chin Look**
Group Finance Director

Kuala Lumpur
7 October 2021

# Statutory Declaration

I, Chong Chin Look (MIA 8043), being the Group Finance Director primarily responsible for the financial management of Bonia Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 212 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )
the abovenamed at Kuala Lumpur this )
7 October 2021 )

**Chong Chin Look**

Before me:

Baloo T. Pichai
Commissioner for Oaths
No. W663
Kuala Lumpur

# Independent Auditors' Report

To the members of BONIA CORPORATION BERHAD
(Incorporated in Malaysia)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Bonia Corporation Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 212.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Key Audit Matters**

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

***Key Audit Matters of the Group***

***1. Impairment assessment of the carrying amounts of goodwill, trademarks and other intangible assets***

As disclosed in Note 10 to the financial statements, the net carrying amounts of goodwill, trademarks and other intangible assets of the Group amounted to RM45,758,000, RM27,850,000, and RM132,000 respectively as at 30 June 2021. The Group had recognised an impairment loss on goodwill of RM2,582,000 during the financial year ended 30 June 2021.

Goodwill, trademarks and other intangible assets are tested for impairment by the Group annually, or more frequently if events or changes in circumstances indicate that the goodwill or intangible assets might be impaired. To determine if there is any impairment loss required on goodwill, trademarks and other intangible assets, management used a value-in-use model to compute the present values of forecasted future cash flows for the respective Cash Generating Units ("CGUs").

We determined the impairment assessment of the carrying amounts of goodwill, trademarks and other intangible assets to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgement by the management about the future results and cash flows of the relevant business, including forecast growth in future revenue and operating profit margins as well as determining an appropriate discount factor and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

**Key Audit Matters (continued)**

***Key Audit Matters of the Group (continued)***

***1. Impairment assessment of the carrying amounts of goodwill, trademarks and other intangible assets (continued)***

Our audit procedures included the following:

(a) assessed the reasonableness of the key assumptions used by management in the cash flows forecasts and projections;

(b) assessed the reasonableness of the pre-tax discount rate used by management for each of the CGUs by comparing to market data, weighted average cost of capital of the Group and relevant risk factors incorporating the impact of the COVID-19 pandemic;

(c) assessed the cash flows projections against recent performance and compared the current period's actual results with previous forecasts to assess the historical accuracy of forecasts; and

(d) performed sensitivity analysis of our own to stress test the key assumptions used by management in the impairment models.

***2. Carrying amount of inventories at the lower of cost and net realisable value***

As disclosed in Note 15 to the financial statements, the Group held RM60,792,000 of inventories at the end of the reporting period.

We determined this to be a key audit matter as the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

Our audit procedures included the following:

(a) discussed with management and obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value of inventories;

(b) tested the accuracy of inventories' ageing;

(c) tested the weighted average costing of inventories; and

(d) tested inventories as well as old and slow-moving inventories for sales subsequent to the year end to support the assertion that the carrying amount of inventories is at the lower of cost and net realisable value.

***3. Recoverability of trade receivables***

As at 30 June 2021, the net carrying amount of trade receivables of the Group was RM24,068,000, as disclosed in Note 16 to the financial statements.

The Group has impaired trade receivables of RM24,281,000 as at 30 June 2021.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

# Independent Auditors' Report

To the members of BONIA CORPORATION BERHAD
(Incorporated in Malaysia)

**Key Audit Matters (continued)**

***Key Audit Matters of the Group (continued)***

***3. Recoverability of trade receivables (continued)***

Our audit procedures included the following:

(a) assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and long overdue and old balances;

(b) tested the accuracy of trade receivables' ageing;

(c) recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;

(d) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;

(e) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(f) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

***4. Impairment assessment of the carrying amounts of property, plant and equipment and right-of-use assets***

As disclosed in Notes 7 and 8 to the financial statements, the carrying amounts of property, plant and equipment and right-of-use assets of the Group amounted to RM87,522,000 and RM44,953,000 respectively as at 30 June 2021. Included in these carrying amounts are property, plant and equipment and right-of-use assets amounting to RM1,540,000 and RM10,255,000 respectively as at 30 June 2021 in certain subsidiaries which have indication of impairment.

The Group had recognised impairment losses on property, plant and equipment and right-of-use assets of RM331,000 and RM1,763,000 respectively during the financial year ended 30 June 2021.

Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of these property, plant and equipment and right-of-use assets (hereinafter referred to as Cash Generating Units ("CGUs")) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Our audit procedures included the following:

(a) compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(c) assessed appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors incorporating the impact of the COVID-19 pandemic; and

(d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

# Independent Auditors' Report

To the members of BONIA CORPORATION BERHAD
(Incorporated in Malaysia)

**Key Audit Matters (continued)**

***Key Audit Matters of the Company***

***1. Impairment assessment of the carrying amounts of costs of investments in subsidiaries***

As disclosed in Note 11 to the financial statements, the carrying amounts of costs of investments in subsidiaries amounted to RM222,865,000 as at 30 June 2021. Included in this carrying amount are costs of investments in certain subsidiaries amounting to RM174,775,000 as at 30 June 2021 which have indication of impairment.

The Company had recognised an impairment loss on costs of investments in subsidiaries of RM8,949,000 during the financial year ended 30 June 2021.

Management used forecasted future cash flows and a value-in-use model to compute the present value of forecasted future cash flows for these subsidiaries/Cash Generating Units ("CGUs") to determine if there is any impairment loss required on the costs of investments in these subsidiaries.

We determined the impairment assessment of the carrying amounts of the costs of investments in these subsidiaries to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the management about the future results and key assumptions applied to cash flow projections of these subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Our audit procedures included the following:

(a) compared cash flows projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cash flows projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period projections to actual outcomes to assess the reliability of management's forecasting process;

(c) assessed the reasonableness of the pre-tax discount rate used for each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors incorporating the impact of the COVID-19 pandemic; and

(d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

***2. Impairment assessment of amounts owing by subsidiaries***

As at 30 June 2021, the net carrying amounts owing by subsidiaries of the Company amounted to RM10,495,000, as disclosed in Note 16 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, incorporating the impact of the COVID-19 pandemic.

Our audit procedures included the following:

(a) assessed the probability of default applied by the Company against external market sources of data, incorporating the impact of the COVID-19 pandemic;

(b) assessed the appropriateness of the indicators of significant increase in credit risk applied by management and the resultant basis for classification of exposure into respective stages; and

(c) assessed management's basis in determining cash flows recoverable in worst-case scenarios, where applicable.

# Independent Auditors' Report

To the members of BONIA CORPORATION BERHAD
(Incorporated in Malaysia)

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

# Independent Auditors' Report

To the members of BONIA CORPORATION BERHAD
(Incorporated in Malaysia)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO PLT**
LLP0018825-LCA & AF 0206
Chartered Accountants

**Chan Wai Leng**
02893/08/2023 J
Chartered Accountant

Kuala Lumpur
7 October 2021

# Statements of Financial Position

As At 30 June 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 7 | 87,522 | 111,556 | - | - |
| Right-of-use assets | 8 | 44,953 | 66,855 | - | - |
| Investment properties | 9 | 98,952 | 38,105 | - | - |
| Intangible assets | 10 | 73,740 | 77,738 | - | - |
| Investments in subsidiaries | 11 | - | - | 222,865 | 206,049 |
| Interests in associates | 12 | 238 | 449 | - | - |
| Other investments | 13 | 1,120 | 1,178 | - | - |
| Deferred tax assets | 14 | 1,428 | 1,241 | - | - |
| Other receivables | 16 | 2,092 | 4,193 | 3,843 | 17,645 |
| | | 310,045 | 301,315 | 226,708 | 223,694 |
| **Current assets** | | | | | |
| Inventories | 15 | 60,792 | 96,457 | - | - |
| Trade and other receivables | 16 | 43,351 | 51,369 | 6,694 | 10,511 |
| Current tax assets | | 1,644 | 2,193 | 12 | - |
| Cash and bank balances | 17 | 85,203 | 77,709 | 1,169 | 1,004 |
| Short term funds | 18 | 15,493 | 23,416 | 9,350 | 7,741 |
| | | 206,483 | 251,144 | 17,225 | 19,256 |
| Non-current assets/disposal group classified as held for sale/held for distribution | 26 | 65,149 | 12,910 | - | - |
| **TOTAL ASSETS** | | 581,677 | 565,369 | 243,933 | 242,950 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 19 | 201,572 | 201,572 | 201,572 | 201,572 |
| Reserves | 20 | 162,983 | 164,734 | 41,934 | 40,648 |
| | | 364,555 | 366,306 | 243,506 | 242,220 |
| Non-controlling interests | 11(e) | 20,480 | 20,259 | - | - |
| **TOTAL EQUITY** | | 385,035 | 386,565 | 243,506 | 242,220 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 21 | 75,046 | 30,102 | - | - |
| Other payable | 24 | 5,015 | 4,888 | - | - |
| Lease liabilities | 8 | 28,288 | 45,439 | - | - |
| Provision for restoration costs | 23 | 1,370 | 1,678 | - | - |
| Deferred tax liabilities | 14 | 6,240 | 6,795 | 1 | 1 |
| | | 115,959 | 88,902 | 1 | 1 |
| **Current liabilities** | | | | | |
| Trade and other payables | 24 | 20,943 | 30,600 | 426 | 714 |
| Borrowings | 21 | 6,834 | 9,301 | - | - |
| Lease liabilities | 8 | 20,846 | 24,634 | - | - |
| Provision for restoration costs | 23 | 415 | 568 | - | - |
| Contract liabilities | 25 | 21,137 | 22,242 | - | - |
| Current tax liabilities | | 1,250 | 2,557 | - | 15 |
| | | 71,425 | 89,902 | 426 | 729 |
| Liabilities of disposal group classified as held for distribution | 26 | 9,258 | - | - | - |
| **TOTAL LIABILITIES** | | 196,642 | 178,804 | 427 | 730 |
| **TOTAL EQUITY AND LIABILITIES** | | 581,677 | 565,369 | 243,933 | 242,950 |

*The accompanying notes form an integral part of the financial statements.*

# Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | 29 | 261,219 | 310,937 | 25,893 | 14,882 |
| Cost of sales | 30 | (124,264) | (141,477) | - | - |
| Gross profit | | 136,955 | 169,460 | 25,893 | 14,882 |
| Other operating income | | 27,221 | 14,604 | 4,698 | 550 |
| Selling and distribution expenses | | (81,368) | (99,100) | - | - |
| General and administrative expenses | | (58,616) | (66,837) | (14,527) | (4,479) |
| Finance costs | | (4,645) | (5,413) | - | (1,350) |
| Share of (loss)/profit of an associate, net of tax | 12(c) | (100) | 119 | - | - |
| Profit before tax | 31 | 19,447 | 12,833 | 16,064 | 9,603 |
| Tax expense | 32 | (4,138) | (6,399) | (50) | (200) |
| Profit for the financial year from continuing operations | | 15,309 | 6,434 | 16,014 | 9,403 |
| **Discontinuing operations** | | | | | |
| Profit/(loss) for the financial year from discontinuing operations, net of tax | 26(a) | 853 | (3,044) | - | - |
| Profit for the financial year | | 16,162 | 3,390 | 16,014 | 9,403 |
| **Other comprehensive income, net of tax** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| **Continuing operations** | | | | | |
| Reclassification of exchange translation reserve to profit or loss upon deregistration of foreign subsidiaries | | 77 | (644) | - | - |
| Foreign currency translations | | (1,246) | 300 | - | - |
| Total other comprehensive loss, net of tax | | (1,169) | (344) | - | - |
| Total comprehensive income | | 14,993 | 3,046 | 16,014 | 9,403 |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the parent | | | | | |
| Continuing operations | | 13,019 | 5,822 | 16,014 | 9,403 |
| Discontinuing operations | | 853 | (3,044) | - | - |
| | | 13,872 | 2,778 | 16,014 | 9,403 |
| Non-controlling interests | | | | | |
| Continuing operations | 11(e) | 2,290 | 612 | - | - |
| | | 16,162 | 3,390 | 16,014 | 9,403 |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Owners of the parent | | | | | |
| Continuing operations | | 11,831 | 5,502 | 16,014 | 9,403 |
| Discontinuing operations | | 853 | (3,044) | - | - |
| | | 12,684 | 2,458 | 16,014 | 9,403 |
| Non-controlling interests | | | | | |
| Continuing operations | 11(e) | 2,309 | 588 | - | - |
| | | 14,993 | 3,046 | 16,014 | 9,403 |
| Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen) | | | | | |
| Basic and diluted: | | | | | |
| Continuing operations | 33 | 6.68 | 2.96 | | |
| Discontinuing operations | 33 | 0.44 | (1.55) | | |
| | | 7.12 | 1.41 | | |

*The accompanying notes form an integral part of the financial statements.*

# Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2021

| Group | Note | Attributable to owners of the parent Share capital RM'000 | Treasury shares RM'000 | Exchange translation reserve RM'000 | Revaluation reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 July 2019 | | 201,572 | (4,659) | 15,196 | 2,521 | 158,532 | 373,162 | 19,671 | 392,833 |
| Profit for the financial year | | - | - | - | - | 2,778 | 2,778 | 612 | 3,390 |
| Reclassification of exchange translation reserve to profit or loss upon deregistration of a foreign subsidiary | | - | - | (644) | - | - | (644) | - | (644) |
| Foreign currency translations | | - | - | 324 | - | - | 324 | (24) | 300 |
| Total comprehensive (loss)/income | | - | - | (320) | - | 2,778 | 2,458 | 588 | 3,046 |
| **Transactions with owners** | | | | | | | | | |
| Dividends paid | 34 | - | - | - | - | (7,873) | (7,873) | - | (7,873) |
| Repurchase of treasury shares | 20(c) | - | (1,441) | - | - | - | (1,441) | - | (1,441) |
| Total transactions with owners | | - | (1,441) | - | - | (7,873) | (9,314) | - | (9,314) |
| Balance as at 30 June 2020 | | 201,572 | (6,100) | 14,876 | 2,521 | 153,437 | 366,306 | 20,259 | 386,565 |
| Profit for the financial year | | - | - | - | - | 13,872 | 13,872 | 2,290 | 16,162 |
| Reclassification of exchange translation reserve to profit or loss upon deregistration of a foreign subsidiary | | - | - | 77 | - | - | 77 | - | 77 |
| Foreign currency translations | | - | - | (1,265) | - | - | (1,265) | 19 | (1,246) |
| Total comprehensive (loss)/income | | - | - | (1,188) | - | 13,872 | 12,684 | 2,309 | 14,993 |
| **Transactions with owners** | | | | | | | | | |
| Dividends paid | 34 | - | - | - | - | (7,835) | (7,835) | - | (7,835) |
| Dividends paid to non-controlling interests of subsidiaries | 11(f) | - | - | - | - | - | - | (5,475) | (5,475) |
| Share dividend | 20(c), 34 | - | 12,508 | - | - | (12,508) | - | - | - |
| Repurchase of treasury shares | 20(c) | - | (6,893) | - | - | - | (6,893) | - | (6,893) |
| Transfer of reserves upon disposal of investment properties | | - | - | - | (2,337) | 2,337 | - | - | - |
| Issuance of shares to non-controlling interests | | - | - | - | - | - | - | 3,680 | 3,680 |
| Acquisition of equity interest from non-controlling interests | 11(b)(vi) | - | - | - | - | 293 | 293 | (293) | - |
| Total transactions with owners | | - | 5,615 | - | (2,337) | (17,713) | (14,435) | (2,088) | (16,523) |
| Balance as at 30 June 2021 | | 201,572 | (485) | 13,688 | 184 | 149,596 | 364,555 | 20,480 | 385,035 |

*The accompanying notes form an integral part of the financial statements.*

# Statement of Changes in Equity

For the Financial Year Ended 30 June 2021

| | Note | Share capital RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Balance as at 1 July 2019 | | 201,572 | (4,659) | 45,218 | 242,131 |
| Profit for the financial year | | - | - | 9,403 | 9,403 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income | | - | - | 9,403 | 9,403 |
| **Transactions with owners** | | | | | |
| Dividends paid | 34 | - | - | (7,873) | (7,873) |
| Repurchase of treasury shares | 20(c) | - | (1,441) | - | (1,441) |
| Total transactions with owners | | - | (1,441) | (7,873) | (9,314) |
| Balance as at 30 June 2020 | | 201,572 | (6,100) | 46,748 | 242,220 |
| Profit for the financial year | | - | - | 16,014 | 16,014 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income | | - | - | 16,014 | 16,014 |
| **Transactions with owners** | | | | | |
| Dividends paid | 34 | - | - | (7,835) | (7,835) |
| Share dividend | 20(c), 34 | - | 12,508 | (12,508) | - |
| Repurchase of treasury shares | 20(c) | - | (6,893) | - | (6,893) |
| Total transactions with owners | | - | 5,615 | (20,343) | (14,728) |
| Balance as at 30 June 2021 | | 201,572 | (485) | 42,419 | 243,506 |

*The accompanying notes form an integral part of the financial statements.*

# Statements of Cash Flows

For the Financial Year Ended 30 June 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Profit before tax from: | | | | | |
| Continuing operations | | 19,447 | 12,833 | 16,064 | 9,603 |
| Discontinuing operations | 26 | 1,187 | (2,019) | - | - |
| | | 20,634 | 10,814 | 16,064 | 9,603 |
| Adjustments for: | | | | | |
| Fair value adjustments on non-current amounts owing by subsidiaries | | - | - | (3,918) | 1,350 |
| Amortisation of trademarks | 10 | 1,395 | 1,392 | - | - |
| Amortisation of other intangible assets | 10 | 403 | 400 | - | - |
| Bad debts written off on trade and other receivables | 26, 31 | 178 | 66 | - | - |
| Depreciation of property, plant and equipment | 7 | 9,882 | 11,666 | - | - |
| Depreciation of right-of-use assets | 8 | 25,988 | 25,565 | - | - |
| Dividend income | 29 | - | - | (25,893) | (14,882) |
| Fair value adjustments on investment properties | 9 | 34 | - | - | - |
| Fair value loss on long term investments | 38(e) | 28 | 28 | - | - |
| Fair value (gain)/loss on short term funds | 26, 31 | (15) | 60 | (9) | 24 |
| Loss/(Gain) on deregistration of foreign subsidiaries | 11 | 50 | (644) | - | - |
| Gain on disposals of: | | | | | |
| - property, plant and equipment, net | 26, 31 | (152) | (28) | - | - |
| - investment properties | 31 | (170) | - | - | - |
| Gain on reassessment and modification of leases | 8(e) | (250) | - | - | - |
| Impairment losses on: | | | | | |
| - trade and other receivables | 16 | 3,597 | 8,014 | - | - |
| - amounts owing by subsidiaries | 16 | - | - | 3,420 | 1,271 |
| - costs of investments in subsidiaries | 11 | - | - | 8,949 | 923 |
| - property, plant and equipment | 7 | 331 | 709 | - | - |
| - right-of-use assets | 8 | 1,763 | 578 | - | - |
| - goodwill | 10 | 2,582 | - | - | - |
| - trademark | 10 | - | 3,927 | - | - |
| Interest expense and profit payment on borrowings | 26, 31 | 5,085 | 5,985 | - | - |
| Interest income and distribution income from cash and bank balances and short term funds | 26, 31 | (1,054) | (1,862) | (389) | (511) |
| Inventories written off | 15 | 23 | 91 | - | - |
| Loss on dissolution of subsidiaries | 11 | - | 1 | 3 | - |
| Loss on disposal of other investment | 31 | 27 | - | - | - |
| Lease concessions | 8 | (5,704) | (3,845) | - | - |
| Over-provision of restoration costs | 23 | (227) | (195) | - | - |
| Property, plant and equipment written off | 7 | 254 | 53 | - | - |
| Right-of-use assets written off | 8 | 17 | 41 | - | - |
| Reversal of impairment losses on trade and other receivables | 16 | (2,670) | (394) | - | - |

# Statements of Cash Flows

For the Financial Year Ended 30 June 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (continued)** | | | | | |
| Adjustments for (continued): | | | | | |
| Share of loss/(profit) of an associate, net of tax | 12(c) | 100 | (119) | - | - |
| Unrealised (gain)/loss on foreign exchange, net | 26, 31 | (446) | 118 | - | - |
| Payables written off | 31 | (4,589) | - | - | - |
| Operating profit/(loss) before changes in working capital | | 57,094 | 62,421 | (1,773) | (2,222) |
| Changes in working capital: | | | | | |
| Inventories | | 25,737 | (3,109) | - | - |
| Trade and other receivables | | 4,117 | 7,888 | (9) | 146 |
| Trade and other payables | | 83 | (9,528) | 21 | (640) |
| Contract liabilities | | (1,231) | (1,389) | - | - |
| Cash generated from/(used in) operations | | 85,800 | 56,283 | (1,761) | (2,716) |
| Tax paid | | (7,425) | (9,411) | (77) | (92) |
| Tax refunded | | 686 | 2,229 | - | - |
| Net cash from/(used in) operating activities | | 79,061 | 49,101 | (1,838) | (2,808) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Issuance of shares to non-controlling interests | | 8 | - | - | - |
| Acquisition of additional shares in subsidiaries | 11 | - | - | (6) | - |
| Proceeds from dissolution of subsidiaries | 11 | - | - | 1,057 | - |
| (Advances to)/Repayments from subsidiaries | | - | - | (8,631) | 915 |
| (Advances to)/Repayments from associates | | - | - | (198) | 300 |
| Dividends received from subsidiaries | | - | - | 25,782 | 14,681 |
| Interest received | | 1,054 | 1,862 | 327 | 444 |
| Placement of short term funds | | (5,257) | (5,175) | (1,600) | (4,591) |
| Purchase of property, plant and equipment | 7(a) | (3,601) | (5,891) | - | - |
| Purchase of right-of-use assets | 8(d) | (89) | (60) | - | - |
| Purchase of investment properties | 9(a) | (19,467) | - | - | - |
| Purchase of intangible assets | 10 | (3) | (21) | - | - |
| Proceeds from disposal of other investment | | 6 | - | - | - |
| Proceeds from disposals of investment properties | | 13,080 | 900 | - | - |
| Proceeds from disposals of property, plant and equipment | | 187 | 84 | - | - |
| Placement of deposits pledged with licensed bank | | - | (2) | - | - |
| Net cash (used in)/from investing activities | | (14,082) | (8,303) | 16,731 | 11,749 |

# Statements of Cash Flows

For the Financial Year Ended 30 June 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Interest paid and profit paid on borrowings | | (2,140) | (2,302) | - | - |
| Dividends paid to owners of the parent | 34 | (7,835) | (7,873) | (7,835) | (7,873) |
| Dividends paid to non-controlling interests | 11(f) | (5,475) | - | - | - |
| Drawdowns of term loans and term financing-i | | 8,954 | - | - | - |
| Payments of lease liabilities | 8(e) | (22,841) | (24,400) | - | - |
| Repayments of term loans and term financing-i | | (5,196) | (9,846) | - | - |
| Repurchase of treasury shares | 20(c) | (6,893) | (1,441) | (6,893) | (1,441) |
| Net financing of trust receipts | | 3,315 | (4,718) | - | - |
| Net repayments of bankers' acceptances | | (5,632) | (327) | - | - |
| Net repayment of revolving credit | | (1,000) | - | - | - |
| Net cash used in financing activities | | (44,743) | (50,907) | (14,728) | (9,314) |
| Net increase/(decrease) in cash and cash equivalents | | 20,236 | (10,109) | 165 | (373) |
| Effects of exchange rate changes on cash and cash equivalents | | (80) | 126 | - | - |
| Cash and cash equivalents at beginning of financial year | | 77,644 | 87,627 | 1,004 | 1,377 |
| Cash and cash equivalents at end of financial year | 17(c) | 97,800 | 77,644 | 1,169 | 1,004 |

*The accompanying notes form an integral part of the financial statements.*

# Notes to the Financial Statements

30 June 2021

## 1. CORPORATE INFORMATION

Bonia Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No.5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at Level 6, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2021 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 October 2021.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company. The principal activities and the details of the subsidiaries and associates are set out in Notes 11 and 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2021.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the adoption of the new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5.1 to the financial statements.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, 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 interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.3 Business combinations**

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;

(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

(ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Properties under construction represent buildings under extension work or construction and are stated at cost.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

| | |
|---|---|
| Buildings | 2% - 10% |
| Electrical installations | 10% - 15% |
| Furniture, fittings and counter fixtures | 10% - 33⅓% |
| Motor vehicles | 20% |
| Office equipment | 10% - 50% |
| Plant and machinery | 15% - 20% |
| Renovation | 10% - 33⅓% |

Freehold land has unlimited useful life and is not depreciated. Properties under construction are not depreciated until such time when the assets are available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

### 4.5 Leases

**The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Leases (continued)**

**The Group as lessee (continued)**

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***Right-of-use asset***

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

| | |
|---|---|
| Leasehold land | Up to 96 years |
| Boutiques | 2 to 10 years |
| Warehouses, hostels and office premises | 2 to 7 years |
| Office equipment | 5 years |
| Motor vehicles | 3 to 6 years |

***Lease liability***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal 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.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.6 Investment properties**

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

**4.7 Investments**

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or held for distribution (or included in a disposal group that is classified as held for sale or held for distribution) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.7 Investments (continued)**

(b) Associates (continued)

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investment.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

**4.8 Intangible assets**

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.8 Intangible assets (continued)**

(a) Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of the cost of investment over the share of the net fair value of the net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the general and administrative expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that are initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.8 Intangible assets (continued)

(b) Other intangible assets (continued)

**Trademarks**

Acquired trademarks that have finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of seven (7) to forty (40) years. Cost of renewing trademarks is recognised in profit or loss as incurred.

Trademarks with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired.

**Other intangible assets**

Acquired other intangible assets that have finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of other intangible assets over their estimated useful lives of two (2) to six (6) years.

### 4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and interests in associates), inventories, deferred tax assets, investment properties measured at fair value and non-current assets (or disposal groups) held for sale or held for distribution, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.10 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. Cost of consumables and raw materials comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**4.11 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

**(a) Financial assets**

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.11 Financial instruments (continued)**

**(a) Financial assets (continued)**

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below (continued):

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries and associates at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

**(b) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.11 Financial instruments (continued)**

**(b) Financial liabilities (continued)**

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**4.12 Financial guarantee contract**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.13 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act 2016 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

### 4.14 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.14 Impairment of financial assets (continued)

Impairment for other receivables, amounts owing by subsidiaries and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses are recognised while interest income is recognised on a gross basis. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses are recognised while interest income is recognised on a net basis.

The Group defines significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information. A significant increase in credit risk is presumed if contractual payments are more than 150 days past due.

The probability of non-payment by other receivables, amounts owing by subsidiaries and amounts owing by related parties are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts owing by subsidiaries and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

### 4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4.16 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries and associates on distributions to the Group and Company, and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.16 Income taxes (continued)**

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

**4.17 Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to customers for which the Group has received the consideration in advance from the customer. The contract liabilities of the Group represents deferred revenue where the Group has billed or collected the payment or consideration in advance before the goods are delivered or services are provided to the customers. Contract liabilities are recognised as revenue when the relevant performance obligations are satisfied.

**4.18 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

<u>Provision for restoration costs</u>

Provision for restoration costs is included in the carrying amounts of right-of-use assets. This provision is recognised in respect of the obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements.

# Notes to the Financial Statements
30 June 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.19 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

### 4.20 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

### 4.21 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.21 Foreign currencies (continued)**

(c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, the attributable exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

**4.22 Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group’s performance creates or enhances an asset 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 and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Management fee

Management fee is recognised at a point in time when management services are rendered and accepted by subsidiaries.

(c) Royalty income

Royalty income is recognised over the period of the respective royalty arrangement.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.22 Revenue recognition (continued)

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

### 4.23 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

### 4.24 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.25 Fair value measurements**

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

**4.26 Non-current assets (or disposal groups) held for sale or held for distribution and discontinued operations**

(a) Non-current assets (or disposal groups) held for sale or held for distribution

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) shall be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or the disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one (1) year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.26 Non-current assets (or disposal groups) held for sale or held for distribution and discontinued operations (continued)**

(a) Non-current assets (or disposal groups) held for sale or held for distribution (continued)

Immediately before the initial classification as held for sale or held for distribution, the carrying amounts of the assets (or the disposal groups) are measured in accordance with applicable MFRSs. On initial classification as held for sale or held for distribution, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of their carrying amount before the initial classification as held for sale or held for distribution and fair value less costs to sell or fair value less costs to distribute respectively. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets (or the disposal groups) held for sale or held for distribution are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell or cost to distribute and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets (or disposal groups) classified as held for sale or held for distribution is presented separately.

If an asset (or disposal group) is being classified as asset (or disposal group) held for sale or held for distribution but subsequently, the criteria for such classification is not met, it will cease to be classified as non-current asset (or disposal group) held for sale or held for distribution and will be measured at the lower of:

(i) Its carrying amount before the asset (or disposal group) was classified as held for sale or held for distribution, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset (or disposal group) not been classified as held for sale or held for distribution; and

(ii) Its recoverable amount at the date of the subsequent decision not to sell or distribute.

(b) Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale or held for distribution have been met or it has been disposed of, and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

**5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**

**5.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

| **Title** | **Effective Date** |
|---|---|
| *Amendments to References to the Conceptual Framework in MFRS Standards* | 1 January 2020 |
| Amendments to MFRS 3 *Definition of a Business* | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 *Definition of Material* | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform* | 1 January 2020 |
| Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9* | 17 August 2020 |

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

**5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

**5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

| Title | Effective Date |
|---|---|
| *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) | 1 January 2021 |
| *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to MFRS 16 *Leases*) | 1 April 2021 |
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 3 *Reference to the Conceptual Framework* | 1 January 2022 |
| Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use* | 1 January 2022 |
| Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract* | 1 January 2022 |
| Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current* | 1 January 2023 |
| MFRS 17 *Insurance Contracts* | 1 January 2023 |
| Amendments to MFRS 17 *Insurance Contracts* | 1 January 2023 |
| *Disclosure of Accounting Policies* (Amendments to MFRS 101 *Presentation of Financial Statements*) | 1 January 2023 |
| *Definition of Accounting Estimates* (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*) | 1 January 2023 |
| *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to MFRS 112 *Income Taxes*) | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred |

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

**(a) Impairment assessment of the carrying amounts of goodwill, trademarks and other intangible assets**

Goodwill, trademarks and other intangible assets are tested for impairment by the Group annually, or more frequently if events or changes in circumstances indicate that the goodwill or intangible assets might be impaired. To determine if there is any impairment loss required on goodwill, trademarks and other intangible assets, management used a value-in-use model to compute the present values of forecasted future cash flows for the respective Cash Generating Units ("CGUs").

Management focused on the impairment assessment of the carrying amounts of goodwill, trademarks and other intangible assets because the determination of whether or not an impairment loss is necessary involves significant judgement by the management about the future results and cash flows of the relevant business, including forecast growth in future revenue and operating profit margins as well as determining an appropriate discount factor and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### (b) Carrying amount of inventories at the lower of cost and net realisable value

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

### (c) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

### (d) Impairment assessment of the carrying amounts of property, plant and equipment and right-of-use assets

Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of property, plant and equipment and right-of-use assets in certain subsidiaries which have indication of impairment (hereinafter referred to as Cash Generating Units ("CGUs")) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

### (e) Impairment assessment of the carrying amounts of costs of investments in subsidiaries

Management used forecasted future cash flows and a value-in-use model to compute the present value of forecasted future cash flows for certain subsidiaries/Cash Generating Units ("CGUs") to determine if there is any impairment loss required on the costs of investments in these subsidiaries.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the management about the future results and key assumptions applied to cash flow projections of these subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

### (f) Impairment assessment of amounts owing by subsidiaries

Impairment assessment of amounts owing by subsidiaries requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, incorporating the impact of the COVID-19 pandemic.

## 7. PROPERTY, PLANT AND EQUIPMENT

**Group**

| | Balance as at 1.7.2020 RM'000 | Additions RM'000 | Disposals RM'000 | Reclassification to assets held for sale/ distribution (Note 26) RM'000 | Impairment loss for the financial year (Notes 26 and 31) RM'000 | Written off RM'000 | Depreciation charge for financial year (Notes 26 and 31) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Carrying amount** | | | | | | | | | |
| Freehold land | 2,950 | - | - | (2,530) | - | - | - | - | 420 |
| Buildings on freehold land | 82,141 | 300 | - | (9,619) | - | - | (1,997) | - | 70,825 |
| Buildings on leasehold land | 12,244 | - | - | (3,408) | - | - | (334) | (416) | 8,086 |
| Electrical installations | 96 | 5 | - | (30) | - | - | (41) | - | 30 |
| Furniture, fittings and counter fixtures | 6,938 | 1,195 | (32) | (161) | (316) | (7) | (4,057) | 36 | 3,596 |
| Motor vehicles | 399 | 145 | (3) | (258) | - | - | (126) | 1 | 158 |
| Office equipment | 2,150 | 758 | - | (766) | (13) | (2) | (1,142) | 1 | 986 |
| Plant and machinery | 256 | 1 | - | - | - | - | (60) | - | 197 |
| Renovation | 4,382 | 1,257 | - | (54) | (2) | (245) | (2,125) | 11 | 3,224 |
| | 111,556 | 3,661 | (35) | (16,826) | (331) | (254) | (9,882) | (367) | 87,522 |

**Group**

| | At 30.6.2021 Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
|---|---|---|---|---|
| Freehold land | 420 | - | - | 420 |
| Buildings on freehold land | 82,165 | (11,340) | - | 70,825 |
| Buildings on leasehold land | 10,754 | (2,313) | (355) | 8,086 |
| Electrical installations | 261 | (231) | - | 30 |
| Furniture, fittings and counter fixtures | 33,959 | (29,350) | (1,013) | 3,596 |
| Motor vehicles | 2,046 | (1,888) | - | 158 |
| Office equipment | 13,233 | (12,229) | (18) | 986 |
| Plant and machinery | 3,002 | (2,805) | - | 197 |
| Renovation | 23,730 | (20,504) | (2) | 3,224 |
| | 169,570 | (80,660) | (1,388) | 87,522 |

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

**Group**

| | Balance as at 1.7.2019 RM'000 | Additions RM'000 | Disposals RM'000 | Reclassification to right-of-use assets (Note 8) RM'000 | Impairment loss for the financial year (Notes 26 and 31) RM'000 | Written off RM'000 | Depreciation charge for the financial year (Notes 26 and 31) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Carrying amount** | | | | | | | | | |
| Freehold land | 2,950 | - | - | - | - | - | - | - | 2,950 |
| Buildings on freehold land | 84,121 | - | - | - | - | - | (1,980) | - | 82,141 |
| Buildings on leasehold land | 12,403 | - | - | - | - | - | (331) | 172 | 12,244 |
| Electrical installations | 70 | 77 | - | - | - | - | (51) | - | 96 |
| Furniture, fittings and counter fixtures | 10,557 | 2,622 | (13) | - | (709) | (47) | (5,392) | (80) | 6,938 |
| Motor vehicles | 695 | 2 | (3) | (196) | - | - | (99) | - | 399 |
| Office equipment | 3,315 | 701 | (40) | - | - | (6) | (1,820) | - | 2,150 |
| Plant and machinery | 150 | 158 | - | - | - | - | (52) | - | 256 |
| Renovation | 3,513 | 2,813 | - | - | - | - | (1,941) | (3) | 4,382 |
| | 117,774 | 6,373 | (56) | (196) | (709) | (53) | (11,666) | 89 | 111,556 |

**Group**

| | At 30.6.2020 Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
|---|---|---|---|---|
| Freehold land | 2,950 | - | - | 2,950 |
| Buildings on freehold land | 99,148 | (17,007) | - | 82,141 |
| Buildings on leasehold land | 15,446 | (2,848) | (354) | 12,244 |
| Electrical installations | 445 | (349) | - | 96 |
| Furniture, fittings and counter fixtures | 44,959 | (36,268) | (1,753) | 6,938 |
| Motor vehicles | 3,142 | (2,743) | - | 399 |
| Office equipment | 20,393 | (18,234) | (9) | 2,150 |
| Plant and machinery | 3,374 | (3,118) | - | 256 |
| Renovation | 28,200 | (23,818) | - | 4,382 |
| | 218,057 | (104,385) | (2,116) | 111,556 |

# Notes to the Financial Statements
30 June 2021

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Purchase of property, plant and equipment | | | | |
| - continuing operations | 3,150 | 5,837 | - | - |
| - discontinuing operations | 511 | 536 | - | - |
| Unsettled and remained as other payables | (60) | (482) | - | - |
| Cash payments on purchase of property, plant and equipment | 3,601 | 5,891 | - | - |

(b) As at the end of the reporting period, the carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company as disclosed in Notes 21(a) and 22 to the financial statements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Buildings on freehold land | 62,632 | 63,407 | - | - |
| Buildings on leasehold land | 3,767 | 3,876 | - | - |
| | 66,399 | 67,283 | - | - |

(c) For the purpose of impairment assessment, recoverable amount of property, plant and equipment is determined based on a "value-in-use" of each Cash Generating Unit ("CGU").

The carrying amounts of property, plant and equipment in certain subsidiaries which have indication of impairment amounted to RM1,540,000 as at 30 June 2021.

Value-in-use of the CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Based on these assumptions, an impairment loss of RM331,000 (2020: RM709,000) is recognised in relation to property, plant and equipment of certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs as a result of the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

(d) On 25 February 2021, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. committed to a plan to dispose a detached factory building with a carrying amount of RM3,408,000 to a third party for a sales consideration of RM6,500,000. The Company entered into the Sale and Purchase Agreement with the third party on 2 September 2021 for the sales transaction.

The transaction has not been completed as at the end of the reporting period and has been reclassified to non-current assets held for sale as disclosed in Note 26(b) to the financial statements.

## 8. LEASES

**The Group as lessee**

**Right-of-use assets**

| Carrying amount | Balance as at 1.7.2020 RM'000 | Reassessment and modification RM'000 | Additions RM'000 | Depreciation charge for the financial year (Notes 26 and 31) RM'000 | Written off (Notes 26 and 31) RM'000 | Impairment loss for the financial year (Notes 26 and 31) RM'000 | Reclassification to assets held for sale/ distribution (Note 26) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Leasehold land | 823 | - | - | (13) | - | - | (624) | - | 186 |
| Boutiques | 59,568 | 4,435 | 2,334 | (22,741) | (17) | (1,763) | (6,085) | 44 | 35,775 |
| Warehouses, hostels and office premises | 5,841 | 1,194 | 4,152 | (2,969) | - | - | (60) | 17 | 8,175 |
| Office equipment | 82 | (31) | 184 | (61) | - | - | - | - | 174 |
| Motor vehicles | 541 | - | 444 | (204) | - | - | (138) | - | 643 |
| | 66,855 | 5,598 | 7,114 | (25,988) | (17) | (1,763) | (6,907) | 61 | 44,953 |

| | At 30.6.2021 | | | |
|---|---|---|---|---|
| Carrying amount | Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
| Leasehold land | 279 | (93) | - | 186 |
| Boutiques | 92,596 | (55,179) | (1,642) | 35,775 |
| Warehouses, hostels and office premises | 13,606 | (5,431) | - | 8,175 |
| Office equipment | 183 | (9) | - | 174 |
| Motor vehicles | 894 | (251) | - | 643 |
| | 107,558 | (60,963) | (1,642) | 44,953 |

## 8. LEASES (continued)

**The Group as lessee (continued)**

**Right-of-use assets (continued)**

| Carrying amount | Balance as at 1.7.2019 RM'000 | Additions RM'000 | Depreciation charge for the financial year (Notes 26 and 31) RM'000 | Written off (Notes 26 and 31) RM'000 | Impairment loss for the financial year (Notes 26 and 31) RM'000 | Reclassification from property, plant and equipment (Note 7) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|---|---|---|---|---|
| Leasehold land | 836 | - | (13) | - | - | - | - | 823 |
| Boutiques | 71,375 | 11,711 | (22,849) | (41) | (578) | - | (50) | 59,568 |
| Warehouses, hostels and office premises | 8,150 | 194 | (2,511) | - | - | - | 8 | 5,841 |
| Office equipment | 150 | - | (68) | - | - | - | - | 82 |
| Motor vehicles | 149 | 320 | (124) | - | - | 196 | - | 541 |
| | 80,660 | 12,225 | (25,565) | (41) | (578) | 196 | (42) | 66,855 |

| | At 30.6.2020 | | | |
|---|---|---|---|---|
| Carrying amount | Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
| Leasehold land | 1,006 | (183) | - | 823 |
| Boutiques | 107,153 | (47,007) | (578) | 59,568 |
| Warehouses, hostels and office premises | 8,668 | (2,827) | - | 5,841 |
| Office equipment | 150 | (68) | - | 82 |
| Motor vehicles | 687 | (146) | - | 541 |
| | 117,664 | (50,231) | (578) | 66,855 |

**8. LEASES (continued)**

**The Group as lessee (continued)**

**Right-of-use assets (continued)**

(a) The leasehold land of the Group have a remaining tenure of 64 years (2020: 61 to 65 years).

(b) The Group leases boutiques, warehouses, hostels, office premises, office equipment and motor vehicles with lease periods of 2 to 10 years (2020: 2 to 10 years).

(c) The Group has certain leases of boutiques and hostels with lease term of less than twelve (12) months and low-value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(d) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

| | Group | |
|---|---|---|
| | **2021** **RM'000** | **2020** **RM'000** |
| Purchase of right-of-use assets | 7,114 | 12,225 |
| Financed by lease liabilities | (6,898) | (12,063) |
| Provision for restoration costs capitalised (Note 23(b)) | (127) | (102) |
| Cash payments on purchase of right-of-use assets | 89 | 60 |

(e) The following are the amounts recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2021** **RM'000** | **2020** **RM'000** |
| Included in cost of sales: | | |
| Expenses relating to short-term lease | 6 | 30 |
| Depreciation charge of right-of-use assets | 13 | 11 |
| Included in selling and distribution expenses: | | |
| Expenses relating to short-term lease | 476 | 3,923 |
| Depreciation charge of right-of-use assets | 24,120 | 24,265 |
| Impairment losses on right-of-use assets | 1,063 | - |
| Variable lease payments: | | |
| - based on the monthly gross sales | 1,918 | 5,348 |
| Included in general and administrative expenses: | | |
| Expenses relating to short-term lease | 444 | 903 |
| Expenses relating to leases of low-value assets | 36 | 53 |
| Depreciation charge of right-of-use assets | 1,855 | 1,289 |
| Impairment losses on right-of-use assets | 700 | 578 |
| Right-of-use assets written off | 17 | 41 |
| Included in finance costs: | | |
| Interest expense on lease liabilities | 2,918 | 3,652 |
| Included in other operating income: | | |
| Gain on reassessment and modification of leases | (250) | - |
| Arising from COVID-19-related rent concessions | (5,704) | (3,845) |
| | 27,612 | 36,248 |

## 8. LEASES (continued)

**The Group as lessee (continued)**

**Right-of-use assets (continued)**

(f) As at the end of the reporting period, included in right-of-use assets of the Group is leasehold land with a carrying amount of RM186,000 (2020: RM187,000) and which had been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 21(a) to the financial statements.

The charge on the leasehold land had been fully discharged subsequent to the end of the reporting period.

(g) For the purpose of impairment assessment, recoverable amount of right-of-use assets is determined based on a "value-in-use" of each Cash Generating Unit ("CGU").

The carrying amounts of right-of-use assets in certain subsidiaries which have indication of impairment amounted to RM10,255,000 as at 30 June 2021.

Value-in-use of the CGUs is determined by discounting the future cash flows for the remaining useful life of the right-of-use assets. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Based on these assumptions, an impairment loss of RM1,763,000 (2020: RM578,000) is recognised in relation to right-of-use assets for certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs as a result of the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

(h) On 5 April 2021, a wholly-owned subsidiary of the Company, Long Bow Manufacturing Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the disposal of a piece of leasehold vacant land with a carrying amount of RM624,000 for a sales consideration of RM1,000,000.

The transaction has not been completed as at the end of the reporting period and has been reclassified to non-current assets held for sale as disclosed in Note 26(c) to the financial statements.

## 8. LEASES (continued)

**The Group as lessee (continued)**

**Lease liabilities**

| Carrying amount | Balance as at 1.7.2020 RM'000 | Reassessment and modification RM'000 | Additions RM'000 | Lease payments RM'000 | Lease concessions (Notes 26 and 31) RM'000 | Interest expense (Notes 26 and 31) RM'000 | Reclassification to assets held for distribution (Note 26) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Boutiques | 63,768 | 4,443 | 2,207 | (19,812) | (5,492) | 2,662 | (7,634) | 48 | 40,190 |
| Warehouses, hostels and office premises | 5,957 | 1,083 | 4,152 | (2,821) | (212) | 234 | (72) | 17 | 8,338 |
| Office equipment | 95 | (36) | 184 | (72) | - | 4 | - | - | 175 |
| Motor vehicles | 253 | - | 355 | (159) | - | 18 | (36) | - | 431 |
| | 70,073 | 5,490 | 6,898 | (22,864) | (5,704) | 2,918 | (7,742) | 65 | 49,134 |

| Carrying amount | Balance as at 1.7.2019 RM'000 | Additions RM'000 | Lease payments RM'000 | Lease concessions (Notes 26 and 31) RM'000 | Interest expense (Notes 26 and 31) RM'000 | Translation adjustments RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|---|---|---|---|
| Boutiques | 74,259 | 11,609 | (21,637) | (3,766) | 3,350 | (47) | 63,768 |
| Warehouses, hostels and office premises | 8,149 | 194 | (2,603) | (79) | 288 | 8 | 5,957 |
| Office equipment | 170 | - | (82) | - | 7 | - | 95 |
| Motor vehicles | 79 | 260 | (93) | - | 7 | - | 253 |
| | 82,657 | 12,063 | (24,415) | (3,845) | 3,652 | (39) | 70,073 |

| Represented by: | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Non-current liabilities** | | |
| - Lease liabilities owing to financial institutions | 440 | 156 |
| - Lease liabilities owing to non-financial institutions | 27,848 | 45,283 |
| | 28,288 | 45,439 |
| **Current liabilities** | | |
| - Lease liabilities owing to financial institutions | 166 | 192 |
| - Lease liabilities owing to non-financial institutions | 20,680 | 24,442 |
| | 20,846 | 24,634 |
| | 49,134 | 70,073 |

## 8. LEASES (continued)

**The Group as lessee (continued)**

**Lease liabilities (continued)**

(a) The movements of lease liabilities during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 July 2020/2019 | 70,073 | 82,657 |
| Reassessment and modification | 5,490 | - |
| Additions of lease liabilities | 6,898 | 12,063 |
| Lease payments | (22,864) | (24,415) |
| Lease concessions | (5,704) | (3,845) |
| Interest charged for the year | 2,918 | 3,652 |
| Reclassification to assets held for distribution (Note 26) | (7,742) | - |
| Exchange differences | 65 | (39) |
| At 30 June 2021/2020 | 49,134 | 70,073 |

(b) At the end of the financial year, the Group had total cash outflow for leases of RM22,864,000 (2020: RM24,415,000).

(c) The Group has lease contracts for certain boutiques that contains variable payments based on the monthly gross sales. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur.

A 10% increase in monthly gross sales would increase total lease payments by 0.8% (2020: 1.5%).

(d) Information on the financial risk of lease liabilities is disclosed in Note 39 to the financial statements.

(e) Reconciliation of liabilities arising from financing activities:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 July 2020/2019 | 70,073 | 82,657 |
| Cash flows: | | |
| - Net of repayments of borrowings | (22,864) | (24,415) |
| - Interest paid | 23 | 15 |
| | (22,841) | (24,400) |
| Non-cash flows: | | |
| - Reassessment and modification | 5,490 | - |
| - Additions | 6,898 | 12,063 |
| - Unwinding of interest | 2,895 | 3,637 |
| - Lease concessions | (5,704) | (3,845) |
| - Reclassification to assets held for distribution (Note 26) | (7,742) | - |
| - Effect of foreign exchange | 65 | (39) |
| | 1,902 | 11,816 |
| At 30 June 2021/2020 | 49,134 | 70,073 |

# Notes to the Financial Statements
30 June 2021

## 8. LEASES (continued)

**The Group as lessor**

The Group has entered into non-cancellable lease agreements for offices and freehold land for terms of between one (1) to three (3) years (2020: one (1) to three (3) years) with options to renew for terms of between one (1) to six (6) years (2020: one (1) to six (6) years). The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

| Group | Continuing operations 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Less than one (1) year | 1,569 | 729 |
| One (1) to two (2) years | 1,252 | 519 |
| Two (2) to three (3) years | 1,203 | 460 |
| Three (3) to four (4) years | 1,340 | 381 |
| Four (4) to five (5) years | 959 | 163 |
| More than five (5) years | 2,850 | 55 |
| | 9,173 | 2,307 |

## 9. INVESTMENT PROPERTIES

**Group**

| | Balance as at 1.7.2020 RM'000 | Additions RM'000 | Fair value adjustment RM'000 | Translation adjustment RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|---|---|
| **At fair value** | | | | | |
| Freehold land, shoplots and clubhouse | 25,985 | 61,416 | (99) | - | 87,302 |
| Long term leasehold land and shoplots | 12,120 | - | 65 | (535) | 11,650 |
| | 38,105 | 61,416 | (34) | (535) | 98,952 |

**Group**

| | Balance as at 1.7.2019 RM'000 | Reclassification to assets held for sale (Note 26) RM'000 | Disposals RM'000 | Fair value adjustment RM'000 | Translation adjustment RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|---|---|---|
| **At fair value** | | | | | | |
| Freehold land, shoplots and clubhouse | 38,945 | (12,910) | - | (50) | - | 25,985 |
| Long term leasehold land and shoplots | 12,702 | - | (900) | 50 | 268 | 12,120 |
| | 51,647 | (12,910) | (900) | - | 268 | 38,105 |

**9. INVESTMENT PROPERTIES (continued)**

(a) During the financial year, the Group made the following cash payments to purchase investment properties:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Purchase of investment properties | 61,416 | - |
| Financed by borrowings (Note 21(d)) | (41,949) | - |
| Cash payments on purchase of investment properties | 19,467 | - |

(b) On 17 August 2020, a subsidiary of the Company, CBSB entered into two (2) Sale and Purchase Agreements with a third party for the acquisition of the following properties for a total consideration of RM51,419,000:

(i) Property 1

All that piece of freehold land held under Geran 34325, Lot 510 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 1606 square metres in area together with a building(s) erected thereon with a postal address of Lot 510, Seksyen 067, Jalan Bukit Bintang, 55100 Kuala Lumpur and which is currently leased to PRCG, an associate of the Company.

(ii) Property 2

All that piece of freehold land held under H.S. (D) 119062, PT 133 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 478 square metres in area with a postal address of PT133, Seksyen 067, Jalan Delima, 55100 Kuala Lumpur.

The transactions have been completed as at the end of the reporting period.

(c) On 16 November 2020, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. entered into three (3) Sale and Purchase Agreements with a third party for the acquisition of three (3) units of retail shop units for a total cash consideration of RM9,997,000.

The transactions have been completed as at the end of the reporting period.

(d) In the previous financial year, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. completed the disposal to a third party of one (1) unit of a retail shop unit with a carrying amount of RM900,000 for a cash consideration of RM900,000 at no gain and no loss.

(e) In the previous financial year, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. entered into Sale and Purchase Agreements with a third party for the disposal of seven (7) units of properties held under an office tower block with a total carrying amount of RM12,310,000 for a sales consideration of RM12,480,000.

In the previous financial year, the investment properties had been reclassified to non-current assets held for sale as disclosed in Note 26(d)(i) to the financial statements. The transactions have been completed as at the end of this reporting period.

(f) In the previous financial year, a wholly-owned subsidiary of the Company, Ataly Industries Sdn. Bhd. entered into a Sale and Purchase Agreement with certain third parties for the disposal of one (1) piece of freehold property with a total carrying amount of RM650,000 for a sales consideration of RM600,000.

In the previous financial year, the investment property had been reclassified to non-current assets held for sale as disclosed in Note 26(d)(ii) to the financial statements. The transaction has been completed as at the end of this reporting period.

# Notes to the Financial Statements
30 June 2021

**9. INVESTMENT PROPERTIES (continued)**

(g) As at the end of the reporting period, certain investment properties of the Group with a total carrying amount of RM51,320,000 (2020: RM Nil) had been pledged as securities for banking facilities granted to the Group as disclosed in Note 22(b) to the financial statements.

(h) As at the end of reporting period, rental income of the Group derived from the investment properties amounted to RM1,515,000 (2020: RM1,199,000).

(i) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **Income generating units** | | |
| Repairs and maintenance | - | 7 |
| Quit rent and assessment | 20 | 98 |
| **Non-income generating units** | | |
| Repairs and maintenance | 42 | 44 |
| Quit rent and assessment | 12 | 13 |

(j) The fair value of investment properties of the Group are categorised as follows:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **2021** | | | | |
| Freehold land, shoplots and clubhouse | - | - | 87,302 | 87,302 |
| Long term leasehold land and shoplots | - | - | 11,650 | 11,650 |
| | - | - | 98,952 | 98,952 |
| **2020** | | | | |
| Freehold land, shoplots and clubhouse | - | - | 25,985 | 25,985 |
| Long term leasehold land and shoplots | - | - | 12,120 | 12,120 |
| | - | - | 38,105 | 38,105 |

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2021 and 30 June 2020.

(ii) As at 30 June 2021, the valuation of investment properties at Level 3 fair value amounting to RM98,952,000 (2020: RM38,105,000) were recommended by the Directors based on indicative market values from the valuation exercise carried out on an open market value basis by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The valuations were made based on the comparison method that makes reference to recent sales transactions of similar properties in the same locality on a price per square feet basis. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

(iii) The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use. The investment properties of the Group are mainly used to generate rental income.

(k) As at the end of the reporting period, the title deeds to investment properties of subsidiaries with carrying amounts of RM1,435,000 (2020: RM1,435,000) are in the process of being transferred and registered in the names of the subsidiaries.

# Notes to the Financial Statements
30 June 2021

## 10. INTANGIBLE ASSETS

**Group**

| | Balance as at 1.7.2020 RM'000 | Additions RM'000 | Amortisation charge for the financial year RM'000 | Impairment loss for the financial year RM'000 | Translation adjustment RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|
| **Carrying amount** | | | | | | |
| Goodwill | 48,051 | - | - | (2,582) | 289 | 45,758 |
| Trademarks | 29,153 | 3 | (1,395) | - | 89 | 27,850 |
| Other intangible assets | 534 | - | (403) | - | 1 | 132 |
| | 77,738 | 3 | (1,798) | (2,582) | 379 | 73,740 |

| | At 30.6.2021 | | | |
|---|---|---|---|---|
| | Cost RM'000 | Accumulated amortisation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
| Goodwill | 58,975 | - | (13,217) | 45,758 |
| Trademarks | 51,684 | (19,848) | (3,986) | 27,850 |
| Other intangible assets | 8,085 | (7,953) | - | 132 |
| | 118,744 | (27,801) | (17,203) | 73,740 |

**Group**

| | Balance as at 1.7.2019 RM'000 | Additions RM'000 | Amortisation charge for the financial year RM'000 | Impairment loss for the financial year RM'000 | Translation adjustment RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|---|---|---|
| **Carrying amount** | | | | | | |
| Goodwill | 47,872 | - | - | - | 179 | 48,051 |
| Trademarks | 34,417 | 21 | (1,392) | (3,927) | 34 | 29,153 |
| Other intangible assets | 934 | - | (400) | - | - | 534 |
| | 83,223 | 21 | (1,792) | (3,927) | 213 | 77,738 |

| | At 30.6.2020 | | | |
|---|---|---|---|---|
| | Cost RM'000 | Accumulated amortisation RM'000 | Accumulated impairment RM'000 | Carrying amount RM'000 |
| Goodwill | 58,477 | - | (10,426) | 48,051 |
| Trademarks | 51,504 | (18,391) | (3,960) | 29,153 |
| Other intangible assets | 8,034 | (7,500) | - | 534 |
| | 118,015 | (25,891) | (14,386) | 77,738 |

**10. INTANGIBLE ASSETS (continued)**

(a) Goodwill

For the purpose of impairment testing, the recoverable amount of the Cash Generating Units ("CGUs") is determined based on a "value-in-use" calculation. The value-in-use of the CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. The value-in-use is derived based on management's cash flow projections for five (5) (2020: five (5)) financial years from 2022 to 2026 (2020: 2021 to 2025).

The key assumptions used in the value-in-use calculations were probability weighted based on the following scenarios:

| | **Best case** | **Base case** | **Worst case** |
|---|---|---|---|
| Weighting | 10% | 60% | 30% |
| Average annual revenue growth rates | 4% | 3% | 2% |
| Average gross profit margins | 67% | 66% | 65% |
| Pre-tax discount rate | 9.3% | 9.3% | 9.3% |

Based on these assumptions, an impairment loss of RM2,582,000 (2020: RM Nil) is recognised in relation to goodwill as the recoverable amount determined is lower than the carrying amount of the CGUs as a result of the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

With regard to the assessment of value-in-use of the goodwill, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

(b) Trademarks

(i) Trademarks with finite useful life mainly represent the "Braun Buffel" trademark in the Asia Pacific Region.

For the purpose of impairment testing, the recoverable amount of the CGU is determined based on a "value-in-use" calculation. The value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on management's cash flow projections for five (5) (2020: five (5)) financial years from 2022 to 2026 (2020: 2021 to 2025).

The key assumptions used in the value-in-use calculations were probability weighted based on the scenarios as disclosed in Note 10(a) to the financial statements.

(ii) Included in trademarks are the rights of using "Braun Buffel" trademark in various countries worldwide ("BB Global Trademark") amounting to RM5,124,000 (2020: RM5,091,000). The BB Global Trademark has an indefinite useful life.

The BB Global Trademark is tested for impairment annually. The recoverable amount of the BB Global Trademark was determined based on a value-in-use calculation. The five (5) years (2020: five (5) years) cash flow forecast and projection used in the value-in-use calculation was based on the following key assumptions:

(i) The anticipated annual revenue growth rates used in the cash flow projections of the CGU ranged from -10% to 5% (2020: -8.3% to 18%) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 9.5% (2020: 13.4%) was applied over the projection periods in determining the recoverable amount of the CGU.

## 10. INTANGIBLE ASSETS (continued)

(b) Trademarks (continued)

Based on these assumptions, management is of the view that no impairment loss is required in relation to trademarks as the recoverable amount determined is higher than the carrying amount of the CGUs.

In the previous financial year, an impairment loss of RM3,927,000 was recognised in relation to trademarks as the recoverable amount determined was lower than the carrying amount of the CGUs.

With regard to the assessment of value-in-use of the trademarks, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts to materially exceed its recoverable amount.

(c) Other intangible assets represent customer contract and relationship acquired through the acquisition of IBB Pte. Ltd. in the previous financial years.

## 11. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Unquoted shares - at cost | 252,536 | 228,710 |
| Less: Impairment losses | (29,671) | (22,661) |
| | 222,865 | 206,049 |

(a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows:

| Name of company | Effective interest in equity 2021 % | Effective interest in equity 2020 % | Principal activities |
|---|---|---|---|
| **Subsidiaries of Bonia Corporation Berhad** | | | |
| CB Marketing Sdn. Bhd. ("CBM") | 100 | 100 | Designing, promoting and marketing of fashionable leather goods |
| CB Holdings (Malaysia) Sdn. Bhd. ("CBH") | 100 | 100 | Property investment, provision of management services and treasury management services |
| Eclat World Sdn. Bhd. | 100 | 100 | Designing, promoting and marketing of fashionable men's footwear |
| CB Franchising Sdn. Bhd. ("CBF") | 100 | 100 | Retailing of leather goods and apparels |
| BCB Properties Sdn. Bhd. | 100 | 100 | Property development |
| Long Bow Manufacturing Sdn. Bhd. ("LBM") | 100 | 100 | Manufacturing and marketing of leather goods |
| De Marts Marketing Sdn. Bhd. ("DMM") | 100 | 100 | Designing, promoting and marketing of fashionable ladies' footwear |
| Mcore Sdn. Bhd. ("Mcore") | 60 | 60 | Marketing and distribution of fashionable leather goods |
| Future Classic Sdn. Bhd. ("FCSB") (6) | - | 100 | Dormant |

# Notes to the Financial Statements
30 June 2021

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows (continued):

| Name of company | Effective interest in equity 2021 % | 2020 % | Principal activities |
|---|---|---|---|
| **Subsidiaries of Bonia Corporation Berhad (continued)** | | | |
| Daily Frontier Sdn. Bhd. ("DFSB") | 100 | 100 | Marketing, distribution and export of fashionable goods and accessories |
| Armani Context Sdn. Bhd. ("ACSB") (6) | - | 100 | Dormant |
| Banyan Sutera Sdn. Bhd. ("BSSB") | 100 | 100 | Marketing and distribution of fashionable goods |
| Active World Pte. Ltd. ("AWPL") (1) *(Incorporated in Singapore)* | 100 | 100 | Wholesaling and retailing of fashionable leather goods and apparels |
| Dominion Directions Sdn. Bhd. ("DDSB") | 100 | 100 | Marketing and distribution of men's apparel and accessories |
| Ataly Industries Sdn. Bhd. | 100 | 100 | Property investment |
| Luxury Parade Sdn. Bhd. ("LPSB") | 100 | 100 | Property investment |
| Maha Asia Capital Sdn. Bhd. ("MAC") | 100 | 100 | Property investment |
| Alpha Footwear Sdn. Bhd. | 100 | 100 | Marketing, retailing and distribution of men's and ladies' footwear |
| Jeco (Pte) Limited ("Jeco") (1) *(Incorporated in Singapore)* | 70 | 70 | Intellectual property management and investment holding |
| Vista Assets Sdn. Bhd. ("VASB") | 100 | 100 | Intellectual property management |
| FR Gallery Sdn. Bhd. ("FRSB") (6) | - | 100 | Dormant |
| LBJR Marketing Sdn. Bhd. ("LBJR") | 100 | 100 | Marketing and distribution of fashionable goods and accessories |
| SBG Holdings Sdn. Bhd. ("SBG") | 100 | 100 | Investment holding and management services |
| Podium Retail Sdn. Bhd. ("PRSB") | 100 | 100 | Marketing and distribution of fashionable goods, accessories and beauty products |
| Casa Bologna Sdn. Bhd. ("CBSB") (5) | 68 | - | Property investment and investment holding |
| **Subsidiaries of Dominion Directions Sdn. Bhd** | | | |
| VR Directions Sdn. Bhd. ("VRD") | 75 | 75 | Marketing and distribution of men's apparels and accessories, and ladies' apparels |
| SB Directions Sdn. Bhd. ("SBD") (7) | - | 100 | Manufacturing and marketing of fashionable goods |
| Galaxy Hallmark Sdn. Bhd. ("GHSB") | 100 | 100 | Marketing and distribution of men's apparels and accessories |
| **Subsidiary of Banyan Sutera Sdn. Bhd.** | | | |
| PT Banyan Cemerlang ("PTBC") (2) *(Incorporated in Indonesia)* | 100 | 100 | Wholesaling of fashionable goods and accessories |

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows (continued):

| Name of company | Effective interest in equity 2021 % | 2020 % | Principal activities |
|---|---|---|---|
| **Subsidiary of BCB Properties Sdn. Bhd.** | | | |
| Apex Marble Sdn. Bhd. ("AMSB") | 60 | 60 | Marketing and distribution of fashionable goods |
| **Subsidiary of Daily Frontier Sdn. Bhd.** | | | |
| Daily Frontier (Vietnam) Company Limited (1) *(Incorporated in Vietnam)* | 100 | 100 | Wholesaling, retailing, importing and exporting of fashionable products, accessories and cosmetics |
| **Subsidiary of Vista Assets Sdn. Bhd.** | | | |
| Krinto Sdn. Bhd. ("KSB") (3) | 51 | - | Creative design and brand management, advertising and production |
| **Subsidiaries of SBG Holdings Sdn. Bhd.** | | | |
| SBL Marketing Sdn. Bhd. | 100 | 100 | Designing, promoting and marketing of fashionable leather goods |
| SBFW Marketing Sdn. Bhd. | 100 | 100 | Designing, promoting and marketing of fashionable goods, footwear and accessories |
| SB Boutique Sdn. Bhd. | 100 | 100 | Retailing of leather goods and apparels |
| SB International Sdn. Bhd. | 100 | 100 | Marketing and distribution of fashionable goods and accessories |
| SBA Marketing Sdn. Bhd. | 100 | 100 | Marketing and distribution of fashionable goods and accessories |
| SBM Marketing Sdn. Bhd. | 100 | 100 | Designing, promoting and marketing of fashionable men's footwear |
| SB Directions Sdn. Bhd. ("SBD") (7) | 100 | - | Manufacturing and marketing of fashionable goods |
| **Subsidiaries of Active World Pte. Ltd.** | | | |
| Jetbest Enterprise Pte. Ltd. (1) *(Incorporated in Singapore)* | 100 | 100 | Wholesaling, retailing, importing and exporting of leather goods and accessories |
| SBLS Pte. Ltd. ("SBLS") (4) *(Incorporated in Singapore)* | - | 100 | Dormant |
| Active Franchise Pte. Ltd. (1) *(Incorporated in Singapore)* | 100 | 100 | General wholesale trade including general importers and exporters |
| PT Active World ("PTAW") (2) *(Incorporated in Indonesia)* | 100 | 100 | Investment holding |

# Notes to the Financial Statements
30 June 2021

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows (continued):

| Name of company | Effective interest in equity 2021 % | 2020 % | Principal activities |
|---|---|---|---|
| **Subsidiaries of Jeco (Pte) Limited** | | | |
| Lianbee-Jeco Pte. Ltd. ("LJPL") [1] *(Incorporated in Singapore)* | 70 | 70 | Retailing, importing and exporting leather goods and general merchandise |
| Lianbee-Jeco (M) Sdn. Bhd. | 70 | 70 | Trading in leather products |
| BB Global Holdings Pte. Ltd. ("BBGH") [1] *(Incorporated in Singapore)* | 35.7 | 35.7 | Intellectual property management |
| IBB Pte. Ltd. ("IBB") [1] *(Incorporated in Singapore)* | 70 | 70 | General wholesale trade, including general importers and exporters |
| PT Jeco Investment Indonesia ("PTJII") [1] *(Incorporated in Indonesia)* | 70 | 70 | Investment holding |

(1) Audited by BDO PLT Member Firms.
(2) Audited by firms of auditors other than BDO PLT.
(3) Consolidated based on its management accounts for the financial period ended 30 June 2021. The financial statements of this subsidiary is not required to be audited as it was newly incorporated during the year.
(4) Deregistered and dissolved during the financial year.
(5) Newly incorporated during the financial year.
(6) Completed the members' voluntary winding-up during the financial year.
(7) On 19 April 2021, DDSB disposed its entire equity interest in SBD to SBG for a consideration of RM1.

(b) During the financial year ended 30 June 2021:

(i) The Company's cost of investment in SBG of RM2,169,000 is classified as assets held for distribution pursuant to the proposed demerger as disclosed in Note 26 to the financial statements.

(ii) The members' voluntary winding-up of ACSB, FCSB and FRSB have been completed.

The loss on dissolution of ACSB and FCSB during the financial year were as follows:

| **Group** | **ACSB RM'000** | **FCSB RM'000** |
|---|---|---|
| Consideration received | 581 | 476 |
| Net assets deconsolidated | (581) | (476) |
| Loss on dissolution | - | - |
| **Company** | | |
| Consideration received | 581 | 476 |
| Cost of investment, net of impairment losses | (584) | (476) |
| Loss on dissolution | (3) | - |

**11. INVESTMENTS IN SUBSIDIARIES (continued)**

(b) During the financial year ended 30 June 2021 (continued):

(ii) The members' voluntary winding-up of ACSB, FCSB and FRSB have been completed. (continued)

The carrying amount of net assets of ACSB and FCSB as at the date of dissolution were as follow:

| Group | ACSB RM'000 | FCSB RM'000 |
|---|---|---|
| Cash and bank balances | 581 | 476 |
| Net assets deconsolidated | 581 | 476 |
| Loss on dissolution of the Group | - | - |
| Consideration received | 581 | 476 |
| Less: Cash and bank balances deconsolidated | (581) | (476) |
| Net cash flow on dissolution | - | - |

There was no impact to the results of the Group and the Company from the completion of the winding-up of FRSB.

(iii) The deregistration and dissolution of SBLS has been completed, which resulted in a loss on dissolution of RM50,000 in the financial statements of the Group.

(iv) On 6 July 2020, CBSB emerged as a wholly-owned subsidiary of the Company, and on 18 August 2020, the Company subscribed for 65% equity interest in the share capital of CBSB amounting to RM6,000 and consequently, CBSB became a 65%-owned subsidiary of the Company.

(v) Amount owing by a subsidiary namely CBSB amounting to RM6,819,000 had been capitalised as additional cost of investment of the Company in the subsidiary.

(vi) On 26 April 2021, Paris RCG Sdn. Bhd., an associate of the Company acquired 10% of the ordinary share capital in CBSB and resulted in the Company's effective equity interest in CBSB increasing from 65% to 68%.

The acquisitions of additional equity interests from non-controlling interests of CBSB have the following effects to the Group:

| Group | RM'000 |
|---|---|
| Net assets acquired from non-controlling interests | (293) |
| Gain on consolidation recognised in consolidated statement of changes in equity | 293 |
| Cash outflow on acquisitions of additional ordinary shares in CBSB | - |

(vii) Amount owing by a subsidiary namely MAC amounting to RM20,000,000 had been capitalised as additional cost of investment of the Company in the subsidiary.

(viii) KSB emerged as a 51%-owned subsidiary of VASB.

(ix) On 19 April 2021, DDSB disposed its entire equity interest in SBD to SBG for a consideration of RM1.

**11. INVESTMENTS IN SUBSIDIARIES (continued)**

(c) In the previous financial year:

(i) The members' voluntary winding-up process of NSSB had been completed.

The loss on dissolution of NSSB during the financial year was as follows:

| Group | 2020 RM'000 |
|---|---|
| Consideration received | - |
| Net assets deconsolidated | (1) |
| Loss on dissolution | (1) |

The carrying amount of net assets of NSSB as at the date of dissolution was as follow:

| Group | 2020 RM'000 |
|---|---|
| Other receivables | 50 |
| Less: Non-controlling interests | (49) |
| Share of net assets of the Group | 1 |
| Loss on dissolution of the Group | (1) |
| Consideration received/Net cashflow on dissolution | - |

(ii) The deregistration and dissolution of SCRL had been completed, which resulted in a gain on dissolution of RM644,000 in the financial statements of the Group.

(iii) An application for deregistration of SBLS from the register of the Accounting and Corporate Regulatory Authority ("ACRA"), Singapore had been approved in the previous financial year and the deregistration and dissolution of SBLS was completed during the current financial year.

(iv) FCSB, ACSB and FRSB had been placed under members' voluntary winding-up.

(d) The management has assessed whether there were any indicators of impairment during the financial year. Management has performed impairment assessments and the recoverable amounts are determined based on the value-in-use of Cash Generating Units ("CGUs").

The carrying amounts of costs of investments in certain subsidiaries which have indication of impairment amounted to RM174,775,000 as at 30 June 2021.

Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Based on these assumptions, impairment losses of RM8,949,000 (2020: RM923,000) is recognised in relation to the costs of investments in certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs as a result of the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

# Notes to the Financial Statements
30 June 2021

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

| | CBSB | VRD | Jeco Group | Other individual immaterial subsidiaries * | Total |
|---|---|---|---|---|---|
| **2021** | | | | | |
| NCI percentage of ownership interest and voting interest | 32% | 25% | 30% | - | - |
| Carrying amount of NCI (RM'000) | 3,031 | 749 | 16,832 | (132) | 20,480 |
| (Loss)/Profit allocated to NCI (RM'000) | (351) | (256) | 2,909 | (12) | 2,290 |
| Total comprehensive (loss)/income allocated to NCI (RM'000) | (351) | (256) | 2,928 | (12) | 2,309 |
| **2020** | | | | | |
| NCI percentage of ownership interest and voting interest | - | 25% | 30% | - | - |
| Carrying amount of NCI (RM'000) | - | 1,005 | 19,379 | (125) | 20,259 |
| (Loss)/Profit allocated to NCI (RM'000) | - | (70) | 700 | (18) | 612 |
| Total comprehensive (loss)/income allocated to NCI (RM'000) | - | (70) | 676 | (18) | 588 |

* The NCI of the other subsidiaries of the Group are deemed to be immaterial.

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

| 2021 | CBSB RM'000 | VRD RM'000 | Jeco Group RM'000 |
|---|---|---|---|
| **Assets and liabilities** | | | |
| Non-current assets | 51,603 | 345 | 50,857 |
| Current assets | 2,810 | 4,615 | 68,838 |
| Non-current liabilities | (41,640) | (191) | (29,788) |
| Current liabilities | (3,301) | (1,772) | (44,359) |
| Net assets | 9,472 | 2,997 | 45,548 |

# Notes to the Financial Statements
30 June 2021

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

| 2021 | CBSB RM'000 | VRD RM'000 | Jeco Group RM'000 |
|---|---|---|---|
| **Results** | | | |
| Revenue | 275 | 6,224 | 92,338 |
| (Loss)/Profit for the financial year | (1,027) | (1,039) | 9,941 |
| Total comprehensive (loss)/income | (1,027) | (1,039) | 10,006 |
| Cash flows from operating activities | 2,652 | 896 | 35,900 |
| Cash flows (used in)/from investing activities | (42,059) | 270 | (689) |
| Cash flows from/(used in) financing activities | 40,868 | (1,859) | (20,013) |
| Net increase/(decrease) in cash and cash equivalents | 1,461 | (693) | 15,198 |
| Dividends paid to NCI | - | - | (5,475) |

| 2020 | VRD RM'000 | Jeco Group RM'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Non-current assets | 1,100 | 65,647 |
| Current assets | 5,828 | 62,708 |
| Non-current liabilities | (516) | (28,422) |
| Current liabilities | (2,376) | (46,168) |
| Net assets | 4,036 | 53,765 |
| **Results** | | |
| Revenue | 9,012 | 115,486 |
| (Loss)/Profit for the financial year | (281) | 5,585 |
| Total comprehensive (loss)/income | (281) | 5,683 |
| Cash flows from operating activities | 2,070 | 22,932 |
| Cash flows used in investing activities | (333) | (2,569) |
| Cash flows used in financing activities | (483) | (31,477) |
| Net increase/(decrease) in cash and cash equivalents | 1,254 | (11,114) |

## 12. INTERESTS IN ASSOCIATES

| | Group 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Unquoted equity shares, at cost | 4,234 | 4,894 |
| Share of post-acquisition profit, net of dividends received | 238 | 141 |
| Loan to an associate [1] | 4,855 | 4,855 |
| | 9,327 | 9,890 |
| Less: Impairment losses | (9,089) | (9,441) |
| | 238 | 449 |

[1] In the previous financial years, the Group provided a loan to an associate of which the fair value at initial recognition based on the prevailing market interest rate was lower than its transaction price. The difference between the transaction price and the fair value of the loan to an associate was recognised as part of the interests in the associates of the Group.

## 12. INTERESTS IN ASSOCIATES (continued)

(a) The details of the associates, incorporated in Malaysia except otherwise stated, are as follows:

| Name of company | Effective interest in equity 2021 % | Effective interest in equity 2020 % | Principal activities |
|---|---|---|---|
| **Associate of Bonia Corporation Berhad** | | | |
| Paris RCG Sdn. Bhd. ("PRCG") (1) & (2) | 30 | 30 | Managing food and beverage business |
| **Associate of BCB Properties Sdn. Bhd.** | | | |
| Serene Glow Sdn. Bhd. ("SGSB") (4) | - | 33 | Property investment and development |
| **Associates of Jeco (Pte) Limited** | | | |
| Braun Verwaltungs-GmbH ("BVG") (3) *(Incorporated in Germany)* | 34 | 34 | Marketing and distribution of fashionable leather goods |
| Braun GmbH & Co. KG ("BBKG") (3) *(Incorporated in Germany)* | 34 | 34 | Marketing and distribution of fashionable leather goods |

(1) Audited by firms of auditors other than BDO PLT.

(2) Equity accounted based on audited financial statements for the financial year ended 30 June 2021.

(3) Equity accounted based on management accounts for the financial year ended 30 June 2021 as these associates are not required to be audited.

(4) Struck off during the financial year.

(b) All the above associates are accounted for using the equity method in the consolidated financial statements.

The summarised financial information of the associates are as follows:

| 2021 | SGSB RM'000 | BVG and BBKG RM'000 | PRCG RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-current assets | - | 5,410 | 2,214 | 7,624 |
| Current assets | - | 13,445 | 1,041 | 14,486 |
| Total assets | - | 18,855 | 3,255 | 22,110 |
| **Liabilities** | | | | |
| Non-current liabilities | - | 13,254 | 459 | 13,713 |
| Current liabilities | - | 10,618 | 463 | 11,081 |
| Total liabilities | - | 23,872 | 922 | 24,794 |
| **Results** | | | | |
| Revenue | - | 26,403 | 5,163 | 31,566 |
| Profit/(Loss) for the financial year | - | 482 | (296) | 186 |

# Notes to the Financial Statements
30 June 2021

## 12. INTERESTS IN ASSOCIATES (continued)

(b) All the above associates are accounted for using the equity method in the consolidated financial statements. (continued)

The summarised financial information of the associates are as follows (continued):

| 2020 | SGSB RM'000 | BVG and BBKG RM'000 | PRCG RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-current assets | - | 5,743 | 936 | 6,679 |
| Current assets | - | 12,346 | 2,510 | 14,856 |
| Total assets | - | 18,089 | 3,446 | 21,535 |
| **Liabilities** | | | | |
| Non-current liabilities | - | 12,894 | - | 12,894 |
| Current liabilities | 416 | 10,554 | 411 | 11,381 |
| Total liabilities | 416 | 23,448 | 411 | 24,275 |
| **Results** | | | | |
| Revenue | - | 29,854 | 7,320 | 37,174 |
| Profit for the financial year | - | 497 | 397 | 894 |

(c) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

| 2021 | SGSB RM'000 | BVG and BBKG RM'000 | PRCG RM'000 | Total RM'000 |
|---|---|---|---|---|
| Share of net (liabilities)/assets of the Group | - | (1,721) | 699 | (1,022) |
| Loan to an associate | - | 4,855 | - | 4,855 |
| Goodwill | - | 8,734 | - | 8,734 |
| Gain on dilution of interest | - | - | (461) | (461) |
| Unrecognised share of other reserves | - | (4,160) | - | (4,160) |
| Unrecognised share of losses of associates | - | 2,119 | - | 2,119 |
| | - | 11,548 | (461) | 11,087 |
| Less: Share by non-controlling interests | - | (738) | - | (738) |
| | - | 10,810 | (461) | 10,349 |
| | - | 9,089 | 238 | 9,327 |
| Less: Impairment losses | - | (9,089) | - | (9,089) |
| Carrying amount in the statements of financial position | - | - | 238 | 238 |
| **Share of results of the Group** | | | | |
| Share of loss of the Group | - | - | (100) | (100) |
| Share of other comprehensive income of the Group | - | - | - | - |
| Share of total comprehensive loss of the Group | - | - | (100) | (100) |
| **Other information** | | | | |
| Dividend received | - | - | 111 | 111 |

## 12. INTERESTS IN ASSOCIATES (continued)

(c) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows (continued):

| 2020 | SGSB RM'000 | BVG and BBKG RM'000 | PRCG RM'000 | Total RM'000 |
|---|---|---|---|---|
| Share of net (liabilities)/assets of the Group | (137) | (1,838) | 910 | (1,065) |
| Loan to an associate | - | 4,855 | - | 4,855 |
| Goodwill | - | 8,679 | - | 8,679 |
| Gain on dilution of interest | - | - | (461) | (461) |
| Unrecognised share of other reserves | - | (4,160) | - | (4,160) |
| Unrecognised share of losses of associates | 489 | 2,341 | - | 2,830 |
| | 489 | 11,715 | (461) | 11,743 |
| Less: Share by non-controlling interests | - | (788) | - | (788) |
| | 489 | 10,927 | (461) | 10,955 |
| | 352 | 9,089 | 449 | 9,890 |
| Less: Impairment losses | (352) | (9,089) | - | (9,441) |
| Carrying amount in the statements of financial position | - | - | 449 | 449 |
| **Share of results of the Group** | | | | |
| Share of profit of the Group | - | - | 119 | 119 |
| Share of other comprehensive income of the Group | - | - | - | - |
| Share of total comprehensive income of the Group | - | - | 119 | 119 |
| **Other information** | | | | |
| Dividend received | - | - | 201 | 201 |

(d) During the financial year, the cumulative unrecognised share of losses of associates amounted to RM2,119,000 (2020: RM2,830,000), and the net decrease in unrecognised share of losses amounted to RM711,000 (2020: net decrease of RM237,000). The Group has stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

(e) SGSB had been struck off during the financial year.

## 13. OTHER INVESTMENTS

| | Group 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| - Club memberships | 1,120 | 1,178 |

Information on the fair value hierarchy is disclosed in Note 38(d) to the financial statements.

# Notes to the Financial Statements
30 June 2021

## 14. DEFERRED TAX

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Balance as at 1 July 2020/2019 | 5,554 | 5,351 | 1 | 1 |
| Recognised in profit or loss: | | | | |
| - Continuing operations (Note 32) | (696) | (349) | - | - |
| - Discontinuing operations | 27 | 554 | - | - |
| | (669) | 205 | - | - |
| Reclassification to disposal group held for distribution (Note 26) | (87) | - | - | - |
| Currency translation differences | 14 | (2) | - | - |
| Balance as at 30 June 2021/2020 | 4,812 | 5,554 | 1 | 1 |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets, net | (1,428) | (1,241) | - | - |
| Deferred tax liabilities, net | 6,240 | 6,795 | 1 | 1 |
| | 4,812 | 5,554 | 1 | 1 |

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows:

**Deferred tax liabilities of the Group**

| | Property, plant and equipment RM'000 | Intangible assets RM'000 | Lease liabilities RM'000 | Other taxable temporary differences RM'000 | Off-setting RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 July 2020 | 4,004 | 4,035 | (128) | (361) | (755) | 6,795 |
| Recognised in profit or loss: | | | | | | |
| - Continuing operations | (376) | (438) | 171 | (400) | 764 | (279) |
| - Discontinuing operations | (24) | - | (4) | 55 | - | 27 |
| Reclassification to disposal group held for distribution (Note 26) | (102) | - | (24) | (180) | - | (306) |
| Currency translation differences | 7 | - | - | (4) | - | 3 |
| At 30 June 2021 | 3,509 | 3,597 | 15 | (890) | 9 | 6,240 |

**14. DEFERRED TAX (continued)**

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows (continued):

**Deferred tax liabilities of the Group (continued)**

| | Property, plant and equipment RM'000 | Intangible assets RM'000 | Lease liabilities RM'000 | Other taxable temporary differences RM'000 | Off-setting RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 July 2019 | 3,522 | 4,503 | (198) | 29 | (549) | 7,307 |
| Recognised in profit or loss: | | | | | | |
| - Continuing operations | 352 | (468) | 42 | (437) | (172) | (683) |
| - Discontinuing operations | 55 | - | 28 | 125 | (34) | 174 |
| Currency translation differences | 75 | - | - | (78) | - | (3) |
| At 30 June 2020 | 4,004 | 4,035 | (128) | (361) | (755) | 6,795 |

**Deferred tax assets of the Group**

| | Property, plant and equipment RM'000 | Payables RM'000 | Lease liabilities RM'000 | Other deductible temporary differences RM'000 | Off-setting RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 July 2020 | 183 | 60 | 161 | 1,592 | (755) | 1,241 |
| Recognised in profit or loss: | | | | | | |
| - Continuing operations | (4) | (58) | 125 | (410) | 764 | 417 |
| Reclassification to disposal group held for distribution (Note 26) | - | - | - | (219) | - | (219) |
| Currency translation differences | - | - | (2) | (9) | - | (11) |
| At 30 June 2021 | 179 | 2 | 284 | 954 | 9 | 1,428 |
| | | | | | | |
| At 1 July 2019 | 28 | 440 | 186 | 1,851 | (549) | 1,956 |
| Recognised in profit or loss: | | | | | | |
| - Continuing operations | 170 | (132) | (25) | (175) | (172) | (334) |
| - Discontinuing operations | (15) | (248) | - | (83) | (34) | (380) |
| Currency translation differences | - | - | - | (1) | - | (1) |
| At 30 June 2020 | 183 | 60 | 161 | 1,592 | (755) | 1,241 |

# Notes to the Financial Statements
30 June 2021

## 14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows (continued):

**Deferred tax liabilities of the Company**

| | **Taxable temporary differences RM'000** | **Offsetting RM'000** | **Total RM'000** |
|---|---|---|---|
| At 1 July 2020/30 June 2021 | (1) | - | (1) |
| At 1 July 2019/30 June 2020 | (1) | - | (1) |

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | **Group** | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Unused tax losses: | | |
| - Malaysian entities | | |
| - Expires by 30 June 2026 | 16,897 | 18,022 |
| - Expires by 30 June 2027 | 905 | 905 |
| - Expires by 30 June 2028 | 1,790 | - |
| - Foreign entities | 4,682 | 6,851 |
| Unabsorbed capital allowances | 5,949 | 6,090 |
| Other deductible temporary differences | 12,285 | 6,779 |
| | 42,508 | 38,647 |

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, any unused tax losses shall be deductible for a maximum period of seven (7) consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of seven (7) years of assessment shall be disregarded.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and the tax legislation of the respective countries in which the subsidiaries operate.

## 15. INVENTORIES

| | **Group** | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Raw materials | 6,386 | 7,994 |
| Work-in-progress | 950 | 1,719 |
| Finished goods | 53,287 | 86,584 |
| Consumables | 169 | 160 |
| | 60,792 | 96,457 |

During the financial year, inventories of the Group recognised as cost of sales amounted to RM124,264,000 (2020: RM141,477,000). The Group had written off inventories amounting to RM23,000 (2020: RM91,000) and this was included in cost of sales.

## 16. TRADE AND OTHER RECEIVABLES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| **Other receivables** | | | | | |
| Third parties | (a) | 7,292 | 9,385 | - | - |
| Amounts owing by subsidiaries | (d) | - | - | 4,314 | 19,113 |
| | | 7,292 | 9,385 | 4,314 | 19,113 |
| Less: Impairment losses | | | | | |
| - third parties | | (5,200) | (5,192) | - | - |
| - subsidiaries | | - | - | (471) | (1,468) |
| | | (5,200) | (5,192) | (471) | (1,468) |
| | | 2,092 | 4,193 | 3,843 | 17,645 |
| **Current assets** | | | | | |
| **Trade receivables** | | | | | |
| Third parties | | 47,938 | 50,439 | - | - |
| Amounts owing by associates | | 411 | - | - | - |
| | (b) | 48,349 | 50,439 | - | - |
| Less: Impairment losses | | | | | |
| - third parties | | (24,281) | (24,010) | - | - |
| | | 24,068 | 26,429 | - | - |
| **Other receivables and deposits** | | | | | |
| Amounts owing by subsidiaries | (c) | - | - | 11,069 | 10,478 |
| Amounts owing by associates | (e) | 1,577 | 1,567 | - | - |
| Other receivables | (a) | 6,635 | 7,723 | 33 | 24 |
| Deposits | | 9,713 | 11,911 | 9 | 9 |
| | | 17,925 | 21,201 | 11,111 | 10,511 |
| Less: Impairment losses | | | | | |
| - subsidiaries | | - | - | (4,417) | - |
| - associates | | (1,577) | (1,567) | - | - |
| - deposits | | (50) | (72) | - | - |
| - other receivables | | (310) | (275) | - | - |
| | | (1,937) | (1,914) | (4,417) | - |
| | | 15,988 | 19,287 | 6,694 | 10,511 |
| **Total trade and other receivables** | | 40,056 | 45,716 | 6,694 | 10,511 |
| **Prepayments** | | 3,295 | 5,653 | - | - |
| **Total trade and other receivables (current)** | | 43,351 | 51,369 | 6,694 | 10,511 |
| **Total trade and other receivables (non-current and current)** | | 45,443 | 55,562 | 10,537 | 28,156 |

## 16. TRADE AND OTHER RECEIVABLES (continued)

(a) Included in non-current other receivables and current other receivables are amounts owing from an exclusive authorised dealer of "Braun Buffel" brand of RM2,459,000 and RM3,241,000 respectively (2020: RM4,584,000 and RM3,043,000 respectively). The amount receivable from the exclusive authorised dealer carries an interest rate of 7.53% (2020: 7.53%) per annum and is payable through instalments till 2023.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2020: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Current amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, repayable within the next twelve (12) months in cash and cash equivalents and interest-free except for an amount of RM6,500,000 (2020: RM10,300,000) owing by a subsidiary which bears interest at 4.0% (2020: 4.0%) per annum.

(d) Non-current amounts owing by subsidiaries of RM4,314,000 (2020: RM19,113,000) represent the present value of advances of funds which are unsecured, repayable within the next four (4) years (2020: two (2) years) in cash and cash equivalents and interest-free except for an amount of RM2,800,000 (2020: RM Nil) owing by a subsidiary which bears interest at 4.0% (2020: Nil) per annum.

(e) Non-trade amounts owing by associates represent advances and payments made on behalf, which are unsecured, interest-free and have been fully impaired due to the associates' deficit in total equity position.

(f) Information on financial risks of trade and other receivables is disclosed in Note 39 to the financial statements.

(g) The currency exposure profile of receivables (excluding prepayments) are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Ringgit Malaysia | 18,759 | 21,569 | 10,537 | 28,156 |
| Singapore Dollar | 21,245 | 23,226 | - | - |
| Vietnamese Dong | 65 | 517 | - | - |
| Indonesian Rupiah | 1,521 | 3,716 | - | - |
| Euro | 202 | 317 | - | - |
| Others | 356 | 564 | - | - |
| | 42,148 | 49,909 | 10,537 | 28,156 |

(h) The ageing analysis of trade receivables of the Group are as follows:

| Group 2021 | Gross carrying amount RM'000 | Total allowance RM'000 | Balance as at 30.6.2021 RM'000 |
|---|---|---|---|
| Current | 6,472 | (652) | 5,820 |
| Past due: | | | |
| 1 to 30 days | 5,680 | (130) | 5,550 |
| 31 to 60 days | 5,265 | (248) | 5,017 |
| 61 to 90 days | 2,136 | (278) | 1,858 |
| 91 to 120 days | 266 | (121) | 145 |
| More than 120 days | 28,530 | (22,852) | 5,678 |
| | 41,877 | (23,629) | 18,248 |
| | 48,349 | (24,281) | 24,068 |

## 16. TRADE AND OTHER RECEIVABLES (continued)

(h) The ageing analysis of trade receivables of the Group are as follows (continued):

| Group 2020 | Gross carrying amount RM'000 | Total allowance RM'000 | Balance as at 30.6.2020 RM'000 |
|---|---|---|---|
| Current | 9,230 | (2,384) | 6,846 |
| Past due: | | | |
| 1 to 30 days | 4,815 | (324) | 4,491 |
| 31 to 60 days | 1,832 | (179) | 1,653 |
| 61 to 90 days | 4,266 | (812) | 3,454 |
| 91 to 120 days | 4,217 | (928) | 3,289 |
| More than 120 days | 26,079 | (19,383) | 6,696 |
| | 41,209 | (21,626) | 19,583 |
| | 50,439 | (24,010) | 26,429 |

(i) The reconciliation of movements in the impairment losses on trade receivables is as follows:

| Group | Lifetime ECL allowance RM'000 | Credit impaired RM'000 | Total allowance RM'000 |
|---|---|---|---|
| **At 1 July 2020** | 10,966 | 13,044 | 24,010 |
| Charge for the financial year (Notes 26 and 31) | 2,348 | 1,208 | 3,556 |
| Reversal of impairment loss (Notes 26 and 31) | (2,633) | (2) | (2,635) |
| Reclassification to assets held for distribution | (92) | - | (92) |
| Exchange differences | (344) | (214) | (558) |
| **At 30 June 2021** | 10,245 | 14,036 | 24,281 |
| | | | |
| **At 1 July 2019** | 3,700 | 13,724 | 17,424 |
| Charge for the financial year (Notes 26 and 31) | 7,413 | 593 | 8,006 |
| Reversal of impairment loss (Notes 26 and 31) | (325) | (2) | (327) |
| Written off | (3) | (1,617) | (1,620) |
| Exchange differences | 181 | 346 | 527 |
| **At 30 June 2020** | 10,966 | 13,044 | 24,010 |

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than twelve (12) months as deemed credit impaired and assesses for their risk of loss individually.

The Group has identified the Gross Domestic Product ("GDP"), Overnight Policy Interest Rate ("OPR"), retail sales growth, unemployment rate and inflation rate, incorporating the impact of the COVID-19 pandemic as the key macroeconomic factors in determining the lifetime expected credit loss for trade receivables.

Significant increase in expected credit loss during the financial year arose from revised forward-looking information used in the calculation of probabilities of default of trade receivables of the Group as a result of the COVID-19 pandemic as disclosed in Note 40(a) to the financial statements.

## 16. TRADE AND OTHER RECEIVABLES (continued)

(j) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Maximum exposure | 48,349 | 50,439 |
| Collateral obtained | - | - |
| Impairment losses | (24,281) | (24,010) |
| Net exposure to credit risk | 24,068 | 26,429 |

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(k) The reconciliation of movements in the impairment losses on other receivables, amounts owing by subsidiaries and amounts owing by related parties are as follows:

| Group | 12-month ECL RM'000 | Lifetime ECL - not credit impaired RM'000 | Lifetime ECL - credit impaired RM'000 | Total RM'000 |
|---|---|---|---|---|
| **At 1 July 2020** | 469 | 22 | 6,615 | 7,106 |
| Charge for the financial year (Notes 26 and 31) | 23 | 18 | - | 41 |
| Reversal of impairment loss (Notes 26 and 31) | (35) | - | - | (35) |
| Reclassification to assets held for distribution | (18) | - | - | (18) |
| Exchange differences | 3 | - | 40 | 43 |
| **At 30 June 2021** | 442 | 40 | 6,655 | 7,137 |
| **At 1 July 2019** | 460 | 26 | 6,965 | 7,451 |
| Charge for the financial year (Notes 26 and 31) | 8 | - | - | 8 |
| Reversal of impairment loss (Notes 26 and 31) | - | - | (67) | (67) |
| Written off | - | (4) | (309) | (313) |
| Exchange differences | 1 | - | 26 | 27 |
| **At 30 June 2020** | 469 | 22 | 6,615 | 7,106 |

| Company | Lifetime ECL - not credit impaired RM'000 | Lifetime ECL - credit impaired RM'000 | Total allowance RM'000 |
|---|---|---|---|
| **At 1 July 2020** | 1,468 | - | 1,468 |
| Charge for the financial year | 3,420 | - | 3,420 |
| **At 30 June 2021** | 4,888 | - | 4,888 |
| **At 1 July 2019** | 197 | - | 197 |
| Charge for the financial year | 1,271 | - | 1,271 |
| **At 30 June 2020** | 1,468 | - | 1,468 |

The Group and the Company have identified the Gross Domestic Product ("GDP"), Overnight Policy Interest Rate ("OPR"), retail sales growth, unemployment rate and inflation rate, incorporating the impact of the COVID-19 pandemic as the key macroeconomic factors in determining the lifetime expected credit loss for other receivables, amounts owing by subsidiaries and amounts owing by related parties.

## 17. CASH AND BANK BALANCES

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Cash and bank balances | 81,202 | 69,104 | 1,169 | 1,004 |
| Deposits with licensed banks | 4,001 | 8,605 | - | - |
| | 85,203 | 77,709 | 1,169 | 1,004 |

(a) Included in deposits with licensed banks of the Group is an amount of RM65,000 (2020: RM65,000) pledged to a licensed bank as securities for banking facilities granted to a subsidiary as disclosed in Note 21(a) to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Ringgit Malaysia | 42,303 | 53,837 | 1,165 | 1,000 |
| Chinese Renminbi | 50 | 58 | - | - |
| Hong Kong Dollar | 5,156 | 1,639 | - | - |
| Indonesian Rupiah | 1,568 | 464 | - | - |
| Singapore Dollar | 35,326 | 19,636 | - | - |
| United States Dollar | 633 | 1,883 | 4 | 4 |
| Vietnamese Dong | 120 | 97 | - | - |
| Others | 47 | 95 | - | - |
| | 85,203 | 77,709 | 1,169 | 1,004 |

(c) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Cash and bank balances | 81,202 | 69,104 | 1,169 | 1,004 |
| Deposits with licensed banks (not more than three (3) months) | 4,001 | 8,605 | - | - |
| | 85,203 | 77,709 | 1,169 | 1,004 |
| Add: Cash and cash equivalents classified as held for distribution (Note 26) | 12,662 | - | - | - |
| Less: Deposit pledged to a licensed bank | (65) | (65) | - | - |
| Cash and cash equivalents included in the statements of cash flows | 97,800 | 77,644 | 1,169 | 1,004 |

(d) No expected credit losses were recognised arising from deposits with financial institutions because the probability of default by these financial institutions were negligible.

(e) Information on financial risks of cash and bank balances is disclosed in Note 39 to the financial statements.

# Notes to the Financial Statements
30 June 2021

## 18. SHORT TERM FUNDS

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| **Fair value through profit or loss** | | | | |
| Short term funds | 15,493 | 23,416 | 9,350 | 7,741 |

(a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term funds of the Group and of the Company are denominated in RM.

(b) Information on financial risks of short term funds is disclosed in Note 39 to the financial statements.

## 19. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| **Ordinary shares issued and fully paid:** | | | | |
| Balance as at 1 July 2020/2019 | 201,572 | 201,572 | 806,287 | 201,572 |
| Share consolidation on 23 December 2019 (Note a) | - | - | (604,715) | - |
| Balance as at 30 June 2021/2020 | 201,572 | 201,572 | 201,572 | 201,572 |

(a) In the previous financial year, on 1 October 2019, the Company undertook a share consolidation exercise which involved the consolidation of every four (4) existing shares in the Company held by the shareholders of the Company on the entitlement date of 20 December 2019 into one (1) share ("Consolidated Share(s)") of the Company. On 23 December 2019, the Company completed its share consolidation exercise.

(b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Constitution of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 20. RESERVES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| Exchange translation reserve | (a) | 13,688 | 14,876 | - | - |
| Revaluation reserve | (b) | 184 | 2,521 | - | - |
| Treasury shares | (c) | (485) | (6,100) | (485) | (6,100) |
| | | 13,387 | 11,297 | (485) | (6,100) |
| Retained earnings | | 149,596 | 153,437 | 42,419 | 46,748 |
| | | 162,983 | 164,734 | 41,934 | 40,648 |

**20. RESERVES (continued)**

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve arises from the revaluation surplus of properties of the subsidiaries upon transfer from property, plant and equipment to investment properties.

(c) Treasury shares

During the previous financial year, the Company repurchased 2,278,800 of its issued ordinary shares from the stock exchange of Bursa Malaysia Securities Berhad and held the same as treasury shares at an average buy-back price of RM0.632 per ordinary share as detailed below:

| | Number of shares | Total consideration RM'000 | Price per share Highest RM | Price per share Lowest RM | Price per share Average RM |
|---|---|---|---|---|---|
| Balance as at 1 July 2019 | 15,734,400 | 4,659 | 0.555 | 0.250 | 0.296 |
| Share repurchased during the financial year: | | | | | |
| July 2019 | 658,600 | 218 | 0.330 | 0.330 | 0.330 |
| August 2019 | 489,400 | 133 | 0.270 | 0.270 | 0.270 |
| | 1,148,000 | 351 | 0.330 | 0.270 | 0.306 |
| Balance before share consolidation* | 16,882,400 | 5,010 | | | |
| Share consolidation* | (12,661,800) | - | | | |
| Balance after share consolidation* | 4,220,600 | 5,010 | | | |
| Share repurchased during the financial year: | | | | | |
| January 2020 # | 1,050,200 | 1,047 | 0.995 | 0.990 | 0.995 |
| June 2020 # | 80,600 | 43 | 0.535 | 0.530 | 0.535 |
| | 1,130,800 | 1,090 | 0.995 | 0.530 | 0.964 |
| Balance as at 30 June 2020 | 5,351,400 | 6,100 | | | |

* In the previous financial year, on 1 October 2019, the Company undertook a share consolidation exercise which involved the consolidation of every four (4) existing shares in the Company held by the shareholders of the Company on the entitlement date of 20 December 2019 into one (1) share ("Consolidated Share(s)") of the Company.

On the entitlement date of 20 December 2019, the share consolidation was completed whereby the Company's existing number of shares of 806,287,400 Shares (inclusive of 16,882,400 treasury shares) had been consolidated into 201,571,842 Consolidated Shares (inclusive of 4,220,600 consolidated treasury shares, with fractional entitlements for the Consolidated Shares arising from the share consolidation being disregarded) pursuant to the share consolidation. On 23 December 2019, the Company completed its share consolidation exercise.

\# Repurchase of the Company's issued ordinary shares in January 2020 and June 2020 had taken place after the share consolidation as disclosed above.

# Notes to the Financial Statements
30 June 2021

## 20. RESERVES (continued)

(c) Treasury shares (continued)

During the financial year, the Company repurchased 10,113,800 of its issued ordinary shares from the stock exchange of Bursa Malaysia Securities Berhad and held the same as treasury shares at an average buy-back price of RM0.682 per ordinary share as detailed below:

| | Number of shares | Total consideration RM'000 | Price per share Highest RM | Lowest RM | Average RM |
|---|---|---|---|---|---|
| Balance as at 1 July 2020 | 5,351,400 | 6,100 | 0.995 | 0.250 | 1.140 |
| Share repurchased during the financial year: | | | | | |
| July 2020 | 5,079,000 | 2,699 | 0.530 | 0.530 | 0.531 |
| September 2020 | 136,300 | 72 | 0.530 | 0.525 | 0.528 |
| October 2020 | 321,700 | 171 | 0.535 | 0.530 | 0.533 |
| November 2020 | 7,400 | 4 | 0.530 | 0.530 | 0.534 |
| December 2020 | 2,588,400 | 2,162 | 0.840 | 0.785 | 0.835 |
| January 2021 | 1,981,000 | 1,785 | 0.900 | 0.898 | 0.901 |
| | 10,113,800 | 6,893 | 0.900 | 0.525 | 0.682 |
| Share dividend* | (14,888,481) | (12,508) | | | |
| Balance as at 30 June 2021 | 576,719 | 485 | | | |

* On 11 January 2021, the Company declared a share dividend to distribute its treasury shares to the entitled shareholders of the Company on the basis of eight (8) treasury shares for every one hundred (100) shares of the Company held on 26 January 2021 ("Entitlement date"). On 15 February 2021, the relevant treasury shares amounting to approximately RM12,508,000 were distributed and credited into the central depository accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd..

The total consideration (including transaction costs) of RM6,893,000 (2020: RM1,441,000) paid for the repurchases was financed by internally generated funds.

As at 30 June 2021, the Company held 576,719 (2020: 5,351,400) treasury shares out of its total issued shares of 201,571,842 (2020: 201,571,842) ordinary shares.

Pursuant to Section 127 of the Companies Act 2016, the Directors of the Company may resolve:

(1) to cancel the shares so purchased;

(2) to retain the shares so purchased as treasury shares for distribution as "share dividends" to the shareholders, or resell any of the shares so purchased on Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad, or transfer any of the shares so purchased for the purposes of or under an employees' share schedule, or transfer any of the shares so purchased as purchase consideration, or sell, transfer or otherwise use any of the shares so purchased for such other purposes as the Minister may by order prescribe; or

(3) to retain part of the shares so purchased as treasury shares and cancel the remainder.

While the shares so purchased are held as treasury shares, the rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purposes including, without limitation to the generality of the provisions of any law or requirements of the Constitution of the Company or the listing rules of Bursa Malaysia Securities Berhad on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum and the result of a vote on a resolution at a meeting of shareholders.

# Notes to the Financial Statements
30 June 2021

## 21. BORROWINGS

| | Note | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| **Conventional financing facilities - Secured** | | | |
| Bankers' acceptances | | - | 3,253 |
| Term loans | 22 | 1,337 | 601 |
| | | 1,337 | 3,854 |
| **Islamic financing facilities - Secured** | | | |
| Terms financing-i | 22 | 1,390 | 1,303 |
| Total secured borrowings | | 2,727 | 5,157 |
| **Conventional financing facilities - Unsecured** | | | |
| Bankers' acceptances | | 85 | 2,464 |
| Revolving credit | | - | 1,000 |
| Trust receipts | | 4,022 | 680 |
| Total unsecured borrowings | | 4,107 | 4,144 |
| Total | | 6,834 | 9,301 |
| **Non-current liabilities** | | | |
| **Conventional financing facilities - Secured** | | | |
| Term loans | 22 | 16,331 | 12,070 |
| **Islamic financing facilities - Secured** | | | |
| Terms financing-i | 22 | 58,715 | 18,032 |
| Total | | 75,046 | 30,102 |
| **Total borrowings** | | | |
| Bankers' acceptances | | 85 | 5,717 |
| Term loans and terms financing-i | 22 | 77,773 | 32,006 |
| Revolving credit | | - | 1,000 |
| Trust receipts | | 4,022 | 680 |
| | | 81,880 | 39,403 |

(a) Certain bank overdrafts and bankers' acceptances of the Group are secured by the following:

(i) first fixed charges over certain leasehold land and buildings of a subsidiary as disclosed in Notes 7 and 8 to the financial statements; and

(ii) fixed deposit of a subsidiary as disclosed in Note 17 to the financial statements.

(b) The currency exposure profile of borrowings are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Ringgit Malaysia | 69,282 | 38,723 |
| Singapore Dollar | 12,598 | 680 |
| | 81,880 | 39,403 |

# Notes to the Financial Statements
30 June 2021

## 21. BORROWINGS (continued)

(c) Information on financial risks of borrowings is disclosed in Note 39 to the financial statements.

(d) Reconciliation of liabilities from financing activities:

| Group | Term loans and terms financing-i RM'000 | Bankers' acceptances RM'000 | Trust receipts RM'000 | Revolving credit RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 July 2020 | 32,006 | 5,717 | 680 | 1,000 | 39,403 |
| Cash flows: | | | | | |
| - Net of repayments and drawdowns of borrowings | 3,758 | (5,632) | 3,315 | (1,000) | 441 |
| Non-cash flows: | | | | | |
| - Purchase of investment properties (Note 9(a)) | 41,949 | - | - | - | 41,949 |
| - Effect of foreign exchange | 60 | - | 27 | - | 87 |
| At 30 June 2021 | 77,773 | 85 | 4,022 | - | 81,880 |

| Group | Term loans and terms financing-i RM'000 | Bankers' acceptances RM'000 | Bank overdrafts RM'000 | Trust receipts RM'000 | Revolving credit RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 July 2019 | 41,842 | 6,044 | 1,479 | 5,418 | 1,000 | 55,783 |
| Cash flows: | | | | | | |
| - Net of repayments and drawdowns of borrowings | (9,846) | (327) | (1,479) | (4,718) | - | (16,370) |
| Non-cash flows: | | | | | | |
| - Effect of foreign exchange | 10 | - | - | (20) | - | (10) |
| At 30 June 2020 | 32,006 | 5,717 | - | 680 | 1,000 | 39,403 |

## 22. TERM LOANS AND TERMS FINANCING-I ("TF-I")

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Term loans - Secured** | | |
| Term loan I is repayable as follows:<br>- 240 equal monthly instalments of RM17,554 each commencing September 2011 | - | 2,057 |
| Term loan II is repayable as follows:<br>- 240 equal monthly instalments of RM64,878 each commencing November 2014 | 8,278 | 8,580 |
| Term loan III is repayable as follows:<br>- 240 equal monthly instalments of RM9,411 each commencing March 2014 | - | 1,195 |
| Term loan IV is repayable as follows:<br>- 240 monthly instalments of RM1,688 each commencing April 2015 | 212 | 219 |
| Term loan V is repayable as follows:<br>- 240 monthly instalments of RM2,396 each commencing April 2015 | 301 | 310 |
| Term loan VI is repayable as follows:<br>- 240 monthly instalments of RM2,396 each commencing April 2015 | 301 | 310 |
| Term loan VII is repayable as follows:<br>- 36 monthly instalments of SGD11,111 each commencing August 2020<br>- Final instalment of SGD11,115 in July 2023 | 858 | - |
| Term loan VIII is repayable as follows:<br>- 48 monthly instalments of SGD52,083 each commencing April 2022<br>- Final instalment of SGD52,083 in March 2026 | 7,718 | - |
| | 17,668 | 12,671 |
| **Terms Financing-I ("TF-I") - Secured** | | |
| TF-I I is repayable as follows:<br>- 77 equal monthly instalments of RM180,000 each commencing September 2016<br>- Final instalment of RM15,358,000 in February 2023 | 18,423 | 19,335 |
| TF-I II is repayable as follows:<br>- 24 equal monthly instalments of RM154,216 each commencing January 2021<br>- 36 equal monthly instalments of RM220,308 each commencing January 2023<br>- 60 equal monthly instalments of RM308,431 each commencing January 2026<br>- 60 equal monthly instalments of RM378,930 each commencing January 2031<br>- Final instalment of RM378,930 in December 2035 | 41,682 | - |
| | 60,105 | 19,335 |
| | 77,773 | 32,006 |

# Notes to the Financial Statements
30 June 2021

## 22. TERM LOANS AND TERMS FINANCING-I ("TF-I") (continued)

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Secured** | | |
| Repayable as follows: | | |
| **Current liabilities** | | |
| - not later than one (1) year | 2,727 | 1,904 |
| **Non-current liabilities** | | |
| - later than one (1) year but not later than five (5) years | 32,446 | 20,733 |
| - later than five (5) years | 42,600 | 9,369 |
| | 75,046 | 30,102 |
| | 77,773 | 32,006 |

(a) Secured term loans of the Group are secured by means of legal charges over certain freehold land and buildings of the Group (Note 7) and investment properties classified as non-current assets held for sale (Note 26), assignment of rental proceeds and are guaranteed by the Company except for term loans VII and VIII.

Term loans VII and VIII are only guaranteed by the Company.

(b) The term financing-i of the Group are Islamic financing facilities that are secured by means of legal charges over certain investment properties of the Group (Note 9) and are guaranteed by the Company except for TF-I I which is secured by a specific debenture over the buildings on freehold land of a subsidiary (Note 7) and is secured by assignment of rental proceeds.

## 23. PROVISION FOR RESTORATION COSTS

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Non-current** | | |
| Provision for restoration costs | 1,370 | 1,678 |
| **Current** | | |
| Provision for restoration costs | 415 | 568 |
| | 1,785 | 2,246 |

(a) Provision for restoration costs comprises estimates of reinstatement costs for stores upon termination of tenancy.

(b) A reconciliation of the provision for restoration costs is as follows:

| | Note | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|---|
| Balance as at 1 July 2020/2019 | | 2,246 | 2,605 |
| Recognised in right-of-use assets | 8(d) | 127 | 102 |
| Reversal of provision for restoration costs | | (142) | - |
| Recognised in profit or loss | | | |
| - unwinding of discount on provision for restoration costs | 26, 31 | 50 | 46 |
| - over-provision of restoration costs | 26, 31 | (227) | (195) |
| Utilised during the financial year | | (25) | (315) |
| Reclassification to disposal group held for distribution | 26 | (251) | - |
| Translation adjustments | | 7 | 3 |
| Balance as at 30 June 2021/2020 | | 1,785 | 2,246 |

## 24. TRADE AND OTHER PAYABLES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| **Other payable** | | | | | |
| Other payable | (a) | 5,015 | 4,888 | - | - |
| **Current liabilities** | | | | | |
| **Trade payables** | | | | | |
| Third parties | (b) | 4,005 | 9,765 | - | - |
| **Other payables, deposits and accruals** | | | | | |
| Amounts owing to subsidiaries | (d) | - | - | 5 | 5 |
| Amounts owing to associates | (c) | - | 309 | - | 309 |
| Other payables | | 9,490 | 11,267 | - | 15 |
| Deposits | | 1,059 | 1,410 | - | - |
| Accruals | | 6,389 | 7,849 | 421 | 385 |
| | | 16,938 | 20,835 | 426 | 714 |
| **Total trade and other payables (current)** | | 20,943 | 30,600 | 426 | 714 |
| **Total trade and other payables (current and non-current)** | | 25,958 | 35,488 | 426 | 714 |

(a) Non-current other payable represents loans from a shareholder of a subsidiary for the acquisition of intellectual property rights, which are unsecured, bear interest at 2% (2020: 2%) per annum and are repayable on or before 30 August 2025.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2020: 30 to 90 days).

(c) In the previous financial year, amounts owing to associates represented advances and payments made on behalf, which were unsecured, interest-free and repayable upon demand.

(d) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand.

(e) Information on financial risks of trade and other payables is disclosed in Note 39 to the financial statements.

(f) The currency exposure profile of payables are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Ringgit Malaysia | 12,657 | 13,919 | 426 | 714 |
| Chinese Renminbi | 170 | 454 | - | - |
| Indonesian Rupiah | 1,053 | 834 | - | - |
| Hong Kong Dollar | 319 | 204 | - | - |
| Singapore Dollar | 11,198 | 13,183 | - | - |
| United States Dollar | 488 | 1,990 | - | - |
| Vietnamese Dong | 65 | 4,877 | - | - |
| Others | 8 | 27 | - | - |
| | 25,958 | 35,488 | 426 | 714 |

# Notes to the Financial Statements
30 June 2021

## 25. CONTRACT LIABILITIES

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Deferred revenue | 21,137 | 22,242 |

(a) Deferred revenue mainly represents advance consideration received from customers in respect of royalty arrangement. Deferred revenue will be recognised as revenue when performance obligations are fulfilled.

(b) Revenue expected to be recognised in future relating to performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting period, are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Within one (1) year | 2,998 | 3,855 |
| Between one (1) year and five (5) years | 1,733 | 1,594 |
| More than five (5) years | 16,406 | 16,793 |
| | 21,137 | 22,242 |

## 26. NON-CURRENT ASSETS/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/HELD FOR DISTRIBUTION

| | Note | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|---|
| Non-current assets/disposal group classified as held for sale/held for distribution: | | | |
| - Assets of disposal group | 26(a) | 61,117 | - |
| - Property, plant and equipment | 7, 26(b) | 3,408 | - |
| - Right-of-use assets | 8, 26(c) | 624 | - |
| - Investment properties | 9, 26(d) | - | 12,910 |
| | | 65,149 | 12,910 |
| Liabilities of disposal group classified as held for distribution | 26(a) | (9,258) | - |
| | | 55,891 | 12,910 |

(a) On 25 February 2021, the Group announced to Bursa Malaysia Securities Berhad the proposed listing of the subsidiary of the Company, SBG Holdings Sdn. Bhd. ("SBG") and its subsidiaries ("collectively as SBG Group") on the LEAP Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

In conjunction with the Proposed Listing, the Company will undertake the proposed demerger of SBG Group which comprises the Proposed Capitalisation, Proposed Subdivision, Proposed Conversion and Proposed Dividend-in-Specie (collectively as "Proposed Demerger") (details of which were set out in the Circular to Shareholders of the Company dated 22 July 2021). Details of the Proposed Demerger are described in Note 40(b) to the financial statements.

Accordingly, the assets and liabilities of SBG Group are classified as disposal group held for distribution and the financial results of SBG Group are classified as discontinuing operations.

## 26. NON-CURRENT ASSETS/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/HELD FOR DISTRIBUTION (continued)

(a) (continued)

(i) The assets and the associated liabilities held for distribution as at 30 June 2021 are as follows:

| | Note | SBG Group RM'000 |
|---|---|---|
| **Assets held for distribution** | | |
| Property, plant and equipment | 7 | 13,418 |
| Right-of-use assets | 8 | 6,283 |
| Inventories | | 9,857 |
| Receivables | | 4,871 |
| Current tax assets | | 831 |
| Cash and bank balances | 17(c) | 12,662 |
| Short term funds | | 13,195 |
| | | 61,117 |
| **Liabilities associated with assets held for distribution** | | |
| Lease liabilities | 8 | 7,742 |
| Deferred tax liabilities | 14(a) | 87 |
| Provision for restoration cost | 23(b) | 251 |
| Payables | | 1,178 |
| | | 9,258 |

(ii) Analysis of the results of the discontinuing operations was as follows:

| | SBG Group 2021 RM'000 | SBG Group 2020 RM'000 |
|---|---|---|
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Revenue | 27,838 | 34,023 |
| Cost of sales | (10,718) | (15,549) |
| Gross profit | 17,120 | 18,474 |
| Other operating income | 2,321 | 1,583 |
| Selling and distribution expenses | (8,451) | (11,382) |
| General and administrative expenses | (9,363) | (10,122) |
| Finance cost | (440) | (572) |
| Profit/(Loss) before tax | 1,187 | (2,019) |
| Tax expense | (334) | (1,025) |
| Profit/(Loss) for the financial year/ Total comprehensive income/(loss), net of tax | 853 | (3,044) |

**26. NON-CURRENT ASSETS/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/HELD FOR DISTRIBUTION (continued)**

(a) (continued)

(ii) Analysis of the results of the discontinuing operations was as follows (continued):

| | Note | SBG Group 2021 RM'000 | SBG Group 2020 RM'000 |
|---|---|---|---|
| Profit/(Loss) before tax is arrived after charging: | | | |
| Auditors' remuneration: | | | |
| - Statutory | | | |
| - current year | | 54 | 79 |
| - Non-statutory | | | |
| - current year | | 24 | 5 |
| Bad debts written off on trade and other receivables | | 4 | - |
| Depreciation of property, plant and equipment | 7 | 1,072 | 1,486 |
| Depreciation of right-of-use assets | 8 | 2,722 | 2,880 |
| Impairment losses on: | | | |
| - trade and other receivables | 16 | - | 122 |
| - property, plant and equipment | 7 | 7 | 529 |
| - right-of-use assets | 8 | 700 | - |
| Interest expense and profit payment on borrowings: | | | |
| - lease liabilities | 8 | 437 | 555 |
| - unwinding of discount on provision for restoration costs | 23 | 3 | 17 |
| | | 440 | 572 |
| Right-of-use assets written off | 8 | - | 19 |
| Unrealised loss on foreign exchange | | 30 | - |
| Fair value loss on short term funds | | - | 4 |
| Rental commission | | 384 | 389 |
| Rental of premises | | 83 | 913 |
| Loss on disposals of property, plant and equipment | | - | 5 |
| And crediting: | | | |
| Fair value gain on short term funds | | 1 | - |
| Reversal of impairment losses on trade and other receivables | 16 | 142 | 3 |
| Interest income from: | | | |
| - deposits with licensed banks | | 134 | 313 |
| - bank balances | | - | 27 |
| - short term funds | | 215 | 209 |
| Lease concessions | 8 | 1,177 | 412 |
| Over-provision of restoration cost | 23 | - | 114 |
| Unrealised gain on foreign exchange | | - | 34 |

(iii) Analysis of the cash flows of the discontinuing operations was as follows:

| | SBG Group 2021 RM'000 | SBG Group 2020 RM'000 |
|---|---|---|
| **Statement of Cash Flows** | | |
| Net cash from operating activities | 6,893 | 1,288 |
| Net cash used in investing activities | (4,367) | (4,838) |
| Net cash used in financing activities | (3,135) | (4,447) |
| Net decrease in cash and cash equivalents | (609) | (7,997) |
| Effect of exchange rate difference on cash and cash equivalents | (29) | 34 |
| Cash and cash equivalents at beginning of the financial year | 13,300 | 21,263 |
| Cash and cash equivalents at the date of demerger | 12,662 | 13,300 |

**26. NON-CURRENT ASSETS/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/HELD FOR DISTRIBUTION (continued)**

(b) On 25 February 2021, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. committed to a plan to dispose a detached factory building with a carrying amount of RM3,408,000 to a third party for a sales consideration of RM6,500,000. The Company entered into the Sale and Purchase Agreement with the third party on 2 September 2021 for the sales transaction.

The transaction has not been completed as at the end of the reporting period and has been reclassified to non-current assets held for sale.

(c) On 5 April 2021, a wholly-owned subsidiary of the Company, Long Bow Manufacturing Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the disposal of a piece of leasehold vacant land with a carrying amount of RM624,000 for a sales consideration of RM1,000,000.

The transaction has not been completed as at the end of the reporting period and has been reclassified to non-current assets held for sale.

(d) In the previous financial year:

(i) On 31 December 2019, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. entered into Sale and Purchase Agreements with a third party for the disposal of seven (7) units of property held under the office tower block of the commercial development known as Pusat Perniagaan dan Pemasaran Pukal Makanan, Wilayah Persekutuan, Kuala Lumpur with a postal address of Level 2, 3, 4, 5, 6, 8, 9, Asmah Tower, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, with a total carrying amount of RM12,310,000 for a sales consideration of RM12,480,000.

In the previous financial year, the investment properties had been reclassified to non-current assets held for sale in the Group's financial statements for the financial year ended 30 June 2020.

The transactions have been completed as at the end of this reporting period.

The abovementioned non-current assets held for sale with a total carrying amount of RM12,310,000 had been pledged as securities for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(ii) On 12 March 2020, a wholly-owned subsidiary of the Company, Ataly Industries Sdn. Bhd. entered into a Sale and Purchase Agreement with certain third parties for the disposal of one (1) piece of freehold property held under Geran 55091, Lot 20501, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 143 square metres in area together with a double storey terrace intermediate house erected thereon with a postal address of No. 29, Jalan Budiman, Taman Midah, Cheras, 56000 Kuala Lumpur, with a total carrying amount of RM650,000 for a sales consideration of RM600,000.

In the previous financial year, the investment property had been reclassified to non-current assets held for sale in the Group's financial statements for the financial year ended 30 June 2020.

The transaction has been completed as at the end of this reporting period.

**27. CAPITAL COMMITMENTS**

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **Continuing operations** | | |
| Property, plant and equipment: | | |
| Renovation for boutiques, offices and warehouses | | |
| - Approved and contracted for | 135 | 238 |

## 28. CONTINGENT LIABILITIES

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries: | | |
| - Limit of guarantee | 185,405 | 154,903 |
| - Amounts utilised: | | |
| In favour of licensed banks for banking facilities granted to subsidiaries | 81,880 | 39,403 |
| In favour of third parties for tenancy agreements entered into by subsidiaries | 2,603 | 3,874 |
| | 84,483 | 43,277 |

The Directors are of the view that the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements and the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

## 29. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue from contracts with customers** | | | | |
| Sale of goods | 255,148 | 303,263 | - | - |
| Royalty income | 4,678 | 6,712 | - | - |
| | 259,826 | 309,975 | - | - |
| **Others** | | | | |
| Rental income | 1,393 | 962 | - | - |
| Dividend income from unquoted investments in subsidiaries and an associate | - | - | 25,893 | 14,882 |
| | 261,219 | 310,937 | 25,893 | 14,882 |
| **Timing of revenue recognition** | | | | |
| Transferred at a point in time | 255,148 | 303,263 | - | - |
| Transferred over time | 4,678 | 6,712 | - | - |
| Others | 1,393 | 962 | 25,893 | 14,882 |
| | 261,219 | 310,937 | 25,893 | 14,882 |

## 29. REVENUE (continued)

***Disaggregation of revenue from contracts with customers***

Revenue from contracts with customers is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

| **30 June 2021** | **Retailing RM'000** | **Manufacturing RM'000** | **Total RM'000** |
|---|---|---|---|
| **Major goods and services** | | | |
| Sales of goods | 255,028 | 120 | 255,148 |
| Royalty income | 4,678 | - | 4,678 |
| Total revenue from contracts with customers | 259,706 | 120 | 259,826 |
| **Geographical markets** | | | |
| Malaysia | 149,789 | 120 | 149,909 |
| Singapore | 83,780 | - | 83,780 |
| Indonesia | 15,957 | - | 15,957 |
| Vietnam | 1,183 | - | 1,183 |
| Others | 8,997 | - | 8,997 |
| Total revenue from contracts with customers | 259,706 | 120 | 259,826 |
| **Timing of revenue recognition** | | | |
| Transferred at a point in time | 255,028 | 120 | 255,148 |
| Transferred over time | 4,678 | - | 4,678 |
| Total revenue from contracts with customers | 259,706 | 120 | 259,826 |
| **30 June 2020** | | | |
| **Major goods and services** | | | |
| Sales of goods | 303,231 | 32 | 303,263 |
| Royalty income | 6,712 | - | 6,712 |
| Total revenue from contracts with customers | 309,943 | 32 | 309,975 |
| **Geographical markets** | | | |
| Malaysia | 172,365 | 32 | 172,397 |
| Singapore | 107,326 | - | 107,326 |
| Indonesia | 24,740 | - | 24,740 |
| Vietnam | 2,985 | - | 2,985 |
| Others | 2,527 | - | 2,527 |
| Total revenue from contracts with customers | 309,943 | 32 | 309,975 |
| **Timing of revenue recognition** | | | |
| Transferred at a point in time | 303,231 | 32 | 303,263 |
| Transferred over time | 6,712 | - | 6,712 |
| Total revenue from contracts with customers | 309,943 | 32 | 309,975 |

(a) There is no significant financing component in the revenue arising from sales of products and services rendered as the products and services are made on normal credit terms not exceeding twelve (12) months.

(b) Revenue from contracts with customers recognised for the Group during the financial year included RM3,630,000 (2020: RM2,667,000) that were included in contract liabilities at the beginning of the financial year.

# Notes to the Financial Statements
30 June 2021

## 30. COST OF SALES

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Inventories sold | 124,264 | 141,477 |

## 31. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| After charging: | | | | | |
| Auditors' remuneration: | | | | | |
| - Statutory | | | | | |
| - Auditors of the Company and its affiliates: | | | | | |
| - current year | | 641 | 705 | 68 | 67 |
| - Other auditors: | | | | | |
| - current year | | 38 | 33 | - | - |
| - Non-statutory | | | | | |
| - current year | | 106 | 23 | 88 | 16 |
| Bad debts written off on trade and other receivables | | 174 | 66 | - | - |
| Depreciation of property, plant and equipment | 7 | 8,810 | 10,180 | - | - |
| Depreciation of right-of-use assets | 8 | 23,266 | 22,685 | - | - |
| Fair value adjustments on investment properties | 9 | 34 | - | - | - |
| Fair value loss on long term investments | 38(e) | 28 | 28 | - | - |
| Fair value loss on short term funds | | - | 56 | - | 24 |
| Inventories written off | 15 | 23 | 91 | - | - |
| Impairment losses on: | | | | | |
| - amounts owing by subsidiaries | 16 | - | - | 3,420 | 1,271 |
| - trade and other receivables | 16 | 3,597 | 7,892 | - | - |
| - costs of investments in subsidiaries | 11 | - | - | 8,949 | 923 |
| - goodwill | 10 | 2,582 | - | - | - |
| - property, plant and equipment | 7 | 324 | 180 | - | - |
| - right-of-use assets | 8 | 1,063 | 578 | - | - |
| - trademark | 10 | - | 3,927 | - | - |
| Interest expense and profit payment on borrowings: | | | | | |
| - fair value adjustment on non-current amount owing by a subsidiary | | - | - | - | 1,350 |
| - bank guarantees | | 31 | 10 | - | - |
| - bank overdrafts | | - | 78 | - | - |
| - bankers' acceptances | | 77 | 211 | - | - |
| - lease liabilities | 8 | 2,481 | 3,097 | - | - |
| - term loans and terms financing-i | | 1,842 | 1,502 | - | - |
| - trust receipts | | 57 | 317 | - | - |
| - revolving credit | | 10 | 46 | - | - |
| - unwinding of discount on provision for restoration costs | 23 | 47 | 29 | - | - |
| - others | | 100 | 123 | - | - |
| | | 4,645 | 5,413 | - | 1,350 |

# Notes to the Financial Statements
30 June 2021

## 31. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at (continued):

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| After charging (continued): | | | | | |
| Loss on dissolution of a subsidiary | 11 | - | 1 | 3 | - |
| Loss on deregistration of a foreign subsidiary | 11 | 50 | - | - | - |
| Loss on disposal of other investment | | 27 | - | - | - |
| Property, plant and equipment written off | 7 | 254 | 53 | - | - |
| Right-of-use assets written off | 8 | 17 | 22 | - | - |
| Realised loss on foreign exchange | | 318 | 420 | - | - |
| Rental commission | | 1,534 | 4,959 | - | - |
| Rental of office equipment | | 36 | 53 | - | - |
| Rental of premises | | 843 | 3,943 | - | - |
| Unrealised loss on foreign exchange | | 286 | 330 | - | - |
| And crediting: | | | | | |
| Fair value gain on short term funds | | 14 | - | 9 | - |
| Fair value adjustments on non-current amounts owing by subsidiaries | | - | - | 3,918 | - |
| Gain on disposals of: | | | | | |
| - property, plant and equipment, net | | 152 | 33 | - | - |
| - investment properties | | 170 | - | - | - |
| Interest income from: | | | | | |
| - amount owing by a subsidiary | | - | - | 288 | 309 |
| - short term funds | | 242 | 513 | 100 | 191 |
| - deposits with licensed banks | | 49 | 74 | - | - |
| - bank balances | | 1 | 138 | 1 | 11 |
| - others | | 413 | 588 | - | - |
| Gain on deregistration of a foreign subsidiary | 11 | - | 644 | - | - |
| Lease concessions | 8 | 4,527 | 3,433 | - | - |
| Over-provision of restoration cost | 23 | 227 | 81 | - | - |
| Reversal of impairment losses on trade and other receivables | 16 | 2,528 | 391 | - | - |
| Realised gain on foreign exchange | | 191 | 814 | 51 | - |
| Rental income | | 323 | 237 | - | - |
| Unrealised gain on foreign exchange | | 762 | 178 | - | - |
| Payables written off | | 4,589 | - | - | - |

# Notes to the Financial Statements
30 June 2021

## 32. TAX EXPENSE

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Current tax expense based on profit for the financial year: | | | | |
| Malaysian income tax | 2,860 | 2,914 | 74 | 99 |
| Foreign income tax | 2,363 | 3,680 | - | - |
| | 5,223 | 6,594 | 74 | 99 |
| Under/(Over)-provision in prior years: | | | | |
| Malaysian income tax | 35 | (29) | (24) | 101 |
| Foreign income tax | (424) | 183 | - | - |
| | (389) | 154 | (24) | 101 |
| | 4,834 | 6,748 | 50 | 200 |
| Deferred tax (Note 14) | | | | |
| Relating to origination and reversal of temporary differences | (579) | (479) | - | - |
| (Over)/Under-provision in prior years | (117) | 130 | - | - |
| | (696) | (349) | - | - |
| | 4,138 | 6,399 | 50 | 200 |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Profit before tax | 19,447 | 12,833 | 16,064 | 9,603 |
| Tax at Malaysian statutory tax rate of 24% (2020: 24%) | 4,667 | 3,080 | 3,855 | 2,305 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 2,385 | 4,594 | 2,531 | 1,412 |
| Non-taxable income | (2,501) | (487) | (6,312) | (3,618) |
| Lower tax rates in foreign jurisdiction | (742) | (155) | - | - |
| Deferred tax assets not recognised | 2,142 | 224 | - | - |
| Tax incentive and allowances | (92) | (139) | - | - |
| Utilisation of previously unrecognised deferred tax assets | (1,215) | (1,002) | - | - |
| | 4,644 | 6,115 | 74 | 99 |
| (Over)/Under-provision of income tax in prior years | (389) | 154 | (24) | 101 |
| (Over)/Under-provision of deferred tax in prior years | (117) | 130 | - | - |
| | 4,138 | 6,399 | 50 | 200 |

## 32. TAX EXPENSE (continued)

Tax on each component of other comprehensive income is as follows:

| | Group | | |
|---|---|---|---|
| | Before tax RM'000 | Tax effect RM'000 | After tax RM'000 |
| **2021** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Reclassification of exchange translation reserve to profit or loss upon deregistration of a foreign subsidiary | 77 | - | 77 |
| Foreign currency translations | (1,246) | - | (1,246) |
| | (1,169) | - | (1,169) |
| **2020** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Reclassification of exchange translation reserve to profit or loss upon deregistration of a foreign subsidiary | (644) | - | (644) |
| Foreign currency translations | 300 | - | 300 |
| | (344) | - | (344) |

## 33. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, after taking into consideration of treasury shares held by the Company.

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| Profit/(Loss) attributable to equity holders of the parent (RM'000) | | |
| - Continuing operations | 13,019 | 5,822 |
| - Discontinuing operations | 853 | (3,044) |
| | 13,872 | 2,778 |
| Weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000) * | 194,965 | 196,906 |
| Basic earnings/(loss) per ordinary share for profit for the financial year (sen) | | |
| - Continuing operations | 6.68 | 2.96 |
| - Discontinuing operations | 0.44 | (1.55) |
| | 7.12 | 1.41 |

* The weighted average number of ordinary shares for the financial year ended 30 June 2020 had included the effect of share consolidation and repurchase of shares as disclosed in Notes 19(a) and 20(c) to the financial statements.

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding during the financial year.

# Notes to the Financial Statements
30 June 2021

## 34. DIVIDENDS

| | Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Dividend per share Sen | Amount of dividend RM'000 | Dividend per share Sen | Amount of dividend RM'000 |
| In respect of the financial year ended 30 June 2019: | | | | |
| Single tier interim dividend, paid on 10 October 2019 | - | - | 0.5 | 3,947 |
| In respect of the financial year ended 30 June 2020: | | | | |
| Single tier interim dividend, paid on 3 April 2020 | - | - | 2.0 | 3,926 |
| In respect of the financial year ended 30 June 2021: | | | | |
| Single tier interim dividend, paid on 3 November 2020 | 2.0 | 3,815 | - | - |
| Single tier interim dividend, paid on 6 April 2021 | 2.0 | 4,020 | - | - |
| | 4.0 | 7,835 | 2.5 | 7,873 |

On 11 January 2021, the Company declared a share dividend to distribute its treasury shares to the entitled shareholders of the Company on the basis of eight (8) treasury shares for every one hundred (100) shares of the Company held on 26 January 2021 ("Entitlement date"). On 15 February 2021, the relevant treasury shares amounting to approximately RM12,508,000 were distributed and credited into the central depository accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. and this was accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2021.

The Directors do not recommend any final dividend in respect of the financial year ended 30 June 2021.

On 28 September 2021, the Board of Directors declared a single tier interim dividend of 2.00 sen per ordinary share of approximately RM4,020,000 in respect of the financial year ending 30 June 2022, to be paid on 28 October 2021 to the shareholders of the Company whose names appear in the Record of Depositors on 13 October 2021. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

## 35. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Continuing operations** | | | | |
| Wages, salaries and bonuses | 45,743 | 52,431 | 835 | 1,333 |
| Contributions to defined contribution plan | 5,664 | 6,444 | 71 | 132 |
| Social security contributions | 465 | 492 | - | - |
| Other benefits | 8,407 | 9,976 | - | - |
| | 60,279 | 69,343 | 906 | 1,465 |
| **Discontinuing operations** | | | | |
| Wages, salaries and bonuses | 6,131 | 6,027 | - | - |
| Contributions to defined contribution plan | 860 | 864 | - | - |
| Social security contributions | 91 | 129 | - | - |
| Other benefits | 850 | 1,435 | - | - |
| | 7,932 | 8,455 | - | - |
| | 68,211 | 77,798 | 906 | 1,465 |

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration of the Group and of the Company amounting to RM9,420,000 (2020: RM8,631,000) and RM531,000 (2020: RM1,101,000) respectively.

## 36. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Company include:

(i) Its subsidiaries, fellow subsidiaries, and associates;

(ii) Any entities with joint control of, or significant influence over the Company; and

(iii) Key management personnel of the Company.

Related parties other than those disclosed elsewhere in the financial statements and their relationship with the Group are as follows:

| **Related parties** | **Relationship** |
|---|---|
| Long Bow Manufacturing (S) Pte. Ltd. | A company in which a Director, who is also a substantial shareholder of the Company, and a director of certain subsidiaries of the Company, has substantial financial interests. |
| Bonia International Holdings Pte. Ltd. | A company in which a Director, who is also a substantial shareholder of the Company, has substantial financial interests. |
| Speciale Eyewear Sdn. Bhd. | A company in which a Director, who is also a director of certain subsidiaries of the Company, has substantial financial interests. |

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| **Received/receivable from subsidiaries** | | | | |
| Dividends | - | - | 25,782 | 14,681 |
| Administrative fee | - | - | 31 | 38 |
| Interest income | - | - | 288 | 309 |
| **Received from an associate** | | | | |
| Dividend | 111 | 201 | 111 | 201 |
| **Received/receivable from other related party** | | | | |
| Sale of goods | | | | |
| - Speciale Eyewear Sdn. Bhd. | 4 | 12 | - | - |
| Rental income | | | | |
| - Speciale Eyewear Sdn. Bhd. | 45 | 30 | - | - |

**36. RELATED PARTIES DISCLOSURES (continued)**

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Paid/payable to other related parties** | | | | |
| Purchases | | | | |
| - Speciale Eyewear Sdn. Bhd. | 151 | 113 | - | - |
| Royalties | | | | |
| - Bonia International Holdings Pte. Ltd. | 630 | 678 | - | - |
| Rental expense | | | | |
| - Long Bow Manufacturing (S) Pte. Ltd. | 429 | 767 | - | - |
| Interest expense | | | | |
| - Bonia International Holdings Pte. Ltd. | 5 | 32 | - | - |

Save for the dividends received from subsidiaries, the related parties transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons responsible for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Continuing operations** | | | | |
| **Directors of the Company:** | | | | |
| **Non-executive Directors** | | | | |
| Director fees | 317 | 319 | 294 | 295 |
| Short term employee benefits | 216 | 233 | 65 | 55 |
| Contributions to defined contribution plan | 35 | 38 | 14 | 14 |
| | 568 | 590 | 373 | 364 |
| **Executive Directors** | | | | |
| Director fees | 1,120 | 1,045 | 280 | 240 |
| Short term employee benefits | 2,844 | 2,735 | 194 | 743 |
| Contributions to defined contribution plan | 284 | 321 | 57 | 118 |
| | 4,248 | 4,101 | 531 | 1,101 |

## 36. RELATED PARTIES DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

The remuneration of Directors and other key management personnel during the financial year was as follows (continued):

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Continuing operations (continued)** | | | | |
| **Directors of the subsidiaries:** | | | | |
| **Executive Directors** | | | | |
| Director fees | 539 | 499 | - | - |
| Short term employee benefits | 2,889 | 2,534 | - | - |
| Contributions to defined contribution plan | 290 | 294 | - | - |
| | 3,718 | 3,327 | - | - |
| | 8,534 | 8,018 | 904 | 1,465 |
| **Discontinuing operations** | | | | |
| **Directors of the Company:** | | | | |
| **Executive Directors** | | | | |
| Director fees | 21 | 24 | - | - |
| Short term employee benefits | 587 | 437 | - | - |
| Contributions to defined contribution plan | 73 | 70 | - | - |
| | 681 | 531 | - | - |
| **Directors of the subsidiaries:** | | | | |
| **Executive Directors** | | | | |
| Director fees | 9 | 12 | - | - |
| Short term employee benefits | 681 | 570 | - | - |
| Contributions to defined contribution plan | 83 | 90 | - | - |
| | 773 | 672 | - | - |
| | 1,454 | 1,203 | - | - |
| | 9,988 | 9,221 | 904 | 1,465 |

## 37. OPERATING SEGMENTS

Bonia Corporation Berhad and its subsidiaries are principally engaged in designing, manufacturing, marketing, retailing, wholesaling and franchising of fashionable leather goods, accessories and apparel for the local and overseas markets, property development and investment holding.

The Group has arrived at three (3) reportable operating segments that are organised and managed separately according to the nature of products and services and specific expertise, which requires different business and marketing strategies. The reportable segments are summarised as follows:

| | |
|---|---|
| Retailing | Designing, promoting, advertising and marketing of fashionable apparels, footwear, accessories and leather goods. |
| Manufacturing | Manufacturing and marketing of fashionable leather goods. |
| Investment and property development | Investment holding and rental and development of commercial properties. |

**37. OPERATING SEGMENTS (continued)**

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement).

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

| **2021** | **Retailing RM'000** | **Manu-facturing RM'000** | **Investment and property development RM'000** | **Continuing operations Total RM'000** | **Discontinuing operations Total RM'000** | **Total RM'000** |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Total revenue | 259,706 | 15,880 | 38,483 | 314,069 | 27,838 | 341,907 |
| Inter-segment revenue | - | (15,760) | (37,090) | (52,850) | - | (52,850) |
| **Revenue from external customers** | 259,706 | 120 | 1,393 | 261,219 | 27,838 | 289,057 |
| Interest income | 589 | 2 | 114 | 705 | 349 | 1,054 |
| Interest expense and profit payment on borrowings | (2,675) | (14) | (1,956) | (4,645) | (440) | (5,085) |
| Net interest expense and profit payment on borrowings | (2,086) | (12) | (1,842) | (3,940) | (91) | (4,031) |
| **Segment profit/(loss) before tax** | 22,301 | 827 | (3,681) | 19,447 | 1,187 | 20,634 |
| Share of loss of an associate, net of tax | - | - | (100) | (100) | - | (100) |
| Tax expense | (3,821) | (218) | (99) | (4,138) | (334) | (4,472) |
| Material items: | | | | | | |
| - realised (loss)/gain on foreign exchange, net | (123) | (55) | 51 | (127) | - | (127) |
| - rental commission | (1,534) | - | - | (1,534) | (384) | (1,918) |
| - rental of premises | (843) | - | - | (843) | (83) | (926) |
| - rental income | 319 | 4 | - | 323 | - | 323 |

# Notes to the Financial Statements
30 June 2021

## 37. OPERATING SEGMENTS (continued)

| 2021 (continued) | Retailing RM'000 | Manu-facturing RM'000 | Investment and property development RM'000 | Continuing operations Total RM'000 | Discontinuing operations Total RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| Other material non-cash items: | | | | | | |
| - amortisation of trademarks | (418) | - | (977) | (1,395) | - | (1,395) |
| - amortisation of other intangible assets | (403) | - | - | (403) | - | (403) |
| - depreciation of property, plant and equipment | (6,547) | (477) | (1,786) | (8,810) | (1,072) | (9,882) |
| - depreciation of right-of-use assets | (22,473) | (95) | (698) | (23,266) | (2,722) | (25,988) |
| - fair value gain on short term funds | 5 | - | 9 | 14 | 1 | 15 |
| - fair value adjustments on investment properties | - | - | (34) | (34) | - | (34) |
| - fair value loss on long term investments | (28) | - | - | (28) | - | (28) |
| - loss on deregistration of a foreign subsidiary | - | - | (50) | (50) | - | (50) |
| - impairment losses on goodwill | (2,582) | - | - | (2,582) | - | (2,582) |
| - impairment losses on property, plant and equipment | (324) | - | - | (324) | (7) | (331) |
| - impairment losses on right-of-use assets | (1,063) | - | - | (1,063) | (700) | (1,763) |
| - impairment losses on trade and other receivables | (3,573) | - | (24) | (3,597) | - | (3,597) |
| - over-provision of restoration cost | 227 | - | - | 227 | - | 227 |
| - bad debts written off on trade and other receivables | (147) | - | (27) | (174) | (4) | (178) |
| - property, plant and equipment written off | (214) | (40) | - | (254) | - | (254) |
| - right-of-use assets written off | (17) | - | - | (17) | - | (17) |
| - inventories written off | - | (23) | - | (23) | - | (23) |
| - loss on disposal of other investment | (27) | - | - | (27) | - | (27) |
| - gain on disposals of property, plant and equipment, net | 88 | - | 64 | 152 | - | 152 |
| - gain on disposals of investment properties | - | - | 170 | 170 | - | 170 |
| - lease concessions | 4,527 | - | - | 4,527 | 1,177 | 5,704 |
| - rental of office equipment | (36) | - | - | (36) | - | (36) |
| - reversal of impairment losses on trade and other receivables | 2,491 | - | 37 | 2,528 | 142 | 2,670 |
| - unrealised gain/(loss) on foreign exchange, net | 485 | (9) | - | 476 | (30) | 446 |
| - payables written off | 4,589 | - | - | 4,589 | - | 4,589 |

# Notes to the Financial Statements
30 June 2021

## 37. OPERATING SEGMENTS (continued)

| **2021 (continued)** | **Retailing RM'000** | **Manu-facturing RM'000** | **Investment and property development RM'000** | **Continuing operations Total RM'000** | **Discontinuing operations Total RM'000** | **Total RM'000** |
|---|---|---|---|---|---|---|
| Interests in associates | - | - | 238 | 238 | - | 238 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 9,397 | 23 | 62,263 | 71,683 | 511 | 72,194 |
| **Segment assets** | 253,313 | 23,007 | 241,168 | 517,488 | 60,286 | 577,774 |
| **Segment liabilities** | 101,811 | 956 | 77,127 | 179,894 | 9,171 | 189,065 |
| **2020** | | | | | | |
| **Revenue** | | | | | | |
| Total revenue | 309,943 | 12,150 | 26,769 | 348,862 | 34,023 | 382,885 |
| Inter-segment revenue | - | (12,118) | (25,807) | (37,925) | - | (37,925) |
| **Revenue from external customers** | 309,943 | 32 | 962 | 310,937 | 34,023 | 344,960 |
| Interest income | 1,086 | 1 | 226 | 1,313 | 549 | 1,862 |
| Interest expense and profit payment on borrowings | (2,167) | (20) | (3,226) | (5,413) | (572) | (5,985) |
| Net interest expense and profit payment on borrowings | (1,081) | (19) | (3,000) | (4,100) | (23) | (4,123) |
| **Segment profit/(loss) before tax** | 19,618 | (1,018) | (5,767) | 12,833 | (2,019) | 10,814 |
| Share of profit of an associate, net of tax | - | - | 119 | 119 | - | 119 |
| Tax expense | (6,305) | 90 | (184) | (6,399) | (1,025) | (7,424) |
| Material items: | | | | | | |
| - realised (loss)/gain on foreign exchange, net | (88) | (57) | 539 | 394 | - | 394 |
| - rental commission | (4,959) | - | - | (4,959) | (389) | (5,348) |
| - rental of premises | (3,934) | - | (9) | (3,943) | (913) | (4,856) |
| - rental income | 237 | - | - | 237 | - | 237 |

# Notes to the Financial Statements
30 June 2021

## 37. OPERATING SEGMENTS (continued)

| 2020 (continued) | Retailing RM'000 | Manu-facturing RM'000 | Investment and property development RM'000 | Continuing operations Total RM'000 | Discontinuing operations Total RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| Other material non-cash items: | | | | | | |
| - amortisation of trademarks | (415) | - | (977) | (1,392) | - | (1,392) |
| - amortisation of other intangible assets | (400) | - | - | (400) | - | (400) |
| - depreciation of property, plant and equipment | (7,472) | (616) | (2,092) | (10,180) | (1,486) | (11,666) |
| - depreciation of right-of-use assets | (21,938) | (90) | (657) | (22,685) | (2,880) | (25,565) |
| - fair value loss on short term funds | (30) | - | (26) | (56) | (4) | (60) |
| - fair value loss on long term investments | (28) | - | - | (28) | - | (28) |
| - gain on deregistration of a foreign subsidiary | - | - | 644 | 644 | - | 644 |
| - loss on dissolution of a subsidiary | - | - | (1) | (1) | - | (1) |
| - impairment losses on trademark | (3,927) | - | - | (3,927) | - | (3,927) |
| - impairment losses on property, plant and equipment | (180) | - | - | (180) | (529) | (709) |
| - impairment losses on right-of-use assets | (578) | - | - | (578) | - | (578) |
| - impairment losses on trade and other receivables | (7,882) | - | (10) | (7,892) | (122) | (8,014) |
| - over-provision of restoration cost | 81 | - | - | 81 | 114 | 195 |
| - bad debts written off on trade and other receivables | (66) | - | - | (66) | - | (66) |
| - property, plant and equipment written off | (53) | - | - | (53) | - | (53) |
| - right-of-use assets written off | (22) | - | - | (22) | (19) | (41) |
| - inventories written off | - | (91) | - | (91) | - | (91) |
| - gain on disposals of property, plant and equipment, net | 33 | - | - | 33 | - | 33 |
| - lease concessions | 3,390 | 3 | 40 | 3,433 | 412 | 3,845 |
| - rental of office equipment | (53) | - | - | (53) | - | (53) |
| - reversal of impairment losses on trade and other receivables | 389 | - | 2 | 391 | 3 | 394 |
| - unrealised (loss)/gain on foreign exchange, net | (178) | (6) | 32 | (152) | 34 | (118) |
| Interests in associates | - | - | 449 | 449 | - | 449 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 14,872 | 281 | 365 | 15,518 | 3,101 | 18,619 |
| **Segment assets** | 286,403 | 21,488 | 190,714 | 498,605 | 63,330 | 561,935 |
| **Segment liabilities** | 115,942 | 823 | 40,112 | 156,877 | 12,575 | 169,452 |

## 37. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Revenue** | | |
| Total revenue for reportable segments | 341,907 | 382,885 |
| Elimination of inter-segment revenues | (52,850) | (37,925) |
| | 289,057 | 344,960 |
| Less: Revenue from discontinuing operations | (27,838) | (34,023) |
| Revenue of the Group per consolidated statement of profit or loss and other comprehensive income | 261,219 | 310,937 |
| **Profit for the financial year** | | |
| Profit before tax | 20,634 | 10,814 |
| Tax expense | (4,472) | (7,424) |
| Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income | 16,162 | 3,390 |
| **Assets** | | |
| Total assets for reportable segments | 517,488 | 498,605 |
| Tax assets | 3,072 | 2,272 |
| Assets of disposal group relating to discontinuing operations: | | |
| Total assets for discontinuing operations | 60,286 | 63,330 |
| Tax assets | 831 | 1,162 |
| Total assets of the Group per consolidated statement of financial position | 581,677 | 565,369 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 179,894 | 156,877 |
| Tax liabilities | 7,490 | 9,108 |
| Liabilities of disposal group relating to discontinuing operations: | | |
| Total liabilities for discontinuing operations | 9,171 | 12,575 |
| Tax liabilities | 87 | 244 |
| Total liabilities of the Group per consolidated statement of financial position | 196,642 | 178,804 |

**Geographical information**

The Group operates mainly in Malaysia, Singapore and Indonesia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

**37. OPERATING SEGMENTS (continued)**

**Geographical information (continued)**

The composition of each geographical segment is as follows:

(i) Malaysia : Manufacturing, designing, promoting and marketing of fashionable apparel, footwear, accessories and leather goods, and development of commercial properties.

(ii) Singapore : Designing, promoting and marketing of fashionable apparels, footwear, accessories and leather goods.

(iii) Indonesia : Marketing and distribution of fashionable goods and accessories.

(iv) Others [(1)] : Marketing and distribution of fashionable goods and accessories.

[(1)] Others represent the marketing and distribution of fashionable goods and accessories to Middle East, East Asia and other ASEAN Countries.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments, deferred tax assets and interests in associates.

| | **Continuing operations** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **Revenue from external customers** | | |
| Malaysia | 151,061 | 173,097 |
| Singapore | 83,780 | 107,326 |
| Indonesia | 16,198 | 25,002 |
| Vietnam | 1,183 | 2,985 |
| Others | 8,997 | 2,527 |
| | 261,219 | 310,937 |
| **Non-current assets** | | |
| Malaysia | 255,705 | 236,357 |
| Singapore | 34,049 | 41,701 |
| Indonesia | 15,413 | 16,172 |
| Vietnam | - | 24 |
| | 305,167 | 294,254 |

Major customers

There were no major customers who contributed more than ten percent (10%) of the total revenue of the Group. As such, information on major customers is not presented.

**38. FINANCIAL INSTRUMENTS**

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2021 and 30 June 2020.

# Notes to the Financial Statements
30 June 2021

## 38. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group monitors capital using gearing ratios, i.e. gearing ratio and net gearing ratio. Gearing ratio represents borrowings and lease liabilities divided by total capital whereas net gearing ratio represents borrowings and lease liabilities less cash and bank balances and short term funds divided by total capital. Capital represents equity attributable to the owners of the parent.

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Borrowings | 81,880 | 39,403 | - | - |
| Lease liabilities | 49,134 | 70,073 | - | - |
| Less: Short term funds | (15,493) | (23,416) | (9,350) | (7,741) |
| Less: Cash and bank balances | (85,203) | (77,709) | (1,169) | (1,004) |
| | 30,318 | 8,351 | (10,519) | (8,745) |
| Total capital | 364,555 | 366,306 | 243,506 | 242,220 |
| Gearing ratio [1] | 36% | 30% | N/A | N/A |
| Net gearing ratio [2] | 8% | 2% | N/A | N/A |

[1] without taking cash and bank balances and short term funds into consideration
[2] taking cash and bank balances and short term funds into consideration

Pursuant to Practice Note No. 17/2005 issued by Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2021.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

| Group<br>2021 | Amortised cost RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other investments | - | 1,120 | 1,120 |
| Trade and other receivables, net of prepayments | 42,148 | - | 42,148 |
| Short term funds | - | 15,493 | 15,493 |
| Cash and bank balances | 85,203 | - | 85,203 |
| | 127,351 | 16,613 | 143,964 |

| | Amortised cost RM'000 | Total RM'000 |
|---|---|---|
| **Financial liabilities** | | |
| Borrowings | 81,880 | 81,880 |
| Trade and other payables | 25,958 | 25,958 |
| | 107,838 | 107,838 |

# Notes to the Financial Statements
30 June 2021

## 38. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

**Company**

| 2021 | Amortised cost RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other receivables | 10,537 | - | 10,537 |
| Short term funds | - | 9,350 | 9,350 |
| Cash and bank balances | 1,169 | - | 1,169 |
| | 11,706 | 9,350 | 21,056 |

| | Amortised cost RM'000 | Total RM'000 |
|---|---|---|
| **Financial liability** | | |
| Other payables | 426 | 426 |

**Group**

| 2020 | Amortised cost RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other investments | - | 1,178 | 1,178 |
| Trade and other receivables, net of prepayments | 49,909 | - | 49,909 |
| Short term funds | - | 23,416 | 23,416 |
| Cash and bank balances | 77,709 | - | 77,709 |
| | 127,618 | 24,594 | 152,212 |

| | Amortised cost RM'000 | Total RM'000 |
|---|---|---|
| **Financial liabilities** | | |
| Borrowings | 39,403 | 39,403 |
| Trade and other payables | 35,488 | 35,488 |
| | 74,891 | 74,891 |

**Company**

| 2020 | Amortised cost RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other receivables | 28,156 | - | 28,156 |
| Short term funds | - | 7,741 | 7,741 |
| Cash and bank balances | 1,004 | - | 1,004 |
| | 29,160 | 7,741 | 36,901 |

| | Amortised cost RM'000 | Total RM'000 |
|---|---|---|
| **Financial liability** | | |
| Other payables | 714 | 714 |

**38. FINANCIAL INSTRUMENTS (continued)**

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade receivables and current other receivables, trade payables and current other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

ii. Other investments

The fair values for club memberships are estimated based on references to current available counters party quotation of the same investment.

iii. Non-current other receivables and other payable

The fair value of non-current other receivables and other payable are estimated by discounting expected future cash flows at the market incremental borrowing rate for similar types of lending.

The carrying amounts of the non-current other receivables and other payable are reasonable approximations of their fair values.

iv. Financial guarantees

The Company provides corporate guarantees to financial institutions and certain third parties for banking facilities utilised and tenancy agreements entered into by certain subsidiaries. The fair values of such corporate guarantees are negligible as the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements are remote.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Financial Statements
30 June 2021

## 38. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

| Financial instruments | Valuation technique used | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value |
|---|---|---|---|
| Financial assets | | | |
| Amounts owing by subsidiaries | Discounted cash flows approach | Discount rate (9.3%) | The higher the discount rate, the lower the fair value of the asset would be. |
| Club memberships | Market approach | Counter party quotation | The higher the counter party quotation, the higher the fair value of the club memberships. |

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

| | Fair values of financial instruments carried at fair value | | | | Fair values of financial instruments not carried at fair value | | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|
| 2021 Group | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | RM'000 | RM'000 |
| **Financial assets** | | | | | | | | | | |
| **Fair value through profit or loss** | | | | | | | | | | |
| - Short term funds | 15,493 | - | - | 15,493 | - | - | - | - | 15,493 | 15,493 |
| - Club memberships | - | - | 1,120 | 1,120 | - | - | - | - | 1,120 | 1,120 |
| **Company** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| **Amortised cost** | | | | | | | | | | |
| - Amounts owing by subsidiaries | - | - | - | - | - | - | 3,843 | 3,843 | 3,843 | 3,843 |
| **Fair value through profit or loss** | | | | | | | | | | |
| - Short term funds | 9,350 | - | - | 9,350 | - | - | - | - | 9,350 | 9,350 |

# Notes to the Financial Statements
30 June 2021

## 38. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

| 2020 | Fair values of financial instruments carried at fair value | | | | Fair values of financial instruments not carried at fair value | | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Level 1 RM'000** | **Level 2 RM'000** | **Level 3 RM'000** | **Total RM'000** | **Level 1 RM'000** | **Level 2 RM'000** | **Level 3 RM'000** | **Total RM'000** | **RM'000** | **RM'000** |
| **Financial assets** | | | | | | | | | | |
| **Fair value through profit or loss** | | | | | | | | | | |
| - Short term funds | 23,416 | - | - | 23,416 | - | - | - | - | 23,416 | 23,416 |
| - Club memberships | - | - | 1,178 | 1,178 | - | - | - | - | 1,178 | 1,178 |
| **Company** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| **Amortised cost** | | | | | | | | | | |
| - Amount owing by a subsidiary | - | - | - | - | - | - | 17,645 | 17,645 | 17,645 | 17,645 |
| **Fair value through profit or loss** | | | | | | | | | | |
| - Short term funds | 7,741 | - | - | 7,741 | - | - | - | - | 7,741 | 7,741 |

(e) The following table shows a reconciliation of Level 3 fair values:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Financial assets** | | |
| Balance as at 1 July 2020/2019 | 1,178 | 1,203 |
| Fair value loss recognised | (28) | (28) |
| Disposal | (33) | - |
| Translation adjustments | 3 | 3 |
| Balance as at 30 June 2021/2020 | 1,120 | 1,178 |

Sensitivities for the Level 3 fair value measurements of the financial assets and financial liabilities are not disclosed as they are not material to the Group.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to safeguard the shareholders' investment and the Group's assets whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management and internal control framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit, except for boutique sales, where the transactions are done on cash term. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

<u>Exposure to credit risk</u>

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | RM'000 | % of total | RM'000 | % of total |
| **By country** | | | | |
| Malaysia | 10,919 | 45 | 11,294 | 43 |
| Singapore | 11,515 | 48 | 11,408 | 43 |
| Indonesia | 1,385 | 6 | 2,686 | 10 |
| Vietnam | - | - | 433 | 2 |
| Others | 249 | 1 | 608 | 2 |
| | 24,068 | 100 | 26,429 | 100 |
| **By industry sectors** | | | | |
| Retailing | 24,034 | 100 | 26,290 | 99 |
| Investment property | 34 | # | 139 | 1 |
| | 24,068 | 100 | 26,429 | 100 |

# Amount is less than 1%

At the end of each reporting period, there was no significant concentration of credit risk for the Company other than amounts owing by subsidiaries, net of impairment to the Company of RM10,495,000 (2020: RM28,123,000).

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **As at 30 June 2021** | | | | |
| **Group** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 20,943 | 5,060 | - | 26,003 |
| Borrowings | 8,932 | 40,190 | 50,433 | 99,555 |
| Lease liabilities | 22,520 | 28,784 | 1,434 | 52,738 |
| Total undiscounted financial liabilities | 52,395 | 74,034 | 51,867 | 178,296 |
| **Company** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 426 | - | - | 426 |
| Financial guarantees* | 185,405 | - | - | 185,405 |
| Total undiscounted financial liabilities | 185,831 | - | - | 185,831 |
| **As at 30 June 2020** | | | | |
| **Group** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 30,600 | 5,123 | - | 35,723 |
| Borrowings | 10,870 | 24,315 | 11,706 | 46,891 |
| Lease liabilities | 27,566 | 45,754 | 2,929 | 76,249 |
| Total undiscounted financial liabilities | 69,036 | 75,192 | 14,635 | 158,863 |
| **Company** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 714 | - | - | 714 |
| Financial guarantees* | 154,903 | - | - | 154,903 |
| Total undiscounted financial liabilities | 155,617 | - | - | 155,617 |

* This disclosure represents the maximum liquidity risk exposure.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from deposits with licensed banks, short term funds, interest-bearing amount owing by a subsidiary, interest-bearing borrowings and lease liabilities. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Profit after tax** | | | | |
| - increase by 0.5% (2020: 0.5%) | (422) | (284) | 71 | 69 |
| - decrease by 0.5% (2020: 0.5%) | 422 | 284 | (71) | (69) |

The sensitivity of the Group is higher in 2021 than in 2020 is primarily because of the increase in borrowings during the financial year.

The sensitivity of the Company is higher in 2021 than in 2020 because of the increase in short term funds during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

| | Note | Weighted average effective interest rate % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 30 June 2021** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Other receivables | 16(a) | 7.53 | 3,241 | 2,459 | - | - | - | - | 5,700 |
| Deposits with licensed banks | 17 | 1.85 | 1,201 | - | - | - | - | - | 1,201 |
| Lease liabilities | 8 | 2.35 - 4.77 | (20,846) | (11,874) | (7,449) | (4,829) | (2,782) | (1,354) | (49,134) |
| Other payable | 24 | 2.00 | - | - | - | - | (5,015) | - | (5,015) |

# Notes to the Financial Statements
30 June 2021

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

| | Note | Weighted average effective interest rate % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group (continued)** | | | | | | | | | |
| **At 30 June 2021 (continued)** | | | | | | | | | |
| **Floating rates** | | | | | | | | | |
| Deposits with licensed banks | 17 | 0.25 | 2,800 | - | - | - | - | - | 2,800 |
| Short term funds | 18 | 2.05 | 15,493 | - | - | - | - | - | 15,493 |
| Bankers' acceptances | 21 | 3.50 | (85) | - | - | - | - | - | (85) |
| Trust receipts | 21 | 2.81 | (4,022) | - | - | - | - | - | (4,022) |
| Term loans and terms financing-i | 22 | 3.69 | (2,727) | (20,799) | (3,770) | (3,839) | (4,038) | (42,600) | (77,773) |
| **At 30 June 2020** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Other receivables | 16(a) | 7.53 | 3,043 | 2,140 | 2,140 | - | 304 | - | 7,627 |
| Deposits with licensed banks | 17 | 3.32 | 5,591 | - | - | - | - | - | 5,591 |
| Lease liabilities | 8 | 2.35 - 7.50 | (24,634) | (20,733) | (11,954) | (6,203) | (3,745) | (2,804) | (70,073) |
| Other payable | 24 | 2.00 | - | - | - | - | (4,888) | - | (4,888) |
| **Floating rates** | | | | | | | | | |
| Deposits with licensed banks | 17 | 2.70 | 3,014 | - | - | - | - | - | 3,014 |
| Short term funds | 18 | 4.55 | 23,416 | - | - | - | - | - | 23,416 |
| Bankers' acceptances | 21 | 4.52 | (5,717) | - | - | - | - | - | (5,717) |
| Revolving credit | 21 | 3.75 | (1,000) | - | - | - | - | - | (1,000) |
| Trust receipts | 21 | 4.27 | (680) | - | - | - | - | - | (680) |
| Term loans and term financing-i | 22 | 4.28 | (1,904) | (1,970) | (17,349) | (690) | (724) | (9,369) | (32,006) |

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

| | Note | Weighted average effective interest rate % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | |
| **At 30 June 2021** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Amount owing by a subsidiary | 16 | 4.00 | 6,500 | 933 | 933 | 934 | - | - | 9,300 |
| **Floating rate** | | | | | | | | | |
| Short term funds | 18 | 1.88 | 9,350 | - | - | - | - | - | 9,350 |
| **At 30 June 2020** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Amount owing by a subsidiary | 16 | 4.00 | 10,300 | - | - | - | - | - | 10,300 |
| **Floating rate** | | | | | | | | | |
| Short term funds | 18 | 3.52 | 7,741 | - | - | - | - | - | 7,741 |

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Singapore, Vietnam and Indonesia have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM42,900,000 (2020: RM23,872,000) (see Note 17(b) to the financial statements) for the Group.

The Group did not enter into any material forward foreign exchange contract during the financial year.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and the Company to a reasonably possible change in the Singapore Dollar ("SGD"), United States Dollar ("USD"), Vietnamese Dong ("VND") and Indonesian Rupiah ("IDR") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| **Profit after tax** | | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| SGD/RM | - strengthen by 3% (2020: 3%) | +742 | +661 | - | - |
| | - weaken by 3% (2020: 3%) | -742 | -661 | - | - |
| USD/RM | - strengthen by 3% (2020: 3%) | +4 | -2 | - | - |
| | - weaken by 3% (2020: 3%) | -4 | +2 | - | - |
| VND/RM | - strengthen by 3% (2020: 3%) | +3 | -97 | - | - |
| | - weaken by 3% (2020: 3%) | -3 | +97 | - | - |
| IDR/RM | - strengthen by 3% (2020: 3%) | +46 | +76 | - | - |
| | - weaken by 3% (2020: 3%) | -46 | -76 | - | - |

The exposure to the other currencies are not significant, hence the effects of changes in exchange rates are not presented.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order on 18 March 2020 and has subsequently entered into various phases of the MCO, which has been further extended until the conditions set by the Government of Malaysia for the various phases of the National Recovery Plan are achieved.

The Group has assessed and recognised the impact of COVID-19 pandemic during the financial year. The details are disclosed in Notes 7(c), 8(g), 10(a), 11(d) and 16(i) to the financial statements.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group will continue to monitor its funds and operational needs.

**40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)**

(b) On 25 February 2021, the Group announced to Bursa Malaysia Securities Berhad the proposed listing of the subsidiary of the Company, SBG Holdings Sdn. Bhd. ("SBG") and its subsidiaries ("collectively as SBG Group") on the LEAP Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

In conjunction with the Proposed Listing, the Company will undertake the proposed demerger of SBG Group which comprises the Proposed Capitalisation, Proposed Subdivision, Proposed Conversion and Proposed Dividend-in-Specie (collectively as "Proposed Demerger") (details of which were set out in the Circular to Shareholders of the Company dated 22 July 2021).

The Proposed Demerger of SBG Group from the Company involves the following series of transactions and shall be implemented in the following sequence:

(i) Proposed Capitalisation

To facilitate the Proposed Capitalisation, SBL Marketing Sdn. Bhd. ("SBL") and SBFW Marketing Sdn. Bhd. ("SBFW") (both being wholly-owned subsidiaries of SBG) propose to declare dividend of RM11,997,300 and RM2,703,000 respectively to SBG ("Proposed Dividend by SBL" and "Dividend by SBFW").

Upon completion of the Dividend by SBFW and Proposed Dividend by SBL, SBG proposes to declare dividend of RM30,127,100 to the Company ("Proposed Dividend by SBG"). The Proposed Dividend by SBG will be settled entirely by way of capitalisation via issuance of 30,127,100 new ordinary shares in SBG to the Company.

The Proposed Dividend by SBG is to facilitate the Proposed Dividend-in-Specie as disclosed in Note 40(b)(iv) to the financial statements.

The Dividend by SBFW was completed on 15 June 2021, whilst the Proposed Dividend by SBL and Proposed Dividend by SBG were completed on 16 August 2021 and 30 September 2021, respectively.

(ii) Proposed Subdivision

The issued share capital of SBG is RM25,000,000 comprising 25,000,000 ordinary shares in SBG. Upon completion of the Proposed Capitalisation, the total number of ordinary shares in SBG in issue will increase from 25,000,000 to 55,127,100.

To facilitate the Proposed Dividend-in-Specie, it is proposed that the 55,127,100 ordinary shares in SBG be subdivided into 200,995,123 ordinary shares in SBG such that SBG will have the same total number of issued shares as the Company (excluding treasury shares). Following the completion of the Proposed Subdivision, the issued share capital of SBG will be RM55,127,100 comprising 200,995,123 ordinary shares in SBG.

The Proposed Subdivision will be effected before the implementation of the Proposed Conversion and the Proposed Dividend-in-Specie. The Proposed Subdivision is still pending completion as at the date of this financial statements.

(iii) Proposed Conversion

SBG will be converted into a public limited company prior to the implementation of the Proposed Dividend-in-Specie to facilitate the Proposed Listing.

The Proposed Conversion is pending completion as at the date of this financial statements.

**40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)**

(b) (continued)

(iv) Proposed Dividend-in-Specie

Following the completion of the Proposed Capitalisation, Proposed Subdivision and Proposed Conversion as well as after the receipt of the approval-in-principle from Bursa Malaysia Securities Berhad for the Proposed Listing, the Company will distribute via a dividend-in-specie, its entire shareholdings in SBG and rights attaching to ordinary shares in SBG to the shareholders of the Company whose names appear in the Company's Record of Depositors ("Entitled Shareholders") on the basis of one (1) ordinary share in SBG for every one (1) ordinary share in the Company ("Bonia Share") held on an entitlement date to be determined and announced later ("Entitlement Date") (excluding treasury shares) from its retained earnings.

The completion of the Proposed Dividend-in-Specie will result in the demerger of SBG Group from the Company. However, it is pending completion as at the date of this financial statements.

During its extraordinary general meeting held on 11 August 2021, the shareholders of the Company had approved the Proposed Listing of SBG Group, subject to the relevant approvals being obtained and the completion of the Proposed Demerger.

Accordingly, the Proposed Listing is also pending completion as at the date of this financial statements.

(c) The members' voluntary winding-up of ACSB, FCSB and FRSB have been completed.

(d) SBLS and SGSB have been struck off during the financial year.

(e) On 6 July 2020, CBSB emerged as a wholly-owned subsidiary of the Company, and on 18 August 2020, the Company subscribed for 65% equity interest in the share capital of CBSB amounting to RM6,000 and consequently, CBSB became a 65%-owned subsidiary of the Company.

(f) Amount owing by a subsidiary namely CBSB amounting to RM6,819,000 had been capitalised as additional cost of investment of the Company in the subsidiary.

(g) Amount owing by a subsidiary namely MAC amounting to RM20,000,000 had been capitalised as additional cost of investment of the Company in the subsidiary.

(h) On 17 August 2020, a subsidiary of the Company, CBSB entered into two (2) Sale and Purchase Agreements with a third party for the acquisition of the following properties for a total consideration of RM51,419,000:

(i) Property 1

All that piece of freehold land held under Geran 34325, Lot 510 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 1606 square metres in area together with a building(s) erected thereon with a postal address of Lot 510, Seksyen 067, Jalan Bukit Bintang, 55100 Kuala Lumpur and which is currently leased to PRCG, an associate of the Company.

(ii) Property 2

All that piece of freehold land held under H.S. (D) 119062, PT 133 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 478 square metres in area with a postal address of PT133, Seksyen 067, Jalan Delima, 55100 Kuala Lumpur.

The above transactions have been completed as at the end of the reporting period as disclosed in Note 9(b) to the financial statements.

(i) On 16 November 2020, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. entered into three (3) Sale and Purchase Agreements with a third party for the acquisition of three (3) units of retail shop units for a total cash consideration of RM9,997,000.

The transactions have been completed as at the end of the reporting period as disclosed in Note 9(c) to the financial statements.
.

(j) KSB emerged as a 51%-owned subsidiary of VASB.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(k) On 5 April 2021, a wholly-owned subsidiary of the Company, Long Bow Manufacturing Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the disposal of a piece of leasehold vacant land with a carrying amount of RM624,000 for a sales consideration of RM1,000,000.

The transaction has not been completed as at the end of the reporting period as disclosed in Notes 8(h) and 26(c) to the financial statements.

(l) On 19 April 2021, DDSB disposed its entire equity interest in SBD to SBG for a consideration of RM1.

(m) On 26 April 2021, Paris RCG Sdn. Bhd., an associate of the Company acquired 10% of the ordinary share capital in CBSB and resulted in the Company's effective equity interest in CBSB increasing from 65% to 68%.

(n) On 25 February 2021, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. committed to a plan to dispose a detached factory building with a carrying amount of RM3,408,000 to a third party for a sales consideration of RM6,500,000. The Company entered into the Sale and Purchase Agreement with the third party on 2 September 2021 for the sales transaction.

The transaction has not been completed as at the end of the reporting period as disclosed in Notes 7 and 26 to the financial statements.

(o) Material litigation

The 60% owned subsidiaries of the Company, AMSB and Mcore (collectively referred as "the Plaintiffs") had filed a civil suit on 3 August 2011 against Leong Tat Yan ("the Defendant"). AMSB and Mcore claimed against Leong Tat Yan for a sum of RM946,000 and RM2,250,000 respectively, being the proceeds of sale from the joint venture business owed by Leong Tat Yan.

Leong Tat Yan owns 40% of the equity interest in AMSB and he is also a controlling shareholder of 388 Venture Corporation Sdn. Bhd. which owns 40% of the equity interest in Mcore.

There are losses of RM5,389,000 arising from the dispute of which management had made the necessary impairment in the previous financial year. The losses includes impairment loss of trade receivables amounting to RM3,196,000 and inventories written off of RM2,193,000 (before non-controlling interest's share of loss).

The Plaintiffs filed a Notice of Appeal on 9 April 2013 against part of the decision of the High Court dated 27 March 2013 in connection with the service of Writ of Summons and Statement of Claim on the Defendant. The Defendant also filed a Notice of Appeal against part of the decision of the High Court dated 27 March 2013 in connection with jurisdiction and forum.

On the hearing date of 8 July 2013, the Court of Appeal allowed the Defendant's appeal with costs of RM10,000 and the Plaintiffs' appeal was accordingly withdrawn with no order as to costs as it was no longer sustainable.

After discussing with their legal advisors, the Plaintiffs (also referred to as "Applicants") had on 7 August 2013, filed a Notice of Motion in the Federal Court for the following orders:

(i) the Applicants be granted leave to appeal to the Federal Court against the whole of the decision of the Court of Appeal given on the 8 July 2013 in Civil Appeal No. W-02(IM)(NCVC)-797-04/2013 pursuant to Sections 96 and 97 of the Courts of Judicature Act, 1964 read with Rules 55, 107 and/or 108 of the Federal Court Rules, 1995 and/or the inherent jurisdiction of the Federal Court.

(ii) in the event that leave to appeal is granted by the Federal Court, the Applicants be granted leave to file and serve a Notice of Appeal to the Federal Court within 7 days from the date of the order pursuant to Rule 108 of the Federal Court Rules, 1995.

(iii) the costs of the application filed by the Applicants be costs in the cause.

(iv) such further or other relief of the Federal Court may deem fit.

Leave to appeal to the Federal Court was granted on 29 January 2015.

On the hearing date of 9 November 2015, the Federal Court allowed the Applicant's appeal and set aside the Court of Appeal's Order dated 8 July 2013 in whole, thereby reversing the Court of Appeal's decision that the High Court has no jurisdiction over Leong Tat Yan.

**40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)**

(o) Material litigation (continued)

The Plaintiffs had on 31 October 2016 filed a Writ of Summon and Statement of Claim against the Defendant and served the same on the Defendant on 2 November 2016.

On 21 November 2016, the Defendant filed two (2) separate applications for a declaration that the Malaysian Court has no jurisdiction over the Defendant and for consequential relief (Enclosure 10), and for a declaration that the Malaysian Court is not the appropriate forum to try the Plaintiffs' claim and consequently for a stay of proceedings (Enclosure 11).

On 16 December 2016, the Defendant filed two (2) separate applications to strike out the Writ of Summons dated 31 October 2016 for lack of authority (Enclosure 20) and for a stay of proceedings pending arbitration (Enclosure 22).

On 25 January 2017, the Defendant withdrew Enclosure 20 with no order as to costs.

On 25 April 2017, the High Court dismissed Enclosures 10 and 11 with costs of RM5,000 for each enclosure.

On 3 May 2017, the Defendant filed two (2) appeals against the High Court's decisions on Enclosures 10 and 11 ("Appeals").

On 8 May 2017, the Defendant filed an application to stay the proceedings pending the disposal of the Appeals (Enclosure 43).

On 11 May 2017, the Defendant filed two (2) separate applications for an extension of time to file his Defence (Enclosure 47) and to strike out the Writ of Summons for abuse of process (Enclosure 50).

On 23 May 2017, the High Court dismissed Enclosure 43 with costs of RM1,500. The Judge also granted Enclosure 47 with no order as to costs, and directed the Defendant to file his Defence by 23 June 2017. The Defendant also withdrew Enclosure 50, which was accordingly struck out with no order as to costs.

On 22 June 2017, the Defendant filed his Defence and Counterclaim claiming general damages, exemplary damages, and costs for abuse of process. The Plaintiffs filed their Reply and Defence to Counterclaim on 24 July 2017.

On 17 October 2017, the Court of Appeal dismissed the Appeals with costs of RM5,000 for each appeal.

On 5 January 2018, the High Court allowed the Defendant's application to stay the proceedings pending reference of the dispute to arbitration, with costs of RM5,000 to follow the outcome of the arbitration.

On 26 January 2018, the Plaintiffs appealed to the Court of Appeal against the High Court's decision on Enclosure 22.

On 26 June 2018, the Court of Appeal allowed the Plaintiffs' appeal and reversed the decision of the High Court, with costs of RM15,000 for the Court of Appeal and High Court proceedings awarded to the Plaintiffs.

On 3 July 2018, the Respondent filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal.

On 20 July 2018, the Defendant filed an application to stay the proceedings pending the disposal of the Federal Court proceedings (Enclosure 7).

On 30 July 2018, the Plaintiffs filed an application for security for costs (Enclosure 13).

On 8 October 2018, the Federal Court allowed the Defendant's application to stay the proceedings in full and the Plaintiffs' application for security for costs in part.

The Defendant's application for leave to appeal to the Federal Court on Enclosure 22 is fixed for Case Management on 26 November 2020.

On 26 February 2021, the Defendant's application for leave to appeal to the Federal Court on Enclosure 22 was dismissed and the matter was remitted to the High Court for trial.

The matter is fixed for Case Management in the High Court on 17 November 2021 and trial on 10 January 2022 to 13 January 2022.

The solicitors are of the opinion that the prospects of successfully resisting the Defendant's leave application in the Federal Court are fair.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

BONIA CORPORATION BERHAD

Registration No. 199101013622 (223934-T)