



BONIA CORPORATION BERHAD
(223934-T)



Annual Report 2019







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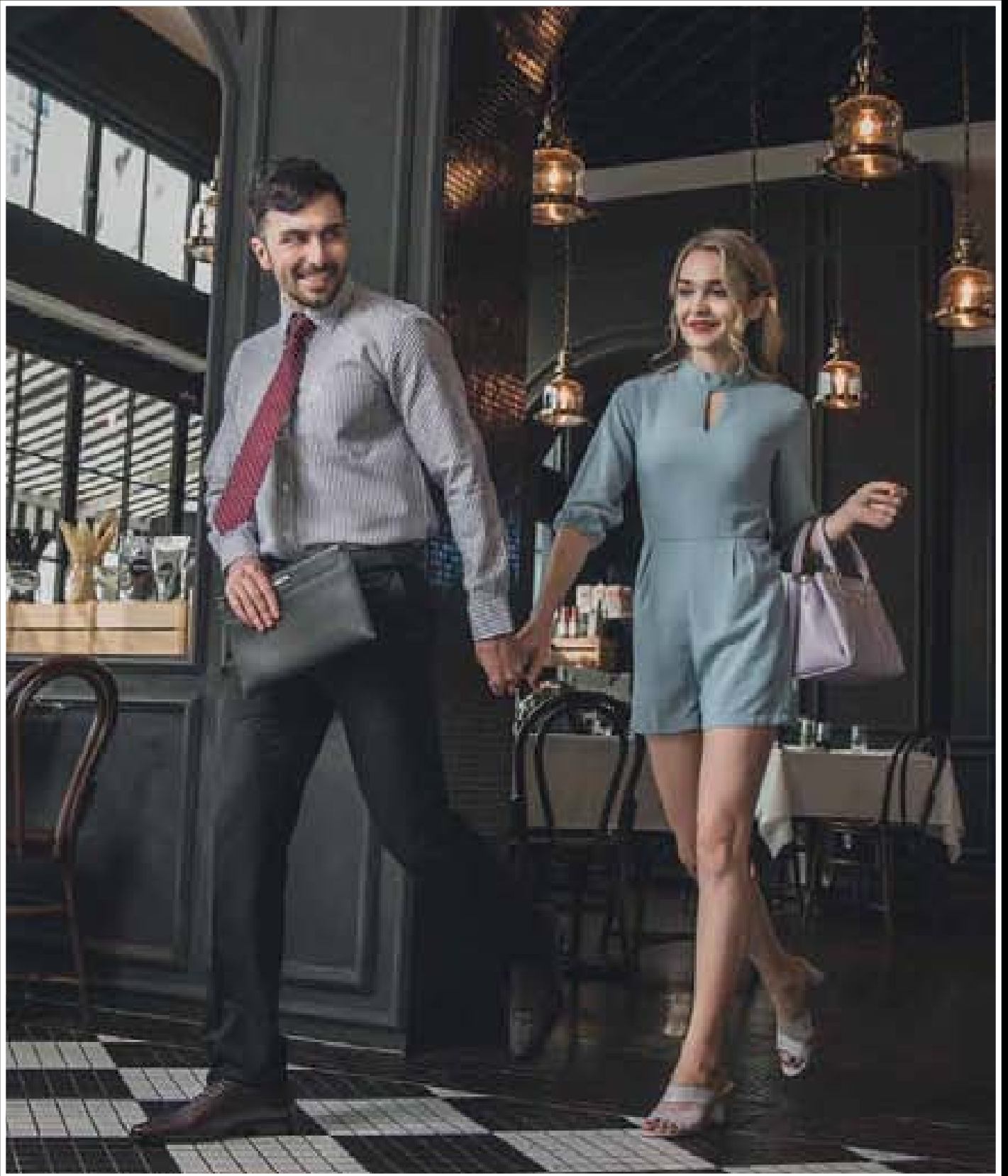




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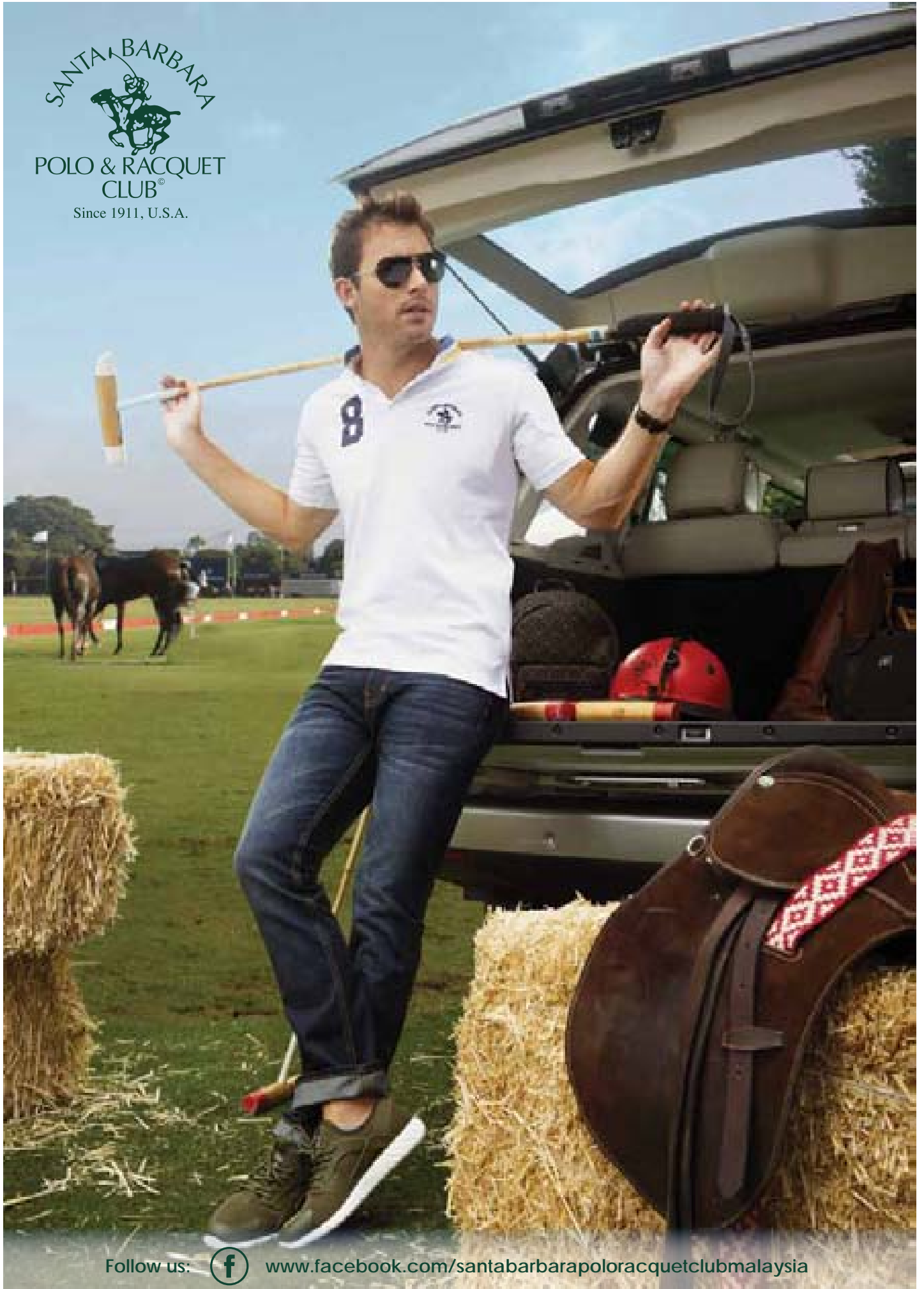
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CONTENTS ■

013

Corporate
Diary

037

Group
Financial
Highlights

080

Statement on
Risk Management
& Internal Control

094

Statement
Accompanying
the Notice of 28th
Annual General
Meeting

019

Corporate
Information

039

Board Report &
Management
Discussion and
Analysis

085

Directors'
Responsibility
Statement

095

Proxy Form

021

Profile of
Board of Directors

049

Sustainability
Statement

086

List of
Properties

097

Financial
Statements

029

Profile of
Key Senior
Management

064

Corporate
Governance
Overview Statement

089

Analysis of
Shareholdings

033

Corporate
Structure

076

Report of
the Audit & Risk
Management
Committee

092

Notice of
28th Annual
General Meeting



CORPORATE
DIARY ■

CORPORATE DIARY



27th September 2019

BONIA Bags the Silver Trophy at the 2019 Putra Brand Awards

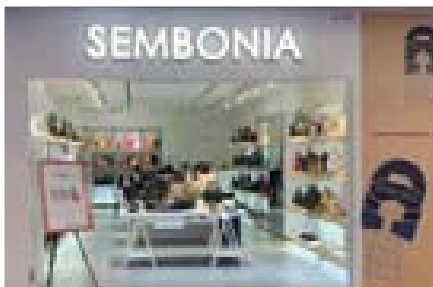
The event held at The Majestic Hotel, Kuala Lumpur on 27th September 2019, saw BONIA took home its first Silver award in the Apparel and Accessories category.

BONIA, being one of the leading brands in Malaysia, is proud to be highly recognised for its trendy leather and fashion wear across Asia.

BONIA's Group Executive Director, Dato' Sri Daniel Chiang shared, "We would like to extend our utmost gratitude to Malaysians who believed and voted for us throughout our 45 years of journey. We are truly committed to continue be internationally recognised and fully understand our consumers' needs to produce exceptional experience."

Previously, BONIA was awarded the Bronze trophy under the same category. This is a stepping stone for BONIA to strive for the Platinum Award in the future.

The Putra Brand Awards, also known as the People's Choice Awards, is a prestigious branding event that recognises and honours Malaysia's favorite brands. This year saw a record number of respondents, with more than 8,000 Malaysians participated in the voting process.



4th May 2019

SEMBONIA Mid Valley Reopening

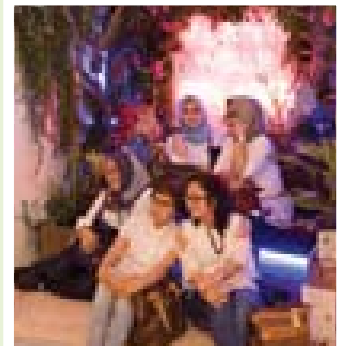
Back in style, SEMBONIA Mid Valley reopened in the summer of 2019. SEMBONIA Mid Valley is newly refurbished with refined contemporary interior to house the brand's collections in its bigger space. The new store features an all-white minimalistic approach that accentuates the vast array of men and women products.

4th May 2019

BONIA X Stail.MY Event

BONIA creates an interactive, artistic and social media-worthy event playing with the notion of the imagined and the imaginary of botanical glamour, BONIA Nature Room at level 3 Pavilion KL. Attendees of the event included celebrities and other prolific social media influencers, most of whom were in amazement over the BONIA Nature Room.

Moreover, expressing the indelible presence of BONIA's latest collections; fashion influencer Sarah Intan strikes a pose with the Blossoming Tote.



23rd April 2019

Johor Bahru Southkey Mid Valley New Concept

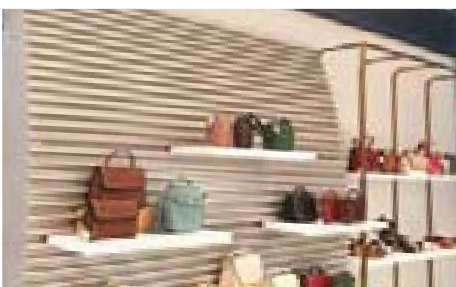
BONIA JB Southkey Mid Valley's new concept offers a first glance of the refined and elegant atmosphere; characterised by a unique visual identity as well as elegant furnishings. Decorated with contemporary lightings and sleek, minimalist approach, giving off fresh and modern vibes to the whole atmosphere. Aside from the quintessential elements of BONIA's significant boutique concept, this unique flagship departmental store signifies the brand's increased focus towards fashion and art intersection.



11th April 2019

I-City Shah Alam New Concept

Designed with finesse, BONIA I-City Shah Alam new concept brings out its interior to reflect upon its versatile elegance, holding its image close to the brand's core value. Characterised by the contemporary luxury air craft concept with sleek shelving units and minimalist details. The precious aesthetic of the interiors is emphasised with BONIA's housing collection of the latest leather treasures.



5th March 2019

BRAUN BÜFFEL Introduces The Exclusive-To-China Fall/Winter 2019 Menswear Collection

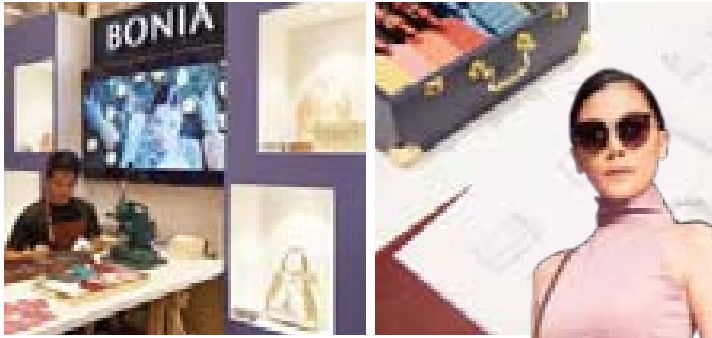
Braun Büffel celebrates its bold, new direction with the introduction of the House's Exclusive-to-China Fall/Winter 2019 Menswear Collection.

Titled "Interactivity", the collection was showcased through a runway show on the 5th of March in Guangzhou, curated by Creative Director, Fabio Panzeri.

Held at the Guangzhou Broadcasting Network headquarters, the show was attended by over 200 guests of Braun Büffel China. Under a kaleidoscope of lights, the show space was transformed into an immersive eclectic experience of modernity and innovation underscoring Fabio's maverick approach.

CORPORATE DIARY

(CONT'D)



25th - 27th January 2019

BONIA The Wedding Kuala Lumpur 2019

For The Wedding KL 2019 that was held at Kuala Lumpur's JW Marriott Hotel, BONIA has created a bold and vibrant display of the brand's latest designs and bespoke Croco print masterpieces throughout the three days duration of the event.

A distinctive feature of the event nevertheless was the Wedding KL fashion showcase where invited guests of BONIA were seated in for the rounded experience. The models walked, through a stylish terrain made of lit glass; evoking a graceful, contemporary, romantic atmosphere. A series of dramatic spotlights enhanced the spectacle adding an intimate dimension to the runway. Captured by the stunning essence of the venue's runway, the BONIA booth nevertheless proffers a fresh take on wedding couture with more inviting approaches.



November 2018 – May 2019

BRAUN BÜFFEL Opens 6 New Store Design Concept Boutiques Across Asia-Pacific Region

Braun Büffel opened a total of 6 new boutiques in the new store design concept across the Asia-Pacific region – 2 in Singapore, 1 in Malaysia and 3 in Indonesia.

Designed by Creative Director, Fabio Panzeri, the new Braun Büffel store design concept sets the tone for a whole new Braun Büffel retail experience – radiating contemporary luxury where a fusion of heritage, modernity and industrial chic meets, keeping up with the progressive eclecticism that characterises the House's new collections.



23rd November 2018

BRAUN BÜFFEL Sponsors Men's Folio 21st Anniversary Party, Singapore

As part of the Men's Folio 21st Anniversary Party, Braun Büffel enthralled guests with an electric blue neon-light showcase making it the perfect picture opportunity for the 500 plus guests who attended the event. The night shifted into high gear with the Men's Folio Male Model Search and Designer of the Year showcase, which saw model finalists walking the runway in creations by local designers accompanied with bags from the "Retro Future Vision" Spring/Summer 2019 collection.



10th November 2018

CO BLANC Parkson Pavilion Elite Kuala Lumpur POP UP Store

To thank social influencers for their role and efforts in promoting CO BLANC handbags and shoes, we held a "Friends of CO BLANC" awareness event at Parkson Pavilion Elite Kuala Lumpur on 10th November 2018. This gives an opportunity for social influencers to meet up and engage with CO BLANC followers.

5th – 7th October 2018

SEMBONIA Jacky Cheung Sponsorship

In conjunction to Jacky Cheung "A Classic Tour" concert, SEMBONIA is proud to co-sponsor the most anticipated concert of the year. Lucky fans were awarded with a pair of concert tickets and compliments of SEMBONIA. The brand's participation was encouraging and well received by swarming fans, positioning the brand in the spotlight of these hypes and interests.



7th September 2018

BRAUN BÜFFEL Participates In L'Officiel 3rd Anniversary Party Kuala Lumpur, Malaysia

In conjunction with L'Officiel Malaysia's 3rd Anniversary celebrations in September 2018, Braun Büffel created a special neon installation showcase inspired by the "Studio-54" Pop-Art inspirations of the Fall/Winter 2018 collection. Held at The Paper at APW Bangsar, the event was attended by over 300 stellar movers and shakers of the industry including local celebrities, giving them a glimpse of both the new FW2018 collection and an impeccable backdrop for photo-taking opportunities.



CORPORATE
INFORMATION ■

CORPORATE INFORMATION

AS AT 30 SEPTEMBER 2019

BOARD OF DIRECTORS

Dato' Mohamed Khadar Bin Merican

Senior Independent Non-Executive Chairman

Dato' Sri Chiang Fong Tat

Group Executive Director

Chong Chin Look

Group Finance Director

Dato' Sri Chiang Fong Yee

Non-Independent Non-Executive Director

Chong Sai Sin

Independent Non-Executive Director

Chiang Fong Chyen

Alternate Director to Datuk Chiang Heng Kieng

Chiang Sang Sem

Founder, Group CEO and Group Executive Director

Dato' Sri Chiang Fong Seng

Group Executive Director

Datuk Chiang Heng Kieng

Non-Independent Non-Executive Director

Lim Saw Imm

Independent Non-Executive Director

Chiang May Ling

Alternate Director to Chiang Sang Sem

AUDIT & RISK MANAGEMENT COMMITTEE

Lim Saw Imm

Chairman

Dato' Mohamed Khadar Bin Merican

Member

Chong Sai Sin

Member

NOMINATION & REMUNERATION COMMITTEE

Dato' Mohamed Khadar Bin Merican

Chairman

Lim Saw Imm

Member

Chong Sai Sin

Member

COMPANY SECRETARIES

Chong Chin Look (MIA 8043)

Chok Kwee Wah (MACS 00550)

Tan Kean Wai (MAICSA 7056310)

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Lot 160 Jalan Cerdas
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56000 Kuala Lumpur
Wilayah Persekutuan Malaysia

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Fax : +603-9108 9098

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

Stock Name : Bonia

Stock Code : 9288

AUDITORS

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

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

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Jalan 51/205 46050 Petaling Jaya
Selangor Darul Ehsan Malaysia

Tel : +603-7784 3922

Fax : +603-7784 1988

WEBSITE

www.bonia.com

INSTAGRAM ADDRESS

www.instagram.com/bonia_official/

YOUTUBE ADDRESS

www.youtube.com/BoniaFashion#

FACEBOOK ADDRESS

www.facebook.com/BoniaFashion

PROFILE OF
BOARD OF
DIRECTORS ■

PROFILE OF BOARD OF DIRECTORS

DATO' MOHAMED KHADAR BIN MERICAN

Senior Independent
Non-Executive Chairman

Age : 63

Nationality : Malaysian

Gender : Male

Dato' Mohamed Khadar Bin Merican joined the Board on 01 September 2018 as the Senior Independent Non-Executive Chairman. He also serves as the Chairman of the Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee of the Company.

Dato' Mohamed Khadar is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants.

Dato' Mohamed Khadar has had more than 35 years of experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group. Dato' Mohamed Khadar has also held various senior management positions in the then Pernas International Holdings Berhad (now known as Tradewinds Corporation Berhad), a company listed on Main Market of Bursa Malaysia, including those of President and Chief Operating Officer. Thereafter, Dato' Mohamed Khadar was on the Board of RHB Capital Berhad as its Independent Non-Executive Chairman, and Astro Malaysia Holdings Berhad as its Non-Independent Non-Executive Director.

Presently, Dato' Mohamed Khadar's other directorships in public companies are AirAsia Group Berhad, Thai AirAsia Co. Ltd, Iris Corporation Berhad and Rashid Hussain Berhad (In members' voluntary winding-up). He is also the Non-Executive Chairman of SOGO (KL) Department Store Sdn. Bhd. since 2005.

CHIANG SANG SEM

Founder, Group CEO and
Group Executive Director

Age : 66

Nationality : Malaysian

Gender : 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.

His involvement in the leather industry spans a period of over 40 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.



PROFILE OF BOARD OF DIRECTORS

(CONT'D)

DATO' SRI CHIANG FONG TAT SSAP

Group Executive Director

Age : 41

Nationality : Malaysian

Gender : 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 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 Seng, his sister, Chiang May Ling, and his cousin, Chiang Fong Chyen are also members of the Board.

DATO' SRI CHIANG FONG SENG SSAP

Group Executive Director

Age : 34

Nationality : Malaysian

Gender : 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 initially as Personal Assistant to the Founder, Group CEO and Group Executive Director and was eventually promoted as Associate Director, assisting the Founder, Group CEO and Group Executive Director in all aspects of works. He involves 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 Vice President of Malaysian Dato' Entrepreneurs' Association (MDEA) for 2 consecutive terms 2015-2017 and 2018-2020.

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.

PROFILE OF BOARD OF DIRECTORS

(CONT'D)

CHONG CHIN LOOK

Group Finance Director

Age : 56

Nationality : Malaysian

Gender : 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).

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

DATUK CHIANG HENG KIENG ^{PMW}

Non-Independent Non-Executive Director

Age : 57

Nationality : Malaysian

Gender : 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.

Prior to his re-designation, he was extensively and directly involved in the day-to-day management, decision-making and operations of the Group. He was responsible for the development and implementation of the marketing strategy and product distribution functions of the Group.

He currently 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), the Chairman 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.



PROFILE OF BOARD OF DIRECTORS

(CONT'D)

DATO' SRI CHIANG FONG YEE SSAP

Non-Independent Non-Executive Director

Age : 42

Nationality : Malaysian

Gender : 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 and its subsidiaries ("CRG Group") business direction and overall strategies and policies to drive the growth and innovation of Carlo Rino and CR2 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.

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.

LIM SAW IMM

Independent Non-Executive Director

Age : 63

Nationality : Malaysian

Gender : Female

Lim Saw Imm was appointed to the Board on 01 September 2018 as an Independent Non-Executive Director. She is also the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee of the Company.

She is a Fellow of Association of Chartered Certified Accountants, a Member of Chartered Tax Institute of Malaysia, and a Member of Malaysian Institute of Accountants.

She had been with a leading accounting firm for more than 34 years with 18 years as a partner. During her tenure with the firm, amongst her other responsibilities include overseeing its corporate services outsourcing division and assuming the role of Tax Risk Management Partner, having responsibility for the risk management requirements and process of the Malaysian Tax Practice.

Her corporate tax specialisms are in the areas of plantation, property development, logistics specifically in shipping, retail and manufacturing. Specific experience would include advising on the largest plantation listing in Malaysia, major privatisation and PFI projects, drafting of the gazette orders for one of the Economic Corridors, significant manufacturing projects involving customised incentives etc.

She currently sits on the Board of Golden Land Berhad as an Independent Non-Executive Director. She also serves as the Chairman of its Audit Committee and Nomination Committee respectively, and a member of its Remuneration Committee.

PROFILE OF BOARD OF DIRECTORS

(CONT'D)

CHONG SAI SIN

Independent Non-Executive Director

Age : 52

Nationality : Malaysian

Gender : 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 25 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.

CHIANG MAY LING

Alternate Director to Chiang Sang Sem

Age : 31

Nationality : Malaysian

Gender : 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 more than 5 years of experience in retail industry. Presently, she is a director of De Marts Marketing Sdn. Bhd. (a subsidiary of Bonia Corporation Berhad) primarily responsible for the product planning, sourcing and developing, analysing and implementation of marketing strategy for ladies footwear 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.



PROFILE OF BOARD OF DIRECTORS

(CONT'D)

CHIANG FONG CHYEN

Alternate Director to Datuk Chiang Heng Kieng

Age : 39

Nationality : Malaysian

Gender : 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 is currently a director of Alpha Footwear Sdn. Bhd., Podium Retail Sdn. Bhd. and SBM Marketing Sdn. Bhd. (all are 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.
 - 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 FY2019.
2. The Directors' interest 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 ■

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 Board of Directors section of this Annual Report.

Other Key Senior Management

ONG MAY CHIUN

Age : 55 Nationality : Malaysian Gender : Female

Ong May Chiun joined Bonia Group in 1990 as Administration Assistant and was appointed as Executive Director of CB Marketing Sdn. Bhd. on 01 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 apparels.

SIOW HUEY LOONG

Age : 55 Nationality : Malaysian Gender : Male

Siow Huey Loong was appointed as a subsidiary director within the Bonia Group since 27 April 2010. He graduated with a Diploma in Business Management from Kolej Tunku Abdul Rahman in year 1987 and joined Bonia Group in year 1990. His experience in the retail market spans over 29 years and accumulated more than 19 years in the ladies footwear division. Presently, he is primarily responsible for the development of product sourcing, planning and implementation of marketing strategy and product distribution duties of the ladies footwear division.

AUDREY LIEW SAU MUN

Age : 53 Nationality : Malaysian Gender : Female

Audrey Liew Sau Mun joined the Group as General Manager of Lianbee-Jeco Pte. Ltd. in November 2014. She is responsible for the brand management and development of Braun Büffel in Asia Pacific and the overall retail, license and wholesale business in Singapore for Braun Büffel, Renoma and Pierre Cardin. She graduated with a Bachelor of Arts degree with high honours, with a major in psychology and a minor in Business Administration in 1988 from Rutgers University, New Jersey, USA. Audrey has over 29 years of broad working experience in fashion retail, with 18 years in luxury brands, namely with Burberry, Gucci and Nina Ricci. Prior to her current position, she was the General Manager of Burberry (Singapore) Pte. Ltd., responsible for the total business in South-East Asia.

GAN TECK HOCK PMP

Age : 50 Nationality : Malaysian Gender : Male

Gan Teck Hock is the General Manager of Lianbee-Jeco (M) Sdn. Bhd. since April 2014 and responsible for overall Braun Büffel 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 the Montblanc SEA Pte. Ltd. (later integrated into Richemont Luxury (M) Sdn. Bhd.) for the last 12 years. The last position held by him was as General Manager of Montblanc and a directorship in Richemont Luxury (M) Sdn. Bhd. before joining Lianbee-Jeco (M) Sdn. Bhd..



PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

MUSNIARNI MASSEWA

Age : 54 Nationality : Indonesian Gender : Female

Musniarni Massewa joined the Indonesia operations as Country Head on 2017. She graduated from RMIT University in Melbourne majoring in quantitative management for her master degree in 1992. She is currently responsible for Braun Büffel and Bonia retail in Indonesia. Musniarni has over 22 years experience in luxury and premium brand, namely, Cartier, Tiffany & Co., Coach, Michael Kors, Kate Spade, Victoria's Secret and Bath & Body Works. Prior to her current position, she was the Country General Manager Valiram Group for 4 years, responsible for the overall business in Indonesia.

DATIN SRI TAN LOO YIN

Age : 41 Nationality : Malaysian Gender : Female

Datin Sri Tan Loo Yin joined Bonia Group in June 2006 as Personal Assistant and subsequently she was promoted to the position of Brand Manager of the leatherwear division in January 2007. Meanwhile, she was appointed as Executive Director of SBG Holdings Sdn. Bhd. on 01 January 2013. She obtained her Bachelor (Hons) Degree in Business Economics & Marketing from Middlesex University, United Kingdom in 2000. She is currently responsible for research and development planning, product distribution of men's & ladies leatherwear and footwear divisions for Sembonia Brand.

She is related to the Directors of the Company namely Chiang Sang Sem, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Yee, Chiang May Ling, and Chiang Fong Chyen by virtue of their family relationship.

CHIANG FONG XIANG

Age : 31 Nationality : Singaporean Gender : Male

Chiang Fong Xiang joined Bonia Group on 01 May 2013 under Active World Pte. Ltd. heading the merchandising and marketing division. He was appointed as director of Active World Pte. Ltd. on 19 March 2014, 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 graduated with a bachelor degree in economics and finance from Singapore Institute of Management (SIM) – RMIT University, Melbourne in 2013.

He is related to the Directors of the Company namely Chiang Sang Sem, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Yee, Chiang May Ling, and Chiang Fong Chyen by virtue of their family relationship.

Note:

Save as disclosed, none of the Key Senior Management have:

- any directorship in public companies and listed issuers.
- any family relationship with any Directors and/or substantial shareholders of the Company.
- any conflict of interest with the Company.
- 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 FY2019.



CORPORATE STRUCTURE ■

CORPORATE STRUCTURE

AS AT 30 SEPTEMBER 2019





CORPORATE STRUCTURE

(CONT'D)

- 70% Jeco (Pte) Limited**
Intellectual property management
- **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 services

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

- 100% SBG Holdings Sdn. Bhd.**
Investment holding and 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% 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



GROUP FINANCIAL HIGHLIGHTS ■

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue (RM'000)	695,329	665,438	613,159	555,363	496,446
Profit before tax (RM'000)	72,706	45,093	56,168	38,589	39,313
Profit after tax (RM'000)	50,796	29,308	39,398	24,900	23,261
Profit attributable to:					
– Shareholders of the parent (RM'000)	45,324	24,369	31,734	19,785	18,028
– Non-controlling interests (RM'000)	5,472	4,939	7,664	5,115	5,233
Shareholders' equity (RM'000)	387,516	405,746	432,930	440,937	376,236
No. of ordinary shares in issue ('000)	806,287	806,287	805,651 ⁽¹⁾	805,651 ⁽¹⁾	790,553 ⁽¹⁾
Weighted average no. of ordinary shares ('000)	806,287	806,287	805,917 ⁽¹⁾	805,651 ⁽¹⁾	803,644 ⁽¹⁾
Net assets per share (RM)	0.48	0.50	0.54	0.55	0.48
Basic EPS (sen)	5.62	3.02	3.94	2.45	2.24
Final and Interim dividend per share (sen)	1.25	1.25	1.25	Nil ⁽²⁾	0.50

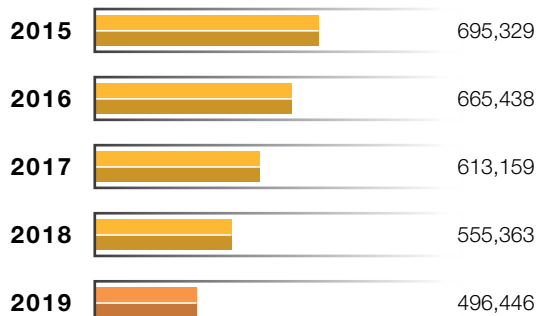
Notes :

⁽¹⁾ Excludes treasury shares

⁽²⁾ 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

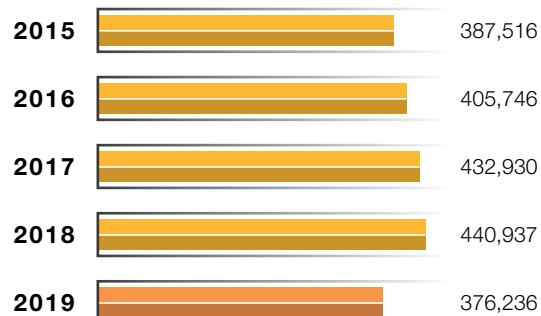
Revenue

(RM'000)



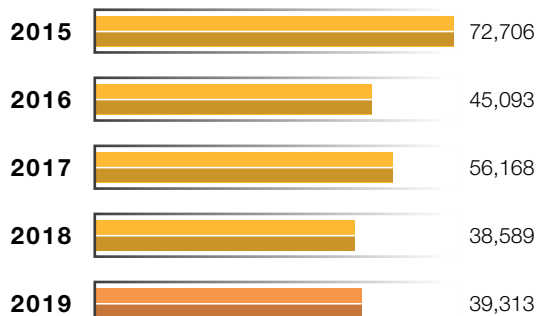
Shareholders' Equity

(RM'000)



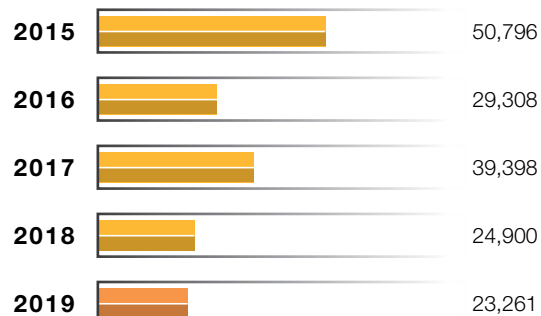
Profit before Tax

(RM'000)



Profit after Tax

(RM'000)



BOARD REPORT &
MANAGEMENT
DISCUSSION
AND ANALYSIS ■

BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS

We are pleased to present the Annual Report 2019, the Audited Financial Statements for the financial year ended 30 June 2019 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 first listing of Bonia on the stock exchange of Malaysia in 1994. Today, apart from our core activities in product design, manufacture, 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 investment, and real estate development 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, Cambodia, Myanmar, Japan, Taiwan, Saudi Arabia, Kuwait, Egypt 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 name of Bonia, Braun Büffel, 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 and Vietnam, where we operate through our subsidiary companies in the respective countries.

To penetrate the e-commerce market, we established our own online marketing platforms i.e. *bonia.com*, *sembonia.com*, *braunbuffel-asiapac.com* to capture the attention of online shoppers. We also place our products on other well-known online marketplaces in the region. The revenue contribution of online marketplaces is insignificant yet encouraging to the Group.

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 that produces Bonia brand of leather products in Melaka.

Beyond profitability, we are committed to a sustainable growth model that helps to enhance competitiveness, whilst creating value to 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 its in-house brands / co-ownership brand and licensed brands are discussed below.

Mission:

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

Objectives:

- Bonia, Braun Büffel and Sembonia
 - To reap the intangible and tangible value of the brands in the region; and
 - Upgrading of brand image and continuous brand value creation.
- Licensed brands
 - Maximise return on investment by way of utilising the licensed brand rights within our Group’s retail expertise.



BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

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, Group CEO and Group Executive Director, Mr. Chiang Sang Sem together with his dedicated team of 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 from overseas markets 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 being 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 improve customer loyalty;
 - 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

	FY2019		FY2018	
	RM'000	%	RM'000	%
Overall retailing revenue	494,927		553,883	
By country				
Malaysia	311,630	63.0	379,241	68.4
Singapore	148,283	30.0	125,563	22.7
Indonesia	24,876	5.0	30,225	5.5
Vietnam	3,529	0.7	5,788	1.0
Saudi Arabia / Middle East	2,653	0.5	7,626	1.4
Others	3,956	0.8	5,440	1.0
By business segment				
Consignment	224,871	45.4	253,103	45.7
Boutique	210,756	42.6	231,271	41.7
Outright / Export	51,107	10.3	60,839	11.0
Royalties Income	8,193	1.7	8,670	1.6
By brand				
Bonia	176,051	35.6	146,730	26.5
Braun Büffel	150,371	30.4	124,295	22.5
Carlo Rino and CR2	34,187	6.9	123,956	22.4
Sembonia	61,102	12.3	72,267	13.0
Licensed brands	73,216	14.8	86,635	15.6

BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Table 1: Revenue breakdown (cont'd)

	FY2019		FY2018	
	RM'000	%	RM'000	%
Leatherwear	325,167	65.7	348,259	62.9
Ladies' footwear	53,947	10.9	78,351	14.1
Men's footwear	27,716	5.6	30,413	5.5
Men's apparel	50,483	10.2	59,280	10.7
Accessories	37,614	7.6	37,580	6.8

Table 2: Number of boutiques and consignment counters

	FY2019			FY2018		
	Stand-alone Boutique	Consignment Counter	Total	Stand-alone Boutique	Consignment Counter	Total
By country						
Malaysia	67	447	514	121	666	787
Singapore	14	60	74	11	60	71
Indonesia	28	19	47	33	39	72
Vietnam	2	8	10	4	20	24
Saudi Arabia / Middle East	15	3	18	14	-	14
Others	2	2	4	5	3	8
Total	128	539	667	188	788	976
By brand						
Bonia	62	142	204	59	156	215
Braun Büffel	40	33	73	44	46	90
Carlo Rino and CR2	-	-	-	49	128	177
Sembonia	20	162	182	26	219	245
Licensed brands	6	202	208	10	239	249
Total	128	539	667	188	788	976

Overall, the Group's retailing revenue decreased by 10.6% as compared to the previous financial year from RM553.9 million to RM494.9 million as shown in Table 1 above. The significant decrease in revenue was mainly due to the demerger of CRG Incorporation Berhad ("CRG") and its subsidiaries (collectively, "CRG Group") during the FY2019. Excluding the effects of the CRG Group in both 2019 and 2018, the Group's retailing revenue showed an increase of 7.2% for the year. In addition, the Group continues its consolidation and rationalisation processes in closing non-performing outlets, as well as realignment of certain outlets, to build and reflect better brand images. The Group's revenue was mainly contributed by the markets from Malaysia, Singapore and Indonesia, which accounted for 98.0% (FY2018: 96.6%) of the total retailing revenue with a total of 635 stores as at 30 June 2019 (FY2018: 930 stores) in those markets.

Consignment counter sales contribute 45.4% (FY2018: 45.7%) to the Group's total retailing revenue for the FY2019. Considering the Group's strong tie-ups with large department stores, it is an easier go to market option for the Group in terms of financial requirements and planning.

For FY2019, boutique operations contributed 42.6% (FY2018: 41.7%) of the Group's total retailing revenue. The Group continues its efforts in building its boutique business segment as it offers higher margins and better brand image and recognition. The Group recognises the higher risks involved 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.

As at 30 June 2019, the number of stand-alone boutiques and consignment counters decreased by 309, from 976 to 667 as shown in Table 2 above. Of these, 177 units were related to the demerger of the CRG Group. The others were closed as the Group continued its financial and operational consolidation and rationalisation process.



BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

The Group maintains its strategy in focusing its efforts and optimising its operational structure to ensure sustainable and efficient operations as well as to meet the increased competitive pressure faced by the retail industry. Management is continuously reviewing and refreshing its products to ensure that the Group is able to remain relevant and capture a bigger market share.

With the increasing competition and the increasingly difficult retail environment, we continue to be aggressive in managing our costs. We expect 2020 results to fully reflect our efforts in cost management.

FINANCIAL ANALYSIS

Table 3: Financial Performance

	FY2019			FY2018			Variance		
	Continuing RM'000	Discontinued (*) RM'000	Total RM'000	Continuing RM'000	Discontinued (*) RM'000	Total RM'000	Continuing %	Discontinued %	Total %
Revenue	462,259	34,187	496,446	440,493	114,870	555,363	4.9	(70.2)	(10.6)
Gross Profit ("GP")	250,178	17,198	267,376	267,803	58,869	326,672	(6.6)	(70.8)	(18.2)
Earnings before interest, tax, depreciation and amortisation ("EBITA")	57,492	1,795	59,287	53,687	9,924	63,611	7.1	(81.9)	(6.8)
Depreciation	(13,268)	(1,108)	(14,376)	(13,424)	(2,788)	(16,212)			
Amortisation	(2,466)	-	(2,466)	(3,885)	-	(3,885)			
Finance income and cost, net	(2,946)	(186)	(3,132)	(4,248)	(677)	(4,925)			
Profit before tax ("PBT")	38,812	501	39,313	32,130	6,459	38,589	20.8	(92.2)	1.9
Taxation	(15,404)	(648)	(16,052)	(11,002)	(2,687)	(13,689)			
Profit after tax ("PAT")	23,408	(147)	23,261	21,128	3,772	24,900	10.8	(103.9)	(6.6)
Financial ratios									
GP Margin	54.1%	50.3%	53.9%	60.8%	51.2%	58.8%			
EBITA Margin	12.4%	5.3%	11.9%	12.2%	8.6%	11.5%			
PBT Margin	8.4%	1.5%	7.9%	7.3%	5.6%	6.9%			
PAT Margin	5.1%	(0.4%)	4.7%	4.8%	3.3%	4.5%			

* Pursuant to the demerger of CRG Group as disclosed in Note 10 to the financial statements, the financial results of CRG Group up to the date of demerger was classified as discontinued operations

Revenue

Overall, the performance of the Group has been challenging due to the weak business conditions that prevail in the retail market. For the FY2019, the Group's revenue for continuing operations increased by RM21.8 million or 4.9% as compared to the preceding year. In view of the fragile consumer spending and weak retail environment, the Group embarked on a series of consolidation and rationalisation exercise by closing down of a number of non-performing boutiques and consignment counters. For the discontinued operations, revenue decreased by RM80.7 million or 70.2% as compared to the last financial year as a result of the demerger of CRG Group which was completed during the FY2019.

The slight increase in Group's PBT as compared to the decrease in Group's revenue was mainly attributed to the reversal of provision for loss on the demerger of CRG Group amounted to RM2.9 million, the net reversal of provision for impairment loss on trade and other receivables amounted to RM3.0 million, as well as the reduction in operating costs, particularly staff costs, as a result of the Group's streamlining processes. The Group's PBT had been lowered by three exceptional expenses, such as impairment loss on goodwill on consolidation of RM2.7 million, the net impairment loss and written off of property, plant and equipment ("PPE") of RM2.7 million and fair value loss on investment properties of RM1.6 million.

The Group remains vigilant in cost management and improving the overall profit margin. The selling and distribution expenses reduced by 7.0% to RM133.0 million (FY2018: RM143.0 million) and the administrative expenses reduced by 13.7% to RM85.6 million (FY2018: RM99.2 million) for continuing operations.

BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

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

Exceptional and non-recurring items

	FY2019 RM'000	FY2018 RM'000
Bad debts written off	17	42
Fair value loss/(gain) on investment properties	1,558	(4,306)
(Reversal)/Impairment losses on:		
– Trade and other receivables, net	(2,951)	1,752
– Goodwill on consolidation	2,671	2,014
– PPE	872	1,313
PPE written off	1,779	825
Net gain on disposals of property, plant and equipment	(188)	(274)
Potential loss on proposed demerger of CRG Group	–	4,345
Reversal of provision for loss on demerger of CRG Group	(2,868)	–
Net realised and unrealised (gain)/loss on foreign exchange	(88)	3,869
	802	9,580

Excluding the above exceptional and non-recurring items, the Group would have recorded a PBT of RM40.1 million (2018: RM48.2 million), representing a decrease of 16.7%.

Effective tax rate

The Group's effective tax rate stood at approximately 40.8% for the financial year under review, higher as compared to 35.5% in the preceding year due to losses incurred by a few subsidiary companies as well as a number of exceptional items mentioned above. The effective tax rate was higher than the statutory tax rates of 24.0% applicable to the Group primarily due to the following factors:

- Under-provision of income tax in the previous years from an overseas subsidiary company;
- Certain expenses were not allowed for deduction for the purpose of tax computation; and
- Deferred tax assets have not been recognised for temporary differences arising from the unused tax losses of loss-making subsidiaries.

Financial position

	FY2019 RM'000	FY2018 RM'000	Variance %
Total Assets	532,871	678,723	(21.5)
Total Liabilities	136,725	212,768	(35.7)
Net Assets/ Shareholders' equity	376,236	440,937	(14.7)
Net Current Assets	180,599	283,776	(36.4)
Financial ratios			
Quick ratio ⁽¹⁾	189.5%	160.5%	
Debt to equity ratio ⁽²⁾	36.3%	48.3%	

Remark

⁽¹⁾ Formula: (Cash and bank balances + short term funds + current receivables, excluding prepayments) / Current liabilities

⁽²⁾ Formula: Total liabilities / Shareholders' equity

During the FY2019, the significant decrease in total assets by 21.5%, total liabilities by 35.7% and shareholders' equity by 14.7% was mainly due to the demerger of CRG Group. The improvement in debt to equity ratio was due to repayments of substantial borrowings. Besides, there is an increase in the quick ratio, which was mainly due to improvement in the debts collection.



BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Working capital turnover days

	FY2019 Days	FY2018 Days
Inventories ⁽¹⁾	148	199
Trade receivables ⁽²⁾	26	48
Trade payables ⁽³⁾	(12)	(18)
	162	229

Remark

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

The net working capital turnover days had decreased to 162 days from 229 days. This was mainly due to lower inventories turnover days and prompt payment received from customers of the Group.

	FY2019 RM'000	FY2018 RM'000
Net cash from operating activities	69,438	49,071
Net cash used in investing activities	(9,596)	(29,745)
Net cash used in financing activities	(69,096)	(36,453)
Net movement in cash and cash equivalents	(9,254)	(17,127)

For the FY2019, the Group recorded net cash outflows of approximately RM9.3 million as compared to net cash outflows of RM17.1 million in the previous year. This was primarily due to improvement in the net cash generated from operating activities with lesser working capital being utilised during the soft retail environment and lower turnover. The net cash used in financing activities was increased mainly due to repayments of bank borrowings approximately RM51.6 million and dividends paid to non-controlling interests of RM9.1 million.

RISKS AND CHALLENGES

Our retail segment currently contributed approximately 99.7% of the total Group's revenue.

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

- 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;
- Availability of trained people; and
- General economic conditions in the markets where we operate, including impact of foreign currencies on costs and revenues.

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

- 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 this feedback as well as from inputs from our designers and respective brand management who are aware of the latest trends in global and local markets;
- Brand management closely monitors performance of outlets to proactively ensure that products available at the respective outlets are at the appropriate price points and consistent with demand at these outlets;
- 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 promotions of its brands to maintain brand strength and awareness;

BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

- 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 a trained workforce 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 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 operations and take action rapidly to proactively address changes in the marketplace.

FUTURE PROSPECTS

We expect to face further challenges as the global economic outlook remains highly uncertain while the domestic economy will take time to recover from the effects of the weakened Malaysian Ringgit, low commodity prices and overall subdued consumer sentiment. We note that the selective consumer spending pattern towards essentials may well continue for the next financial year. Nevertheless, Visit Malaysia Year in year 2020 is expected to increase tourist arrivals which in turns will contribute positively to our business.

The Group's consolidation and rationalisation exercise, as well as aggressive cost management over the previous years, have had a positive impact on the Group's performance during the financial year. However, under the current highly uncertain retail situation, we will focus more on brand, resource and risk management to improve brand recognition, sustainability and operational efficiency, as well as adopt a more prudent approach towards cash management to ensure long term and sustainable business performance. New initiatives to be adopted include investments in the digital environment, enhance presence in social media and digital advertising.

Based on the uncertain retail economy and despite the initiatives taken by the Group, the Board remains cautious of the Group's performance for the next financial year.

MAJOR CORPORATE DEVELOPMENT

During the FY2019, the Company completed the Proposed Capitalisation, Proposed Subdivision, Proposed Conversion, and Proposed Dividend-In-Specie as detailed in the Circular to Shareholders dated 8 May 2018 which resulted in the demerger of CRG Group from Bonia Group.

On the date of this report, via our appointed Adviser, we also announced that we will seek approval from our shareholders on the Proposed Share Consolidation involving the proposed consolidation of every 4 existing Ordinary Shares in our Company into 1 Bonia Share, of which the relevant application will be submitted to the regulatory authority soon.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no fund raising exercises implemented during the FY2019.

MATERIAL CONTRACTS

During the FY2019, 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, other than the conditional share sale arrangement as disclosed in Note 40 to the financial statements.



BOARD REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

DIVIDENDS

During the FY2019, the Company completed the distribution via a dividend-in-specie of its then entire shareholding in CRG and its rights to CRG's 805,651,400 ordinary shares (equivalent to CRG's issued share capital of RM68,000,000) to the entitled shareholders of the Company on the basis of 1 CRG share for every 1 share of the Company.

Also, a single tier interim dividend of 0.5 sen per ordinary share of approximately RM3,947,000 in respect of the financial year ended 30 June 2019 has been declared and payable to the entitled shareholders of the Company on 10 October 2019.

The Directors do not recommend any final dividend in respect of the financial year ended 30 June 2019.

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

DATO' MOHAMED KHADAR BIN MERICAN
Senior Independent Non-Executive Chairman

CHIANG SANG SEM
Founder, Group CEO and Group Executive Director

Date: 1 October 2019



SUSTAINABILITY STATEMENT ■

SUSTAINABILITY STATEMENT

INTRODUCTION

In Bonia Corporation Berhad Group, we recognise that prioritising sustainability is vital to drive business continuity and equitable growth as well as in creating shared value for our stakeholders. Being cognisant of our economic, environmental and social (“EES”) impacts of our operations, we strive to address them by embedding effective sustainable practices into our day-to-day business.

This Sustainability Statement (“Statement”) serves to communicate our EES practices and performance to our stakeholders.

ABOUT THIS STATEMENT

This Statement is prepared in accordance with the Main Market Listing Requirements and with reference to the Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad.

All references to “Bonia” or “Company” in this Statement are to Bonia Corporation Berhad, references to “Group” or “Bonia Group” are to Bonia and its subsidiaries, and references to “Board” are to the Board of Directors of Bonia. All references to “we”, “us”, “our”, and “ourselves” are to Bonia, or where the context requires, Bonia Group.

The information reported in this Statement covers the period from 1 July 2018 to 30 June 2019, which coincides with the Group’s financial year. This Statement covers our sustainability performance and initiatives of all business operations of the Group, with a focus on our principal market in Malaysia, which is also 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 boundary to eventually cover all geographical business presence of Bonia Group as well as consider seeking external assurance for our key sustainability indicators as we mature in our sustainability journey.

We have continuously enhanced our communication process with key stakeholders as outlined in this Statement. We also welcome your valuable feedback on this Statement. Please address all feedback to Ms. Christy Chiang (Chief Sustainability Officer) at sustainability@bonia.com.

SUSTAINABILITY GOVERNANCE

Our Board and Management recognise that good corporate governance is important to manage our sustainability risks and opportunities and emphasise the need to drive transparency and be accountable towards our stakeholders. Setting the tone at the top, the Board affirms its responsibility for integration of the Group’s sustainability agenda within its business strategy.

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



Diagram 1: Bonia’s Sustainability Governance



SUSTAINABILITY STATEMENT

(CONT'D)

ANTI-CORRUPTION

At Bonia Group, we strive to conduct our business with a high level of ethos and expect the same of all our employees. We are committed to promoting and maintaining high standards of transparency, accountability, ethics and integrity throughout our business in line with our corporate values.

Code of Conduct

Our Code of Conduct for Employees which is embedded within our Employee Handbook outlines the expectations of employees to conduct themselves in a proper, sensible and responsible manner at all times.

All employees are expected to refrain from any fraudulent or criminal act or conduct which may cause financial loss or damage to the assets or reputation of the Group. Furthermore, we do not condone acceptance of any gift, whether in cash or in kind from any person(s) or company with whom the Group has any business dealings which might potentially possess bribery or corruption implications. Employees are always required to diligently carry out their duties while acting in the best interests of the Group.

Whistleblowing Policy

Our Whistleblowing Policy provides a mechanism for relevant parties to raise their concerns in a responsible and appropriate manner, without fear of reprisal or detrimental action. It applies to all employees and third parties who reasonably believe that an employee or a director of the Group has, or is preparing to engage in any improper conduct.

Improper conduct(s) are defined as:

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

The protection of whistle-blower's identity is guaranteed under this Policy, unless with the whistle-blower's consent or where required by law. Subsequently, an investigation will be initiated, and necessary action will be taken if warranted.

In FY2019, zero incidents were reported via this channel.

STAKEHOLDERS ENGAGEMENT

We value our key stakeholders' views and hold meaningful engagements with them, regularly, through various formal and informal channels. These engagements seek to gather information and feedback to better understand our stakeholders' concerns, allowing us to effectively respond and improve the management of our sustainability matters.

In FY2019, our key stakeholder groups were identified and prioritised during our materiality assessment process, taking into consideration the level of influence and dependence that 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.

SUSTAINABILITY STATEMENT

(CONT'D)

Key stakeholders	Channel of communication	Key topics and concerns	Our responses
Employees Individuals employed by Bonia, including Board of Directors	<ul style="list-style-type: none"> ● Performance appraisal ● Meetings ● Intranet ● Company events 	<ul style="list-style-type: none"> ● Career development ● Competitive remuneration ● Employee benefits ● Performance improvement 	<ul style="list-style-type: none"> ● Individual and departmental Key Performance Indicators (“KPIs”) ● Company performance ● On-the-job supervision and mentoring ● Training and career advancement opportunities ● Rewards and appreciation
Customers Existing and potential consumers of our products	<ul style="list-style-type: none"> ● Branding activities via both print and digital platforms ● Store visits ● Customer service channels 	<ul style="list-style-type: none"> ● Quality of products ● Promotional activities ● Launch of new products 	<ul style="list-style-type: none"> ● Repairs, exchange or refunds ● Investment in technology to enhance customer engagement and experience ● Loyalty programme
Shareholders and Investors Institutional and retail investors	<ul style="list-style-type: none"> ● Investor Relations ● Annual General Meeting ● Company Reports ● Announcements 	<ul style="list-style-type: none"> ● Financial performance ● Company strategy and direction ● Dividend policy 	<ul style="list-style-type: none"> ● Compliance with rules and regulations ● Accuracy of performance results ● Transparent corporate governance practices ● Return on investment and dividend payout
Suppliers Active local and international suppliers who provide materials and resources used in the supply chain of Bonia	<ul style="list-style-type: none"> ● Meetings 	<ul style="list-style-type: none"> ● Transparent procurement practices ● Company strategy and direction ● Competitive pricing 	<ul style="list-style-type: none"> ● Clear procurement policies and processes ● Strengthened payment approval process ● Market consolidation ● Testing of new materials ● Price ceiling
Partners Licensor, dealers and landlords of Bonia	<ul style="list-style-type: none"> ● Meetings ● Social media 	<ul style="list-style-type: none"> ● Transparent procurement practices ● Market and brand development ● Sales performance ● Operation coverage ● Stock availability 	<ul style="list-style-type: none"> ● Clear procurement policies and processes ● Business strategy to achieve sales targets ● Cost efficiency ● Stock monitoring
Government/Regulatory Authority Malaysian Federal and State Governments, municipal councils and regulatory bodies	<ul style="list-style-type: none"> ● Online and offline communications ● Site visits / meetings 	<ul style="list-style-type: none"> ● Regulatory compliance ● Listing requirements 	<ul style="list-style-type: none"> ● Full compliance with relevant laws and regulations

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

Table 1: Bonia's Stakeholders Engagement

MATERIAL SUSTAINABILITY MATTERS

At Bonia Group, we define material sustainability matters as those that cause significant EES impacts and are able to 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

A materiality assessment is key to support Bonia in understanding and focusing our resources to address and manage our material sustainability matters.

This year, we have engaged Ernst & Young Advisory Services Sdn. Bhd. to undertake a structured materiality assessment to identify and prioritise the relevant material sustainability matters to Bonia. A materiality assessment workshop was conducted with key internal stakeholders, including the management team and heads of department across key business divisions, providing their views on the abovementioned dimensions.



SUSTAINABILITY STATEMENT

(CONT'D)

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

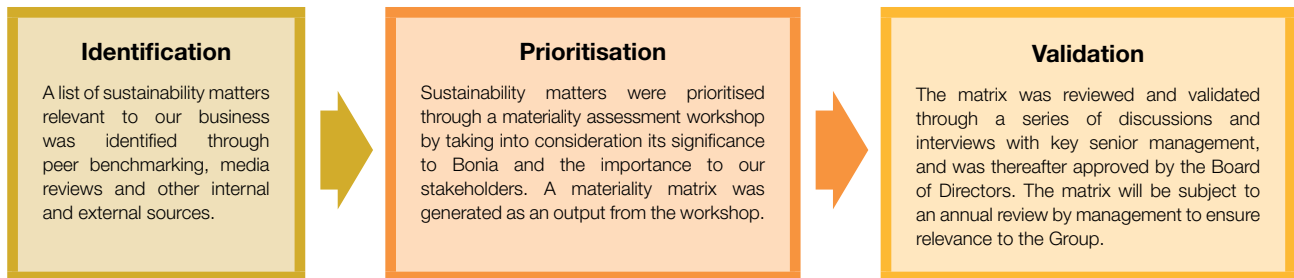


Diagram 2: Bonia's Materiality Assessment Process

The materiality matrix is depicted in Diagram 3 below.

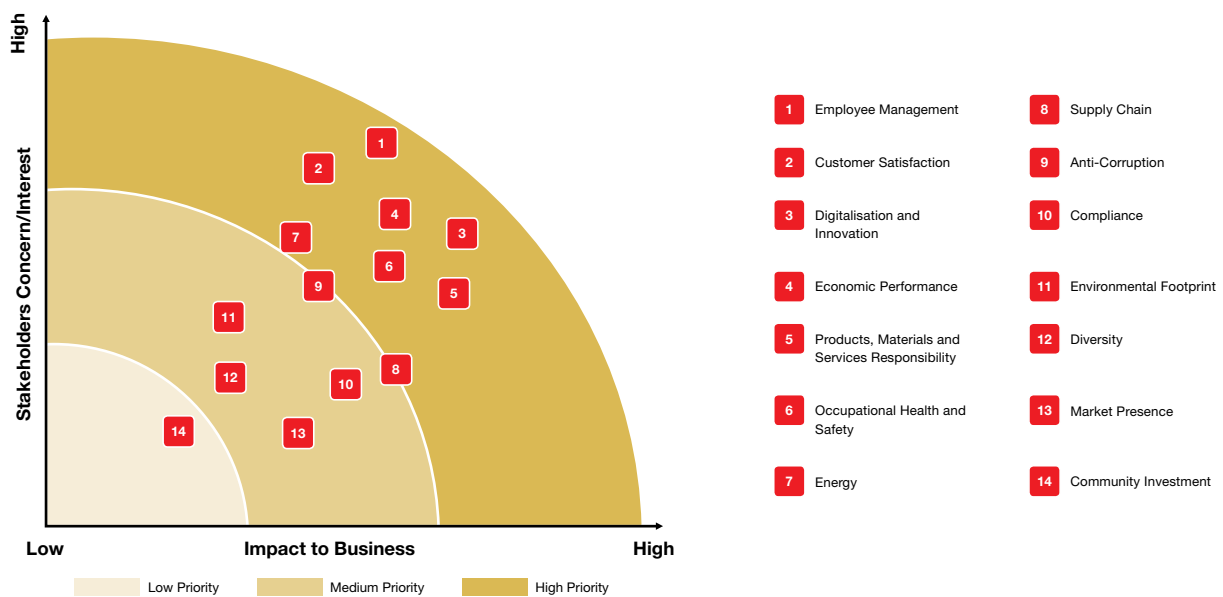


Diagram 3: Bonia's FY2019 Materiality Matrix

These identified material sustainability matters are managed through the three (3) sustainability pillars as depicted below:



Diagram 4: Bonia's Sustainability Pillars

Based on the materiality matrix, we have identified nine (9) high priority material sustainability matters for this reporting period. We continue to disclose updates of our Community Investment initiatives in line with our commitment to fulfil our societal responsibilities. These ten (10) reported material sustainability matters are categorised within the abovementioned three (3) sustainability pillars, as mapped in Table 2. We strive to enhance the depth of our material matters disclosure to effectively communicate our sustainability progress to our stakeholders, year on year.

SUSTAINABILITY STATEMENT

(CONT'D)








Sustainability Pillar	Material Matters	Reporting Boundary	Priority
	Anti-corruption	Malaysia	High
	Economic Performance	Malaysia	High
	Digitalisation and Innovation	Malaysia	High
	Customer Satisfaction	Malaysia	High
	Employee Management	Malaysia	High
	Occupational Health and Safety	Malaysia (Manufacturing only)	High
	Products, Materials and Services Responsibility	Malaysia	High
	Supply Chain	Malaysia	High
	Community Investment	Malaysia	Low
	Energy	Malaysia	High

Table 2: Bonia's FY2019 Reported Material Sustainability Matters

ECONOMIC PERFORMANCE 

We acknowledge our role in contributing back to the local economy and to the overall development of the nation. While pursuing sustainable profits through revenue generation, 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 from FY2017 to FY2019.

	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000
Economic Value Generated	474,087	457,081	535,811
Economic Value Distributed	516,078	427,131	493,216
Suppliers and Partners (Operating expenses)	317,416	288,028	342,753
Employees (Salary and other benefits)	97,314	108,970	110,921
Government (Income tax)	15,001	11,420	15,020
Providers of capital (Dividends, finance costs, non-controlling interests)	86,162	18,175	24,255
Community (Donations)	185	538	267
Economic Value Retained	(41,991)	29,950	42,595

Table 3: Bonia's value distribution

The value distribution chart illustrates the value distributed to our key stakeholders throughout the years.

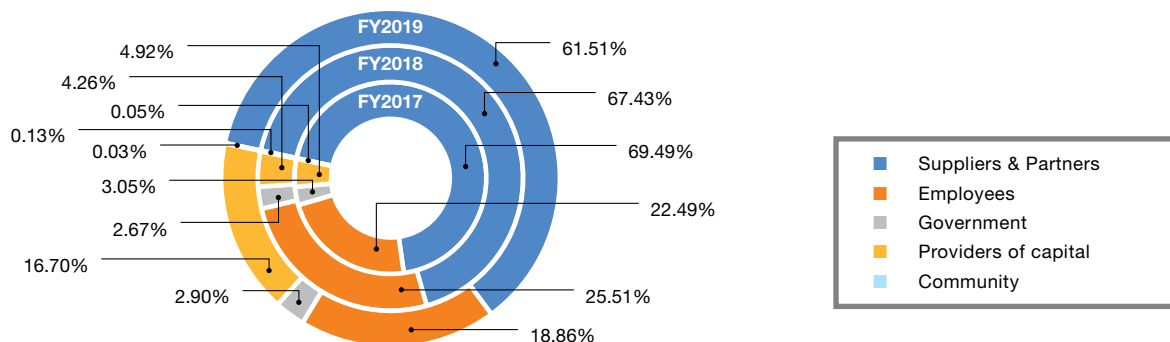


Diagram 5: Bonia's value distributions



SUSTAINABILITY STATEMENT

(CONT'D)

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

Bonia Management Brand Camp – creating long term value to stakeholders through new business strategy

We uphold our responsibility in providing sound returns to our stakeholders by ensuring our business strategy remains relevant and resilient against market sentiments.

In FY2019, Bonia organised a 3-day Brand Management camp to revisit, realign and integrate our business strategy. We had more than 30 attendees from management level from all core business units. Various group activities and breakout sessions were organised to harness attendees' valuable input in identifying the Group's critical success factors and gaps in order to develop strategic objectives and management action plan.

DIGITALISATION AND INNOVATION 

At Bonia Group, we stay true to our value of promoting creativity and innovation as it is an important factor for being a trend setter and market leader. As such, we have placed our focus on promoting digitalisation of our operation in recent years.

We introduced several digitalisation initiatives in FY2019 to continuously streamline our processes and enhance customer experience. All in all, digitalisation of our operational processes has enhanced our efficiency, increased cost savings as well as minimised paper usage and waste generation.

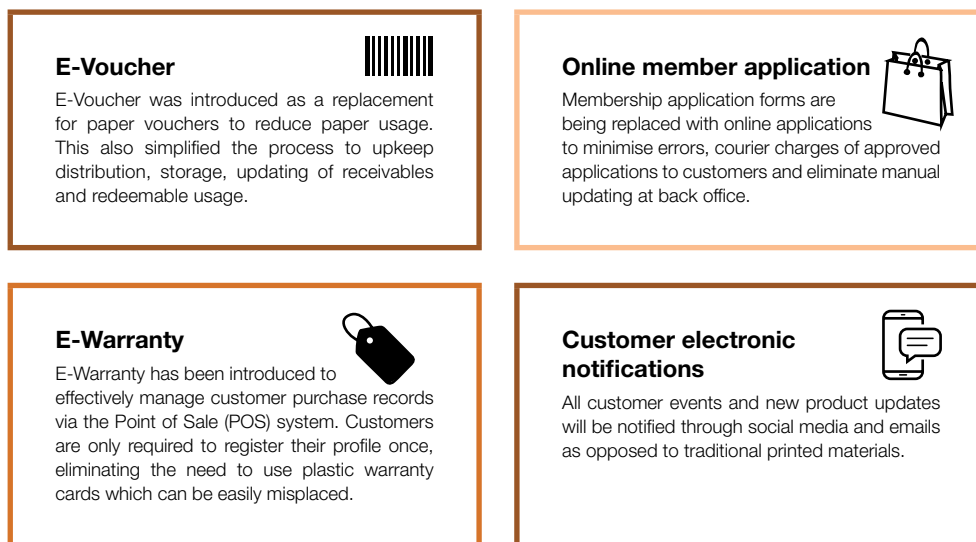


Diagram 6: Bonia's digitalisation initiatives

On the other hand, we also extended the digitalisation effort to improve our internal processes. For instance, the introduction of digital thumbprint attendance system which is used to track attendance of employees based at the head office has reduced back office paperwork. At our manufacturing factory, we acquired 4 automated sewing machines during the financial year, contributing to increased production efficiency.

In our boutiques, we keep track of sales through our POS centralised system which is directly linked to our headquarters. Whereas for our departmental stores counters, we utilise a mobile ticketing system that replaces traditional paper work. It allows our salespersons to use a mobile application to scan barcodes that can be tracked through our internal system. Through these technological developments, we are able to efficiently track our product sales in real time.

SUSTAINABILITY STATEMENT

(CONT'D)

CUSTOMER SATISFACTION 

Delivering quality products and meeting customer expectations are deeply rooted within our Group’s culture. This resonates with our mission to be a recognised international luxury brand with excellent customer satisfaction. We serve our customers with utmost integrity and responsibility in our daily interactions to create informed and satisfied customers.



Diagram 7: Bonia’s Delightful Cycle steps in servicing customers

Since 2009, our Bonia brand’s Loyalty Programme has rewarded our loyal customers through member discounts, members sale, birthday privileges, and other benefits. One of our notable customer events are our Members Day Event held at selected boutiques nationwide. To date, we have 17,904 number of loyal customers and we will continue to provide the best deals and offers to them.

All of our retail staff 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.

Furthermore, in FY2019, we continued to conduct a Bonia brand survey to gauge customer preference of our products and services. The aspects that were assessed include sales channels, brand recognition and acceptance and spending power. In response, we design, market and price our products based on customers’ preferences from these surveys, with inputs from our designers and brand management who are up to date with the latest local and global trends.



Customer Feedback

We view customer feedback as paramount to evaluate the quality of our products and services. For customers’ accessibility, we have designated several platforms for customers to communicate with us. All online responses are attended by our dedicated service team within 24 hours, with a typical resolve duration of 1 working day. We give our utmost attention in resolving and actioning customer feedback.



Social Media			
	Bonia: https://www.facebook.com/BoniaFashion/		Bonia: https://www.instagram.com/bonia__official/
	Braun Büffel: https://www.facebook.com/BraunBuffel/		Braun Büffel: https://www.instagram.com/braunbuffel/
Email	Customer Careline	Stores	E-Commerce
customers@bonia.com	+603 91089000	128 boutiques and 539 consignment counters	E-commerce platform through respective Brand’s website

Diagram 8: Bonia’s available online and offline customer engagement platforms

Through the available customer engagement platforms, we monitor all feedback and complaints received. In FY2019, 98.5% of customer contact for Bonia brand was related to enquiries on products. The remaining 1.5% was for requests for minor product repair works.

	Number of Feedback
FY2019	2,458
FY2018	2,451
FY2017	2,941

Table 4: Number of feedback received by Bonia brand

As shown in Table 4, the number of feedback and queries received has decreased from FY2017 due to increased social media engagement, improved online contents, and shortened repairs turnaround and customer response time.

Moving forward, we aim to provide delivery services based on customer request and availability to enhance our customers’ experience.



SUSTAINABILITY STATEMENT

(CONT'D)

EMPLOYEE MANAGEMENT

We value our people as our most important asset as they are the pulse of the Group to manoeuvre the competitive and volatile retail business landscape. Echoing our mission to build, recognise and reward our people, we promote fair employment and provide equal opportunity to all employees regardless of age, gender, ethnicity and religion. As part of our retention strategy, we provide avenues for our employees to diversify their portfolios and advance in their career journey through job rotation opportunities within the Group, amongst others.

Training and Development

Human capital development is high ranked on the Group's strategic agenda; thus, we aim to equip and invest in our employees to develop them professionally to acquire new skills. For instance, course sponsorships are available for confirmed employees to pursue courses relevant to their scope of work. Similarly, employees are able to request for relevant trainings beneficial to their portfolio. In FY2019, our employees attended a wide range of external trainings, from e-commerce, service improvement, to cost and financial management. We also encourage our employees to attend business conferences to keep abreast with latest insights, exchange ideas and create business opportunities. Overall, we recorded a total of 798 training hours in FY2019. The breakdown of training hours by employee category is depicted in Diagram 9.

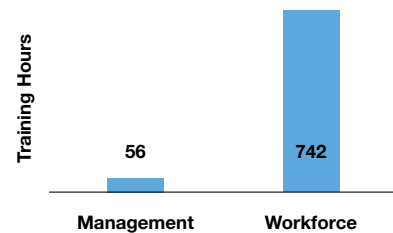


Diagram 9: Bonia's total training hours per employee category in FY2019

We recognise the importance of tracking our employees' growth in the Group, thus an annual performance appraisal is conducted for employees to reflect and review their career development journey. Self-assessment would be done by individuals prior to the discussion with respective superiors. The results are moderated by the Heads of Department prior to finalisation of rewards and remuneration. In FY2019, 100% of our employees have undergone their annual performance appraisal.

Employee Benefits

We offer a competitive compensation package and attractive benefits within the industry to retain and reward our talents. These benefits are in accordance with local labour laws and industry practices. These benefits include, but are not limited to annual, paternity and maternity leave, allowances (travelling, lodging, food), marriage "angpow" and condolences compensation. Employee benefits are revisited and reviewed to ensure its relevance to employees' needs as and when required.

Employee Engagement

We recognise the importance of inculcating a harmonious working environment for our employees. To promote a sense of belonging, recreational and social events are conducted throughout the year to encourage interaction and teamwork amongst our employees.



Diagram 10: Employee visit to Durian farm



Diagram 11: HIIT Workout

SUSTAINABILITY STATEMENT

(CONT'D)

We strive to develop our talents through various initiatives and activities with the aspiration that our employees will grow together with us. Our turnover rate has shown a slight increase in this financial year mainly due to consolidation of operations and efforts in streamlining our businesses under Bonia Group. Moving forward, we aim to reduce our employees turnover rate and create an encouraging and positive work environment for them.

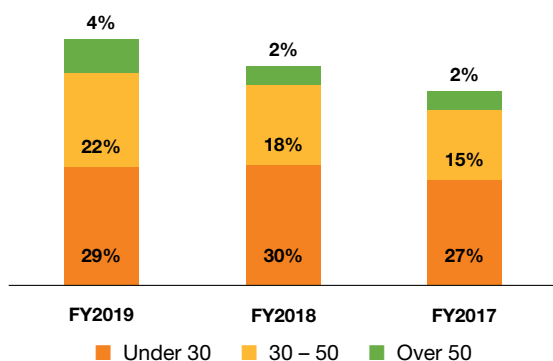


Diagram 12: Bonia's turnover rate by age

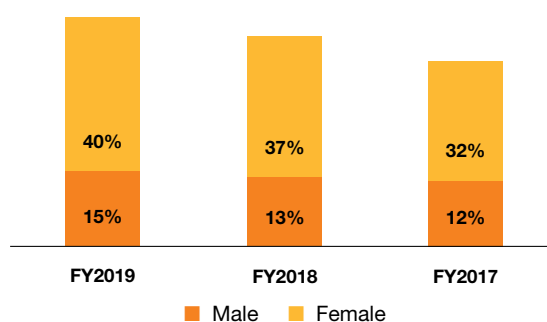


Diagram 13: Bonia's turnover rate by gender

Apart from our employee development initiatives, undergraduates who are seeking exposure to the working world are given the opportunity to undergo an internship programme with us. The duration of the programme typically ranges between 2 to 6 months.

In FY2019, 3 interns were placed in the Marketing and E-Commerce departments. In previous years, interns have also been placed in other departments such as Operations, IT, Project, Administration and Advertising and Promotion departments. They undertake an induction when they join the Group, and thereafter will be given on-the-job training while being closely supervised. Depending on our business needs, well performing candidates are absorbed into the workforce.

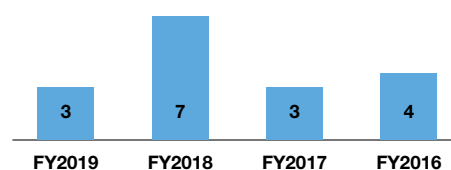


Diagram 14: Number of interns employed by Bonia Group

OCCUPATIONAL SAFETY AND HEALTH

A safe and healthy working condition is one of the most basic human rights. Bonia strives to create a safe and healthy working environment for all our employees, contractors, visitors and all whom we encounter through our operations.

Occupational Safety and Health ("OSH") Policy

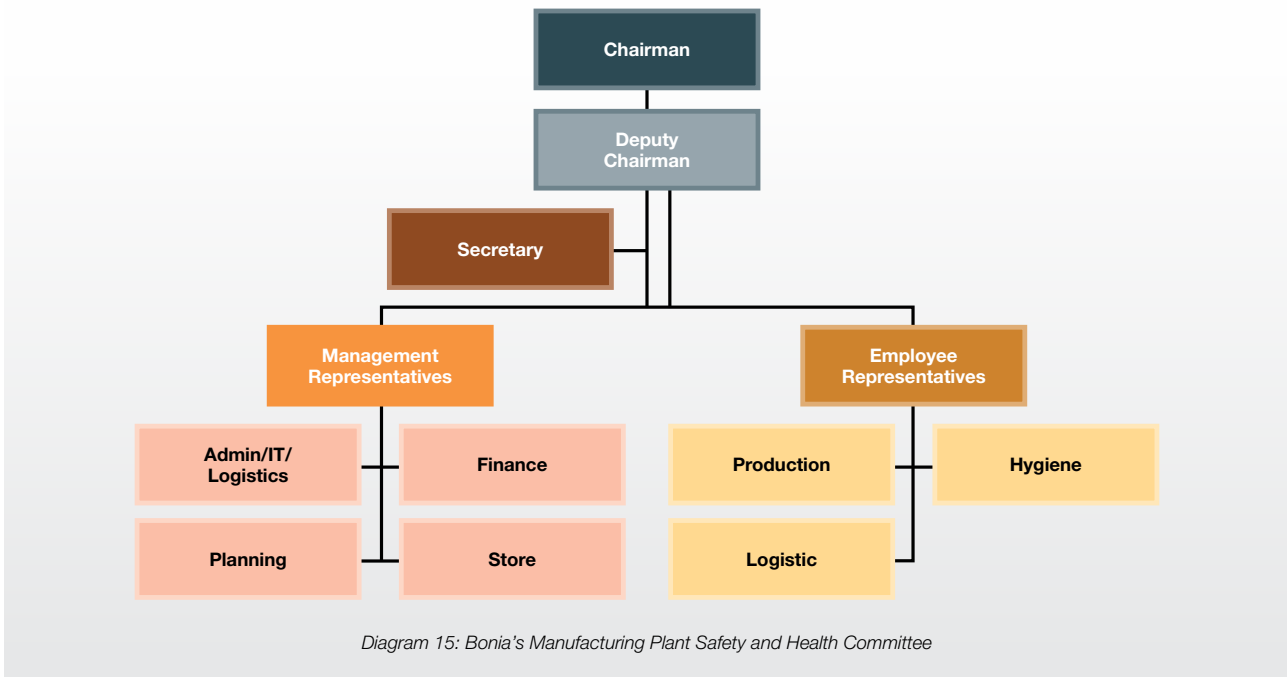
Our OSH Policy realises our commitment towards contributing to a conducive and safe environment. This is consistent with the requirements of the Occupational Safety and Health Act 1994.

Our commitments highlighted within the OSH Policy are as follows:

- Comply with all laws and regulations related to occupational safety and health 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 programs and activities
- Ensure that all employees are given adequate training and information to carry out their duties in a safe manner
- Review OSH policy when needed



Safety and Health Committee (“SHC”)



Our Plant SHC organisational chart is depicted in Diagram 15. It 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.

Our SHC roles and responsibilities are summarised below:

- Carry out inspections of workplace 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 workplace 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.
- Coordinate and engage in training and programs related to OSH.

OSH Trainings and Performance

Throughout the year, OSH trainings, briefings and refreshers are conducted to raise awareness and constantly remind employees on the safety and health aspects at work.

Our employees also attended external OSH trainings to keep abreast with the latest OSH related requirements and standards. In FY2019, we attended a few external OSH trainings including a course on Initial Ergonomic Risk Assessment and Implementation of Systematic Occupational Health Enhancement Level Programme organised by the Department of Occupational Safety and Health (“DOSH”) Melaka.

Our efforts to constantly emphasise and raise OSH awareness have resulted in zero fatality and zero accidents at our manufacturing plant since year 2000.

SUSTAINABILITY STATEMENT

(CONT'D)

PRODUCTS, MATERIALS AND SERVICES RESPONSIBILITY

As a global retail brand, we are aware of the trends and rising expectations from consumers 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.

Bonia brand has introduced eco-leather which is made of high quality raw leather derived through a no-chemical tanning process that uses natural oils and vegetable dyes. This series of leather has less environmental footprint than the conventional leather as all dyes, chemical, textiles and materials are biodegradable, reusable and can be recycled.

Our commitment towards product stewardship extends down to the finest consumables that we use, including adhesives in manufacturing our products. We have been using water-based glue in selected series of our manufacturing goods, which are toxic-free, environmentally-friendly, and harmless to consumers health and safety. It also requires lower consumption as compared to solvent adhesive, which in turn, promotes higher cost efficiency.

Acknowledging the negative environmental impacts of conventional packaging, we also look into sustainable packaging materials as it is an important part of our value chain before the delivery of goods to our customers. Biodegradable and/or recyclable packaging boxes as well as paper shopping bags are used throughout our boutiques and outlets. As for our warehouse, we reuse packaging materials to pack goods and consignments to reduce dependency on paper cartons.

In FY2019, we began collecting recyclable items at our Bonia headquarters. A total of 400kg of recyclable items were collected and deposited at appropriate recycling centers throughout the financial year. These items consisted of newspapers, box cartons and papers.

SUPPLY CHAIN

We continuously enhance our supply chain and procurement management to achieve consistency and sustainability in our product supply and quality.

One of our main criteria in selecting for our suppliers or vendors is the workmanship quality and cost. We expect our suppliers and vendors to adopt best industry practices in quality control, labour management, worker safety and environmental management.

COMMUNITY INVESTMENT

It has been our tradition to support and give back to the local communities through our corporate social responsibility efforts. In FY2019, we have contributed RM184,858 towards various causes ranging from festive, sports, community services and religious-affiliated charities.



ENERGY

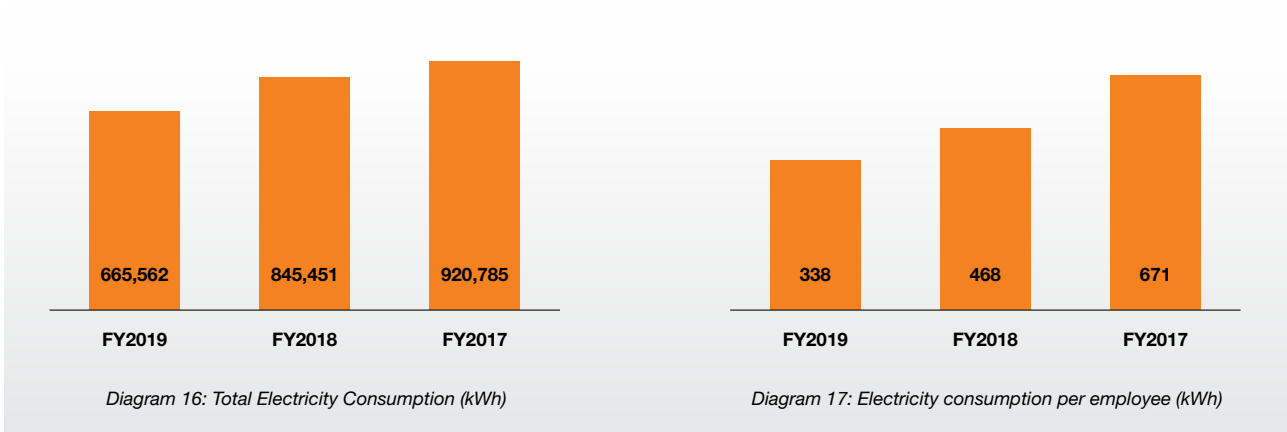
As part of our environmental stewardship, we have been implementing proactive initiatives to reduce our carbon footprint through the management of our energy consumption. Our in-house "Go-Green" initiatives such as keeping air-conditioning temperature at the ideal temperature for comfort and energy saving range, using LED lights and mindful usage of lightings have shown its results. The Group's electricity consumption has been on a downward trend over the years.

In FY2019, our electricity consumption was recorded at 666,562 kWh, as compared to 845,451 kWh in FY2018. The reduction in electricity consumption has resulted in a saving of approximately RM314,000 during the financial year.



SUSTAINABILITY STATEMENT

(CONT'D)



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 01 October 2019.

