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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

Prior to 01 September 2018, the then Group Executive Chairman cum Chief Executive Officer provided leadership for the Board and ensured that the Board was able to perform its responsibilities effectively. He also promoted effective communication to shareholders and other stakeholders of the objectives, strategies and policies of Bonia Group.

The Senior Independent Non-Executive Chairman, Dato' Mohamed Khadar Bin Merican assumed his role in September 2018 to continue to establish and monitor good corporate governance practices and procedures and promotes the highest standards of integrity and corporate governance throughout the Group and particularly at Board level.

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

Separation of the positions of the Chairman and Group CEO helps to promote accountability and facilitates division of responsibilities between them. 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**I. Board Responsibilities (Cont'd)*****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 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.

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 corporate website at <http://ir.bonia.com/> under the Corporate Governance section, and 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 corporate website of the Company at <http://ir.bonia.com/> under the Corporate Governance section. 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 corporate website at <http://ir.bonia.com/> under the Corporate Governance section.

II. Board Composition***Size and Composition of the Board***

Our Company is led by an experienced and diverse Board. Prior to 01 September 2018, there were 6 Executive Directors, 3 Independent Non-Executive Directors and an Alternate Director on the Board. To further reinforce independence, the Board was restructured on 01 September 2018 to be chaired by the newly joined Senior Independent Non-Executive Director. He is supported by 4 Executive Directors, 2 Non-Executive Non-Independent Directors, 2 Independent Non-Executive Directors and 2 Alternate Directors.

In conclusion, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

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 and of the Group.

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 assessment results are satisfactory, the Board 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.

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 following was 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

- (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.

Prior to 01 September 2018, the NRC consisted of 3 Independent Non-Executive Directors namely Dato' Shahbudin Bin Imam Mohamad, Datuk Ng Peng Hong @ Ng Peng Hay and Chong Sai Sin.

On 01 September 2018, the NRC was restructured to be chaired by the newly joined Senior Independent Non-Executive Director namely Dato' Mohamed Khadar Bin Merican. Other members of the NRC are Lim Saw Imm (Independent Non-Executive Director) and Chong Sai Sin (Independent Non-Executive Director).

Lim Saw Imm is the Chairman of ARC of which Dato' Mohamed Khadar Bin Merican and Chong Sai Sin are also members. This common membership across Board committees helps to ensure effective governance across the committees.

During the FY2019, the NRC members met 3 times, with the following record of attendance:

NRC member	No. of meetings attended/held
Dato' Mohamed Khadar Bin Merican ⁽¹⁾	1/1
Lim Saw Imm ⁽¹⁾	1/1
Chong Sai Sin	3/3
Dato' Shahbudin Bin Imam Mohamad ⁽²⁾	2/2
Datuk Ng Peng Hong @ Ng Peng Hay ⁽²⁾	2/2

Note:

⁽¹⁾ Appointed as NRC member with effect from 01 September 2019

⁽²⁾ Ceased as NRC member with effect from 01 September 2019

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 corporate website at <http://ir.bonia.com/> under the Corporate Governance section.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

The NRC's annual work plan for the FY2019 focused on 3 key areas as follows:

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.

The following key evaluation criteria have been carefully reviewed during the assessments:

- *Performance of the Board and Board Committees* - composition, structure, processes, principal responsibilities, succession planning and governance matters; and
- *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").

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.

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 27th 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 FY2018 was fair and justified, and also proposed for: (i) Directors' Fees of Bonia Corporation Berhad and its subsidiaries of RM1,945,798 for the FY2018 to be divided amongst the Directors in such manner as they might determine, and (ii) Directors' Benefits by Bonia Corporation Berhad up to an amount of RM90,000 for the period from 27 November 2018 until the AGM 2019 of the Company to be held in November 2019, to reward the Board members.

All activities and recommendations of the NRC were reported and accepted by 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

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 on Board during the FY2019 at all Board meetings held during the financial year:

Director	Attendance	Percentage
Dato' Mohamed Khadar Bin Merican ⁽¹⁾	4/4	100%
Chiang Sang Sem ⁽²⁾	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 ⁽³⁾	5/5	100%
Dato' Sri Chiang Fong Yee ⁽⁴⁾	5/5	100%
Lim Saw Imm ⁽¹⁾	4/4	100%
Chong Sai Sin	5/5	100%
Chiang May Ling (Alternate Director to Chiang Sang Sem) ⁽⁵⁾	4/4	100%
Chiang Fong Chyen (Alternate Director to Datuk Chiang Heng Kieng) ⁽⁵⁾	4/4	100%
Datuk Ng Peng Hong @ Ng Peng Hay ⁽⁶⁾	1/1	100%
Dato' Shahbudin Bin Imam Mohamad ⁽⁶⁾	1/1	100%
Chiang Sang Bon ⁽⁶⁾	1/1	100%

Notes:

⁽¹⁾ Appointed as Director on 01 September 2018

⁽²⁾ Resigned as Group Executive Chairman cum Chief Executive Officer, and re-designated as "Founder cum Executive Director" on 01 September 2018. Subsequently, re-designated as "Founder, Group CEO and Group Executive Director" on 02 October 2018

⁽³⁾ Resigned as Group Managing Director, and re-designated as Non-Independent Non-Executive Director on 01 September 2018

⁽⁴⁾ Resigned as Alternate Director to Chiang Sang Sem, and appointed as Non-Independent Non-Executive Director on 01 September 2018

⁽⁵⁾ Appointed as Alternate Director on 01 September 2018

⁽⁶⁾ Resigned as Director on 01 September 2018

Supply of Information

Prior to Board meetings, the Chairman sets the board agenda and ensures that board members are furnished with comprehensive data and information 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

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.

During the FY2019, the continuous training programmes attended by the existing Directors and the Company Secretaries are as follows:

Designation	Name	Particulars of the training programmes
Directors	Dato' Mohamed Khadar Bin Merican	<ul style="list-style-type: none"> Shaping the Future of Retailing with Better Strategy, Data Analytics and Customer Experience Briefing on the Digital Environment Briefing on Cybersecurity Briefing on AI, Machine Learning, Blockchain and 5G The Future of Retailing Cybersecurity in the Boardroom
	Chiang Sang Sem	<ul style="list-style-type: none"> Asia Pacific Leather Fair
	Dato' Sri Chiang Fong Tat	<ul style="list-style-type: none"> Archidex 2018
	Dato' Sri Chiang Fong Seng	<ul style="list-style-type: none"> The Future of Enterprise - Globalised Thinking Lineapelle International Leather Fair The 2nd Asia New Retail Forum 2019 National Achievers Congress 2019 Malaysia SME Business Summit 2019
	Chong Chin Look	<ul style="list-style-type: none"> BDO Seminar - MFRS 9, 15 and 16 BDO Tax Budget Seminar - Keeping Ahead of Tax Reforms Standard Chartered - Global Research Briefing 2019 Global Outlook Corporate Sustainability - Materiality Assessment Workshop
	Datuk Chiang Heng Kieng	<ul style="list-style-type: none"> KLSCCCI Council Member's Brainstorming Workshop for Year 2018-2021 Seminar on Investing in China - Challenges & Opportunities for Malaysian Companies International Branding Showcase 2018 Sunway Malls Business Partners Meeting & Cashless Revolution Malaysia SME Business Summit 2019
	Dato' Sri Chiang Fong Yee	<ul style="list-style-type: none"> 16th Edition Franchise & License Expo Indonesia International Branding Showcase 2018 2019 International Franchise Show
	Lim Saw Imm	<ul style="list-style-type: none"> SIDC: Getting more out of Digital Marketing Global Business Insight Series Corporate Directors Conference: King on Governance, Value Creation in the Era of Seismic Disruption ICDM: Effective Boards in a VUCA World PwC Budget 2019 Seminar Bursa's Breakfast Series: Non-Financials: Does it Matter? BCSD Malaysia breakfast talk #3: Sustainability & Business MIA Engagement of AC on Integrated Reporting



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Designation	Name	Particulars of the training programmes
Directors	Chong Sai Sin	<ul style="list-style-type: none"> Sustainability Engagement Series for Directors/Chief Executive Officers National Tax Conference 2018 Implementation and Enforcement of the New Practice Review Framework International Professional Practices Framework for Audit Committee Engagement Session with Public Practitioners: Strengthening the Profession Together CAANZ-MICPA Audit Forum – Tech & Audit: A Practitioners New Reality Practical Auditing Methodology for SMPs Practical Issues, Problems and Pitfalls in Registering A Perkongsian Liabiliti Terhad (Limited Liability Partnership) 2019 Budget Seminar Case Study Workshop for Independent Directors: Towards Boardroom Excellence MICPA Morning Talk – Listing on the Leading Entrepreneur Accelerator Platform (LEAP) Market
	Chiang May Ling	<ul style="list-style-type: none"> Take Your Business to Greater Heights – Share Structure Planning 2.0 Selangor Smart City & Digital Economy Convention 2018 Alibaba Global Course – To Make It Easy To Do Business Anywhere APLF – Leather & Materials+ 2019 Fashion Access Trade Show Sustainable Supply Chains – A Circular Approach Sustainable Fashion Conference Alibaba Netpreneur Training: Malaysia Grow Your Business With Digital Marketing Malaysia SME Business Summit 2019
	Chiang Fong Chyen	<ul style="list-style-type: none"> 124th China Import and Export Fair The 12th Remax World Expo & The 6th iPrint 3D Expo Malaysia SME Business Summit 2019
Company Secretaries	Chok Kwee Wah	<ul style="list-style-type: none"> Introduction to MBRS
	Tan Kean Wai	<ul style="list-style-type: none"> Online Training on "Introduction to MBRS" Key Amendments to Listing Requirements Arising From The Companies Act 2016 Cyber Security Awareness Training

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 remuneration 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.

The details of the fees and remuneration of Directors of the Company during the FY2019 received/receivable from the Company and/or its subsidiaries are as follows:

	The Company					The subsidiaries of the Company				
	Fees	Salaries & bonuses	Benefits-in-kind	Other emoluments	Company total	Fees	Salaries & bonuses	Benefits-in-kind	Other emoluments	Subsidiaries total
Directors on Board during the FY2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive Directors</i>										
Chiang Sang Sem ⁽²⁾	35	28	-	8	71	331	472	-	281	1,084
Dato' Sri Chiang Fong Tat	60	-	-	7	67	18	565	-	253	836
Dato' Sri Chiang Fong Seng	60	-	-	7	67	336	990	-	239	1,565
Chong Chin Look	60	-	-	7	67	310	605	-	247	1,162
Chiang May Ling ⁽⁵⁾ (Alternate Director to Chiang Sang Sem)	25	-	-	3	28	5	53	-	13	71
Chiang Sang Bon ⁽⁶⁾	10	-	-	1	11	2	-	-	6	8
Total	250	28	-	33	311	1,002	2,685	-	1,039	4,726
<i>Non-Executive Directors</i>										
Dato' Mohamed Khadar Bin Merican ⁽¹⁾	83	-	5	17	105	-	-	-	-	-
Lim Saw Imm ⁽¹⁾	50	-	5	17	72	-	-	-	-	-
Chong Sai Sin	60	-	9	20	89	-	-	-	-	-
Datuk Chiang Heng Kieng ⁽³⁾	45	-	-	5	50	18	-	-	165	183
Dato' Sri Chiang Fong Yee ⁽⁴⁾	60	-	-	7	67	7	263	-	108	378
Chiang Fong Chyen ⁽⁵⁾ (Alternate Director to Datuk Chiang Heng Kieng)	15	-	-	2	17	5	127	-	33	165
Datuk Ng Peng Hong @ Ng Peng Hay ⁽⁶⁾	10	-	1	125	136	15	-	-	-	15
Dato' Shahbudin Bin Imam Mohamad ⁽⁶⁾	10	-	5	125	140	-	-	-	-	-
Total	333	-	25	318	676	45	390	-	306	741



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Notes:

- ⁽¹⁾ Appointed as Director on 01 September 2018
- ⁽²⁾ Resigned as Group Executive Chairman cum Chief Executive Officer, and re-designated as "Founder cum Executive Director" on 01 September 2018. Subsequently, re-designated as "Founder, Group CEO and Group Executive Director" on 02 October 2018
- ⁽³⁾ Resigned as Group Managing Director, and re-designated as Non-Independent Non-Executive Director on 01 September 2018
- ⁽⁴⁾ Resigned as Alternate Director to Chiang Sang Sem, and appointed as Non-Independent Non-Executive Director on 01 September 2018
- ⁽⁵⁾ Appointed as Alternate Director on 01 September 2018
- ⁽⁶⁾ Resigned as Director on 01 September 2018

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 interests situation, and reports its recommendations to the Board for their consideration.

Prior to 01 September 2018, all the 3 members of the ARC were Independent Non-Executive Directors and it was chaired by the then Senior Independent Non-Executive Director namely Datuk Ng Peng Hong @ Ng Peng Hay who was not the Chairman of the Board. On 01 September 2018, Lim Saw Imm, a newly appointed Independent Non-Executive Director took up the chair of the ARC. She is not the Chairman of the Board and is supported by the other 2 Independent Non-Executive Directors as members of the ARC.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. Audit & Risk Management Committee (Cont'd)

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 review on the outsourced Internal Auditors of the Company namely M/s RMS Corporate Management Sdn. Bhd. ("RMS"), both the ARC and the Board were satisfied that:

- the internal audit personnel assigned to handle the internal audit function of Bonia Group for year 2018/2019 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
- RMS has carried out the internal audit function in accordance with the professional, and of Bonia Group's recognised framework.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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's 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 via media conferences, press releases, corporate reports, circulars and announcements from time to time. The Board also leverages on its website www.bonia.com 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 the 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 the general meetings, the 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 voting result at the respective general meetings, on the website of the Company at <http://ir.bonia.com/> 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 raised 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 MCGG throughout the FY2019. Where a specific Practice of the MCGG 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 01 October 2019.

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 FY2019.

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 corporate website of the Company at <http://ir.bonia.com/> under the Corporate Governance section.

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 FY2019.

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

Prior to 01 September 2018, the ARC consisted of 3 Independent Non-Executive Directors, namely Datuk Ng Peng Hong @ Ng Peng Hay, Dato' Shahbudin Bin Imam Mohamad and Chong Sai Sin.

On 01 September 2018, the ARC was restructured to be chaired by a newly joined Independent Non-Executive Director, namely Lim Saw Imm. Other members of the ARC are Dato' Mohamed Khadar Bin Merican (Senior Independent Non-Executive Director) and Chong Sai Sin (Independent Non-Executive Director). They possess a wide range of necessary skills to discharge their duties. All members were financially literate and were able to understand matters under the purview of the ARC including the financial reporting process.

During the FY2019, the ARC members met 5 times, with the following record of attendance:

ARC member	No. of meetings attended/held
Lim Saw Imm ⁽¹⁾	4/4
Dato' Mohamed Khadar Bin Merican ⁽¹⁾	4/4
Chong Sai Sin	5/5
Datuk Ng Peng Hong @ Ng Peng Hay ⁽²⁾	1/1
Dato' Shahbudin Bin Imam Mohamad ⁽²⁾	1/1

Note:

⁽¹⁾ Appointed as ARC member with effect from 01 September 2019

⁽²⁾ Ceased as ARC member with effect from 01 September 2019

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 FY2019 to provide additional opportunity for open dialogue and feedback without the presence of the Executive Directors and management.

KEY AREAS OF FOCUS FOR THE ARC

The ARC's annual work plan for the FY2019 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 judgemental 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.



REPORT OF THE AUDIT & RISK MANAGEMENT COMMITTEE

(CONT'D)

KEY AREAS OF FOCUS FOR THE ARC (CONT'D)

<i>Risk management and internal control</i>	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.
<i>Internal audit</i>	The ARC assessed the internal audit plan, audit methodology, remuneration, scope of works and reports 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 FY2019 were adequate, added value and improved the efficiency of the operations of the Group.
<i>External audit</i>	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 Company's financial statements which allowed the stakeholders of the Group to use them with greater confidence.
<i>Related party transactions, and conflict of interest</i>	<p>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.</p> <p>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 FY2019.</p>

THE INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to M/s RMS Corporate Management Sdn. Bhd. ("RMS"), 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 RMS 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.

RMS 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.

REPORT OF THE AUDIT & RISK MANAGEMENT COMMITTEE

(CONT'D)

THE INTERNAL AUDIT FUNCTION (CONT'D)

The "Internal Audit Planning Memorandum for Financial Years 2019 and 2020" presented by RMS was reviewed and approved by the ARC and endorsed by the Board in August 2018. Subsequently, 4 audit visits to the targeted business units that represented the key risk areas were carried out. 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 FY2019 in relation to the internal audit function is RM52,000.

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 FY2019:

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 28th AGM of the Company; and
- Chan Wai Leng is the Lead Audit Partner responsible for the Group's audit for FY2019, 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 for the FY2019, the shareholders of the Company have granted their approval for the Board to determine the remuneration of the External Auditors at the Company's 27th AGM held on 26 November 2018.

During the FY2019, the External Auditors also rendered non-audit services to the Group including the review of the Company's Statement on Risk Management & Internal Control, and agreed upon procedures of subsidiaries gross sales statements to landlords.

After due consideration, both the ARC and the Board were of the view that the following audit and non-audit fees incurred for the FY2019 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	74	16
The subsidiaries of the Company		
- Continuing Operations	288	20
- Discontinued Operations	24	Nil

The performance evaluation on the External Auditors duly conducted on 01 October 2019 demonstrated 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 28th AGM of the Company.



REPORT OF THE AUDIT & RISK MANAGEMENT COMMITTEE

(CONT'D)

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

During the FY2019, 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	Nature of transactions	Estimated aggregate value during the validity period of the Proposed RRPT Mandate pursuant to Circular to Shareholders dated 26.10.2018 duly approved at the 27th AGM held on 26.11.2018 RM'000	Actual aggregate value transacted during the FY2019 RM'000
1.	Bonia Group	Long Bow Manufacturing (S) Pte. Ltd. ("LMS")	<ul style="list-style-type: none"> Payment of office and warehouse rental to LMS 	2,000	1,010
2.	Bonia Group	Speciale Eyewear Sdn. Bhd. ("SESB")	<ul style="list-style-type: none"> Purchase of eyewear from SESB 	500	201
3.	Bonia Group	Bonia International Holdings Pte. Ltd. ("BIH")	<ul style="list-style-type: none"> Payment of <i>Bonia</i>, <i>Carlo Rino</i>, <i>Sembonia</i> and <i>CR2</i> trademarks royalties to BIH 	3,000	1,160
4.	Bonia Group	Speciale Eyewear Sdn. Bhd. ("SESB")	<ul style="list-style-type: none"> Sell of bags and accessories to SESB 	200	41
5.	Bonia Group	Bonia International Holdings Pte. Ltd. ("BIH")	<ul style="list-style-type: none"> Payment of fixed <i>Carlo Rino</i>, and <i>CR2</i> trademarks royalties for licenced territories and licensed products to BIH 	100	3

Note:

- RRPT 1 to 5 - Actual value transacted up to 30 June 2019 did not exceed the estimated aggregate value during the validity period of the shareholders' mandate obtained on 26 November 2018 by 10%
- *Interested related party* - As mentioned in the notes of Sections 3.2 and 4 of Part B of the Company's Circular to Shareholders dated 26 October 2018

CONCLUSION

The Board is of the view that the ARC and all its members have discharged their duties and responsibilities effectively during the FY2019 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 01 October 2019.

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 FY2019, 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 FY2019. 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

Cognisant 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 FY2019, the Board has received assurance from its: (i) Founder, Group CEO and Group Executive Director, 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 FY2019 and up to the date of issuance of the Company’s Annual Report FY2019.



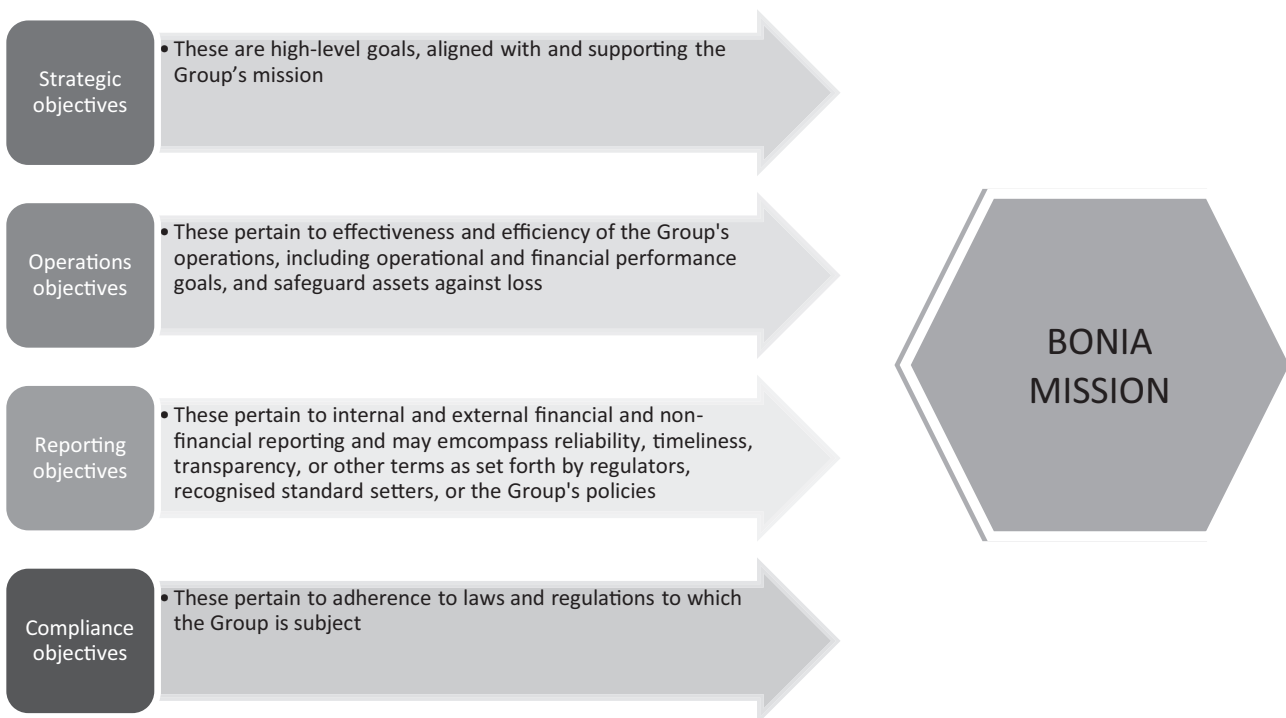
STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (“RMICF”)

Group’s Objectives

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



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

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 Organisations 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

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 channelled 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		
<i>Significant</i>	Considerable management required	Must manage and monitor risks	Extensive management essential
<i>Moderate</i>	Risks may be worth accepting with monitoring	Management effort worthwhile	Management effort required
<i>Minor</i>	Accept risks	Accept, but monitor risks	Manage and monitor risks
	<i>Low</i>	<i>Medium</i>	<i>High</i>
	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

(CONT'D)

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.



Management

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

Risk Management Working Committee ("RMC")

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

Internal Auditors

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

Audit & Risk Management Committee ("ARC")

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

Board of Directors

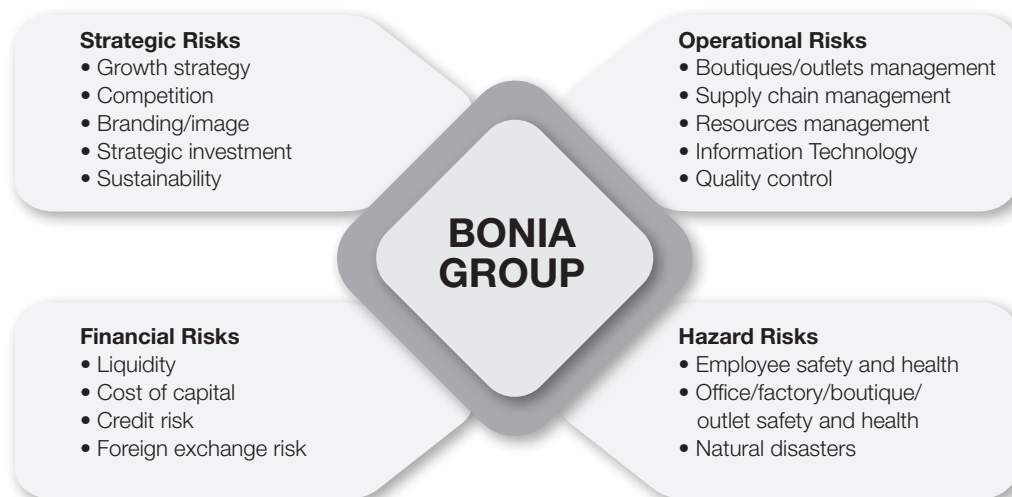
The Board sets business objectives for the Group, establishes risk profiles, determines and adjusts risk appetite and tolerance levels, ensures appropriate policies and procedures are in place to manage those significant risks within the Group, performs regular checks on the health of the Group's risk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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

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 follows:



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 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

(CONT'D)

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 FY2019 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 01 October 2019.

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 FY2019 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 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;
- 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 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 01 October 2019.

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 30 JUNE 2019

Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Carrying Amount RM'000	Date of Acquisition
ATALY INDUSTRIES SDN. BHD.						
Property 1: HS(D) 85704 PT No. 20501 (2-storey Terrace House) Address: No. 29, Jalan Budiman, Taman Midah, Cheras, 56000 Kuala Lumpur	Freehold	Vacant	37	1,540	650	21/05/1992
CB HOLDINGS (MALAYSIA) SDN. BHD.						
Property 1: QT No. 85228 Lot No. 2794 (Shopping Complex Lot) Address: UG-31, Upper Ground Floor, Cheras Sentral Mall, Batu 6, Jalan Cheras, 56000 Kuala Lumpur	Freehold	Vacant	25	432	200	17/05/1993
Property 2: PN No. 1339 Lot No. 385 (Shopping Complex Lot) Address: Unit 2B, 3.04 & 3.05, KOMTAR Shopping Complex, 10000 Pulau Pinang	Leasehold (Expiring in 2084)	Vacant	33	1,806	500	29/08/1994
Property 3: PN No. 1339 Lot No. 385 (Office Lot) Address: Unit C2, 4.03B, KOMTAR Shopping Complex, 10000 Pulau Pinang	Leasehold (Expiring in 2092)	Vacant	33	1,134	150	31/12/1994
LONG BOW MANUFACTURING SDN. BHD.						
Property 1: PM 1471 Lot No. 8417 (Industrial Land and Building) Address: Lot 18, Merlimau Industrial Estate, Phase II, 77300 Merlimau, Melaka	Leasehold (Expiring in 2085)	Office cum Factory	33	135,100	4,175	07/02/1989
Property 2: Lot No. PT 683 HS (D) 1499 (Single-Storey Semi-detached House) Address: No. 1483, Jalan Jasin, Trmn Bunga Muhibbah, 77300 Merlimau, Melaka	Freehold	Hostel	26	3,199	126	12/06/1992
Property 3: GRN No. 57103 Lot No. 21085 (6-storey Industrial Building) Address: No. 60, Jalan Kilang Midah, Taman Midah, Cheras, 56000 Kuala Lumpur	Freehold	R&D Centre cum Warehouse	11	13,713	8,634	31/01/2008
Property 4: PM 454 Lot 3226 (Industrial Land) Address: Mukim Sempang, Daerah Jasin Negeri Malaka	Leasehold (Expiring in 2081)	Vacant	N.A	85,917	646	08/02/2011
LUXURY PARADE SDN. BHD.						
Property 1: HS(D) No. 182 PT15 SEK 4 (Shopping Complex Lot) Address: Unit No. G0.07, Plaza Bukit Mertajam, 566, Jalan Arumugam Pillai, 14000 Bukit Mertajam, Pulau Pinang	Freehold	Rented Out	21	1,038	785	19/03/1995
Property 2: PN48698, Lot 539, Seksyen 91A (Shopping Complex Lot) Address: Unit No. 1.48, Level 3, Viva Home Shopping Mall, 85, Jalan Loke Yew, 55200 Kuala Lumpur	Leasehold (Expiring in 2110)	Rented Out	22	1,098	900	26/05/1995
Property 3: Strata Geran 61152/M1/1/2 and 61152/M1/B1/1 (Club House) Address: The Club House, Angkasa Condominium, No. 5, Jalan Puncak Gading, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Rented Out (Partially)	13	7,599	1,000	03/02/2005
Property 4: Strata Geran 61152/M1/1/2 (Condominium Covered & Uncovered Car Parks) 154 Units of Parking Bay, Angkasa Condominium, No. 5, Jalan Puncak Gading, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Rented Out (Partially)	N.A	-	-	20/06/2008



LIST OF PROPERTIES
HELD BY THE GROUP AS AT 30 JUNE 2019

(CONT'D)

Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Carrying Amount RM'000	Date of Acquisition
LUXURY PARADE SDN. BHD. (Cont'd)						
Property 5: HS(D) No. 102556 PT8200 (Office Lot) Address: 2nd Floor, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Rented Out	14	7,135	1,750	25/10/2013
Property 6: HS(D) No. 102556 PT8200 (Office Lot) Address: 3rd, 4th & 5th Floor, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Vacant	14	21,405	5,250	06/01/2005
Property 7: HS(D) No. 102556 PT8200 (Office Lot) Address: 6th Floor, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Rented Out	14	7,135	1,750	06/01/2005
Property 8: HS(D) No. 102556 PT8200 (Office Lot) Address: 8th Floor & 9th Floor (Penthouse), Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Vacant	14	14,270	3,560	11/04/2011
Property 9: HS(D) No 76874-76878 PT 92 - 96 (Shopping Complex Lot) Address: Unit No L1-046, Plaza Rakyat Pudu, Kuala Lumpur	Leasehold (Expiring in 2081)	Under Construction	N.A.	524	-	23/05/1996
Property 10: PN(WP) 10228, Lot No. 31627 (3-storey Detached Factory) Address: No. 5, Jln Orkid Desa, Desa Tun Razak, Cheras, 56000 Kuala Lumpur	Leasehold (Expiring in 2085)	Warehouse	9	13,595	3,578	15/01/2008
Property 11: Geran 61154 Lot 39891 (1 unit Office Suite) Address: Parcel No. L5-06, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Office	5	801	657	02/08/2017
Property 12: Geran 61154 Lot 39891 (3 unit Office Suites) Address: Parcel No. L6-03A, L6-05, L6-06 Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	Freehold	Office	5	2,163	1,369	01/10/2014
Property 13: Geran 61154 Lot 39891 (17 unit Office Suites) Address: 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	Freehold	Office	5	18,747	9,564	11/05/2011
Property 14: Geran 61154 Lot 39891 (8 unit Office Suites) Address: 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	Freehold	Office	5	15,347	8,236	13/06/2012
Property 15: HS(D) No. 131905 PT No. 49975 (6-storey Office Building) Address: Block A, Platinum Cheras, Jalan Cheras Zen 1A, Cheras, 43200 Selangor Darul Ehsan	Freehold	Office and Warehouse	5	65,574	28,362	19/10/2011
Property 16: HS(D) No. 131905 PT No. 49975 (6-storey Office Building) Address: Block B, Platinum Cheras, Jalan Cheras Zen 1A, Cheras, 43200 Selangor Darul Ehsan	Freehold	Office and Warehouse	5	32,838	14,042	19/10/2011
Property 17: HS(D) No. 131905 PT No. 49975 (Covered Car Parks) 231 Units of Parking Bay, Block A & B, Platinum Cheras, Jalan Cheras Zen 1A, Cheras, 43200 Selangor Darul Ehsan	Freehold	-	N.A.	-	3,241	21/11/2014

**LIST OF PROPERTIES
HELD BY THE GROUP AS AT 30 JUNE 2019**

(CONT'D)

Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Carrying Amount RM'000	Date of Acquisition
MAHA ASIA CAPITAL SDN. BHD.						
Property 1: Geran 27239 Lot No. 50644 (6-storey Office cum Warehouse) Address: No.10, Jalan Delima, 55100 Kuala Lumpur	Freehold	Rented Out	N.A.	15,109	24,000	29/10/2013
SBG HOLDINGS SDN. BHD.						
Property 1: GRN 50053 Lot No. 50644 (6-storey Office cum Warehouse) Address: No. 62, Jalan Kilang Midah, Taman Midah, Cheras, 56000 Kuala Lumpur	Freehold	Office cum Warehouse	21	24,374	12,840	04/12/2018
PT ACTIVE WORLD						
Property 1: Komplek Rukan Cordoba Blok D23 & D25 (3-storey Shop-office) Address: Jalan Marina Indah, Pantai Indah Kapuk, Jakarta Utara, Indonesia	Leasehold (Expiring in 2032)	Office and Warehouse	15	4,037	1,328	27/06/2011
Property 2: Pakuwon Center Superblok, Tanjungan City 19th Floor, init M-9 (Office Suites) Address: Tunjungan Plaza (City) Jalan Embong Malang, Kelurahan Kedung, Surabaya Indonesia Jalan Embong Malang, Kelurahan Kedung Dora, Kecamatan Tegalsari, Surabaya Indonesia	Leasehold (Individual title not yet issued)	Rented Out	2	2,777	2,750	25/09/2012
Property 3: Waterplace Residence, Pakuwon Indah Tower TK B-02 (3 1/2-storey Shop-office) Address: Kelurahan Babatan, Kecamatan Wiyung, Surabaya Indonesia	Leasehold (Individual title not yet issued)	Rented Out	10	2,260	1,138	24/10/2012
PT BANYAN CEMERLANG						
Property 1: Boutique Office Lot 5 (6-storey Boutique Office + 2-storey Basement) Address: No. 3 Komplek Cengkareng Business Centre, Jl.Atang Sanjaya, No. 21, Rt:004 Rw:006 Kelurahan Benda, Kecamatan Benda Kelurahan Benda, Kecamatan Benda Kotamadya Tangerang, Banten 15125 Indonesia	Leasehold (Individual title not yet issued)	Rented Out	2	9,935	3,632	25/08/2015
Property 2: Boutique Office Lot 5 (6-storey Boutique Office + 2-storey Basement) Address: No. 5 Komplek Cengkareng Business Centre, Jl.Atang Sanjaya, No. 21, Rt:004 Rw:006 Kelurahan Benda, Kecamatan Benda Kotamadya Tangerang, Banten 15125 Indonesia	Leasehold (Individual title not yet issued)	Rented Out	2	9,935	3,632	25/08/2015
PT JECO INVESTMENT INDONESIA						
Property 1: Boutique Office Lot 5 (6-storey Boutique Office + 2-storey Basement) Address: No. 2 Komplek Cengkareng Business Centre, Jl.Atang Sanjaya, No. 21, Rt:004 Rw:006 Kelurahan Benda, Kecamatan Benda Kotamadya Tangerang, Banten 15125 Indonesia	Leasehold (Individual title not yet issued)	Vacant	2	9,935	3,512	22/03/2016



ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019

Class of shares:	Ordinary shares
Number of issued shares:	806,287,400 (inclusive of 16,882,400 treasury shares)
Voting rights:	1 vote per ordinary share held on a poll 1 vote per shareholder/proxy/corporate representative on a show of hands
Number of shareholders:	4,881
Remark:	The Analysis of Shareholdings is based on the issued shares of the Company after deducting 16,882,400 treasury shares

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders		Number of ordinary shares held		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	42	1	1,119	72	0.00	0.00
101 to 1,000	474	10	276,328	6,300	0.04	0.00
1,001 to 10,000	2,215	25	12,999,405	178,600	1.65	0.02
10,001 to 100,000	1,819	25	59,764,452	984,700	7.57	0.12
100,001 to less than 5% of issued shares	240	26	202,713,528	46,924,788	25.68	5.94
5% and above of issued shares	2	2	313,917,068	151,638,640	39.77	19.21
Total	4,792	89	589,671,900	199,733,100	74.70	25.30
Grand Total		4,881		789,405,000		100.00

Note:

The above information is based on the Record of Depositors as at 30 September 2019 provided by Bursa Malaysia Depository Sdn. Bhd. and the number of holders reflected is in reference to CDS account numbers

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct	Percentage (%)	Indirect	Percentage (%)
Bonia Holdings Sdn. Bhd.	202,875,868	25.70	–	–
Freeway Team Sdn. Bhd.	111,041,200	14.07	–	–
Milingtonia Limited	80,819,140	10.24	–	–
Albizia Asean Opportunies Fund	67,180,000	8.51	–	–
Chiang Sang Sem	17,381,600	2.20	378,033,004 ⁽¹⁾	47.89

Note:

⁽¹⁾ Deemed interested by virtue of: (i) shares held through his substantial shareholdings in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd. and Kontrak Kosmomaz Sdn. Bhd., (ii) shares 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), and (iii) his spouse and children's direct interests in the Company

**ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019**

(CONT'D)

DIRECTORS' SHAREHOLDINGS IN BONIA CORPORATION BERHAD

Name	Shareholdings			
	Direct	Percentage (%)	Indirect	Percentage (%)
Dato' Mohamed Khadar Bin Merican	40,000	0.00 ⁽³⁾	–	–
Chiang Sang Sem	17,381,600	2.20	378,033,004 ⁽¹⁾	47.89
Dato' Sri Chiang Fong Tat	2,069,400	0.26	100,000 ⁽²⁾	0.01
Dato' Sri Chiang Fong Seng	4,227,800	0.54	–	–
Chong Chin Look	–	–	–	–
Datuk Chiang Heng Kieng	–	–	176,000 ⁽²⁾	0.02
Dato' Sri Chiang Fong Yee	5,250,000	0.67	–	–
Lim Saw Imm	–	–	–	–
Chong Sai Sin	–	–	–	–
Chiang May Ling (Alternate Director to Chiang Sang Sem)	700,000	0.09	–	–
Chiang Fong Chyen (Alternate Director to Datuk Chiang Heng Kieng)	800,000	0.10	–	–

Notes:

⁽¹⁾ Deemed interested by virtue of: (i) shares held through his substantial shareholdings in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd. and Kontrak Kosmomaz Sdn. Bhd., (ii) shares 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), and (iii) his spouse and children's direct interests in the Company

⁽²⁾ Deemed interested by virtue of his spouse's direct interest in the Company

⁽³⁾ Negligible

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

Name	Shareholdings			
	Direct	Percentage (%)	Indirect	Percentage (%)
Chiang Sang Sem	–	–	50,000 ⁽¹⁾	10.00
Dato' Sri Chiang Fong Seng	–	–	50,000 ⁽²⁾	10.00

Notes:

⁽¹⁾ Deemed interested by virtue of his spouse and a child's substantial shareholdings in BBS (S) International Pte. Ltd., a corporate shareholder holding 10% of the total number of issued shares of Jeco (Pte) Limited

⁽²⁾ Deemed interested by virtue of his substantial shareholding 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 2019

(CONT'D)

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of shares held	Percentage (%)
1.	Bonia Holdings Sdn. Bhd.	202,875,868	25.70
2.	Freeway Team Sdn. Bhd.	111,041,200	14.07
3.	Maybank Nominees (Asing) Sdn. Bhd. Beneficiary: Pledged Securities Account for Milingtonia Limited	80,819,140	10.24
4.	CIMB Group Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for DBS Bank Ltd	70,819,500	8.97
5.	HSBC Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for The HongKong And Shanghai Banking Corporation Limited	23,034,400	2.92
6.	Kontrak Kosmomaz Sdn. Bhd.	22,333,736	2.83
7.	Urusharta Jamaah Sdn. Bhd.	18,749,300	2.38
8.	Chiang Sang Sem	15,380,800	1.95
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Kumpulan Wang Persaraan (Diperbadankan)	10,375,000	1.31
10.	Amanahraya Trustees Berhad Beneficiary: Public Islamic Opportunities Fund	6,692,700	0.85
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Employees Provident Fund Board	6,155,400	0.78
12.	Chiang Heng Pang	5,501,600	0.70
13.	Cartaban Nominees (Asing) Sdn. Bhd. Beneficiary: SSBT Fund F9LJ For Fidelity Global Intrinsic Value Investment Trust	5,273,400	0.67
14.	Affin Hwang Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for DBS Vickers Securities (Singapore) Pte Ltd	4,612,000	0.58
15.	Cimsec Nominees (Tempatan) Sdn. Bhd. Beneficiary: CIMB Bank for Chiang Fong Seng	4,227,800	0.54
16.	Chiang Boon Tian	4,078,000	0.52
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Wong Yee Hui	4,000,000	0.51
18.	Chong See Moi	3,950,600	0.50
19.	Oui Kee Seng	3,400,000	0.43
20.	Cimsec Nominees (Tempatan) Sdn. Bhd. Beneficiary: CIMB for Kwan Yoong Yu	2,999,992	0.38
21.	Chiang Fong Yee	2,746,700	0.35
22.	Public Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Chee Lai Hock	2,684,500	0.34
23.	Chong Cheong Leong	2,575,500	0.33
24.	Yong Siew Moi	2,550,000	0.32
25.	RHB Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for RHB Securities Singapore Pte Ltd	2,520,000	0.32
26.	Chiang Fong Yee	2,503,300	0.32
27.	Cartaban Nominees (Asing) Sdn. Bhd. Beneficiary: BBH and Co Boston for Fidelity Low-Priced Stock Fund	2,503,000	0.32
28.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Teo Siew Lai	2,307,700	0.29
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Lee Swee Kiat & Sons Sdn. Bhd.	2,182,100	0.28
30.	Chiang Fong Tat	2,069,400	0.26
	Total	630,962,636	79.93

Note:

The above information is based on the Record of Depositors as at 30 September 2019 provided by Bursa Malaysia Depository Sdn. Bhd. and without aggregating securities from different securities accounts belonging to the same person

NOTICE OF 28TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of Bonia Corporation Berhad will be held at Le Quadri Hotel, Block E (Grand Ballroom), South Wing, No. 1, Jalan Menara Gading 1, UCSI Heights, Taman Connaught, 56000 Cheras, Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 28 November 2019 at 9.30 am to transact the following businesses, with or without modifications thereto:

AGENDA

ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the financial year ended 30 June 2019 together with the reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*

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 Chong Sai Sin (Clause 86) *Ordinary Resolution 1*
 - 2.2 Chiang Sang Sem (Clause 86) *Ordinary Resolution 2*
 - 2.3 Chong Chin Look (Clause 86) *Ordinary Resolution 3*

3. To re-appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 30 June 2020 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 of RM1,629,673 for the financial year ended 30 June 2019 to be divided amongst the Directors in such manner as they may determine. *Ordinary Resolution 5*

5. To approve the Directors' fees of Bonia Corporation Berhad and its subsidiaries not exceeding RM1,688,000 for the financial year ending 30 June 2020 to be divided amongst the Directors in such manner as they may determine, with payment of the fees to be made semi-annually in arrears at the end of each half-year. *Ordinary Resolution 6*

6. To approve the Directors' benefits of Bonia Corporation Berhad up to an amount of RM105,000 for the period from 29 November 2019 until the next Annual General Meeting. *Ordinary Resolution 7*

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

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

"THAT subject to the passing of Ordinary Resolution No.1, 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 9 years."

Ordinary Resolution 8

8. **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 10% 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 9



NOTICE OF 28TH ANNUAL GENERAL MEETING

(CONT'D)

9. **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 10

10. To transact any other ordinary business for which due notice has been given.

By Order of the Board
CHONG CHIN LOOK (MIA 8043)
CHOK KWEE WAH (MACS 00550)
TAN KEAN WAI (MAICSA 7056310)
Company Secretaries

30 October 2019
Kuala Lumpur

Notes:

- Only a depositor whose name appears on the Record of Depositors as at 18 November 2019 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 Share Registrar of the Company, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, 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, photocopied, and electronically scanned copies of the duly executed Proxy Form are not acceptable.*

NOTICE OF 28TH ANNUAL GENERAL MEETING

(CONT'D)

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. *Items 2 and 7 of the Agenda* - The resolutions, if approved, will authorise the continuity in office of the Directors. An annual assessment on the effectiveness of the Directors (including the independence of Independent Non-Executive Directors) has been undertaken for the financial year ended 30 June 2019 and the result was satisfactory to the Board.
4. *Item 3 of the Agenda* - BDO (AF0206), being the Auditors of the Company for the financial year ended 30 June 2019, was converted from a conventional partnership into a limited liability partnership and assumed its present name, BDO PLT (LLP0018825-LCA & AF0206) since January 2019, and they have expressed their willingness to continue in office.
5. *Items 4, 5 and 6 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 Independent Non-Executive Directors of Bonia Corporation Berhad by the Company for the period from 29 November 2019 until the next AGM in year 2020 that are derived from:
 - (a) the fixed allowance for membership of the Audit & Risk Management Committee and 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 8 of the Agenda* - The resolution, if approved, will renew the existing mandate granted by the shareholders of the Company at the preceding annual general meeting held on 26 November 2018, and to empower the Directors to allot and issue up to 10% of the total number of issued shares (excluding treasury shares, if any) of the Company from time to time for such purposes as the Directors consider would be in the best interest of the Company. This is to provide flexibility and avoid any delay and cost in convening a general meeting for such issuance of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or so forth. The authorisation, 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.
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.
7. *Item 9 of the Agenda* - The details of the proposal are set out in the Circular to Shareholders dated 30 October 2019 and is published at the Company's website at <http://ir.bonia.com/>

STATEMENT ACCOMPANYING NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28th 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 28th 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 6 of the Explanatory Notes of the Notice of 28th AGM dated 30 October 2019.



PROXY FORM

BONIA CORPORATION BHD (223934-T)

I/We _____

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

CDS Account No. _____ Number of share held: _____

Address: _____

being a member of BONIA CORPORATION BERHAD (223934-T) hereby appoint:

1. Name of Proxy _____ NRIC/Passport No. _____
 Address _____
 _____ Number of shares represented _____

2. Name of Proxy _____ NRIC/Passport No. _____
 Address _____
 _____ 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 Twenty-Eighth Annual General Meeting of the Company to be held at Le Quadri Hotel, Block E (Grand Ballroom), South Wing, No. 1, Jalan Menara Gading 1, UCSI Heights, Taman Connaught, 56000 Cheras, Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 28 November 2019 at 9.30 am or at any adjournment thereof, in the manner as indicated below:

No.	Resolutions		For	Against
1.	Ordinary Resolution 1	Re-election of Chong Sai Sin as Director		
2.	Ordinary Resolution 2	Re-election of Chiang Sang Sem as Director		
3.	Ordinary Resolution 3	Re-election of Chong Chin Look 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 ended 30 June 2019		
6.	Ordinary Resolution 6	Approval for Directors' Fees for financial year ending 30 June 2020		
7.	Ordinary Resolution 7	Approval for Directors' Benefits		
8.	Ordinary Resolution 8	Retention of Chong Sai Sin as Independent Non-Executive Director		
9.	Ordinary Resolution 9	Approval for Allotment of shares or Grant of rights		
10.	Ordinary Resolution 10	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:

- Only a depositor whose name appears on the Record of Depositors as at 18 November 2019 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 Share Registrar of the Company, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, 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, photocopied, and electronically scanned copies of the duly executed Proxy Form are not acceptable.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

To:
The Share Registrar of **BONIA CORPORATION BERHAD**
Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre, Jalan 51/205
46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 - 77843922

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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 2019.

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 10 and 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2019.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year from continuing operations	23,408	27,450
Profit for the financial year from discontinued operations	(147)	-
Profit for the financial year	23,261	27,450
Profit for the financial year attributable to:		
Owners of the Company:		
- from continuing operations	18,175	27,450
- from discontinued operations	(147)	-
	18,028	27,450
Non-controlling interests	5,233	-
	23,261	27,450

DIVIDENDS

On 13 November 2018, the Company completed the distribution via a dividend-in-specie of its then 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) to the entitled shareholders of the Company on the basis of one (1) CRG share for every one (1) share of the Company held on 1 November 2018 ("Entitlement date") from its retained earnings as detailed in the Company's Circular to Shareholders in relation to the "Proposed Listing of CRG Incorporated Sdn. Bhd. and its subsidiaries on the LEAP Market of Bursa Malaysia Securities Berhad" dated 8 May 2018.

On 29 August 2019, the Board of Directors declared 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, to be paid on 10 October 2019 to the shareholders of the Company whose names appear in the Record of Depositors on 18 September 2019. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 30 June 2020.

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



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 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 30 June 2019.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year ended 30 June 2019.

TREASURY SHARES

During the financial year, the Company repurchased 15,098,400 of its issued ordinary shares from the stock exchange of Bursa Malaysia Securities Berhad ("BMSB") and held the same as treasury shares at an average buy-back price of RM0.285 per ordinary share. The total consideration (including transaction costs) of RM4,304,000 paid for the repurchases was financed by internally generated funds.

As at 30 June 2019, the Company held 15,734,400 (2018: 636,000) treasury shares out of its total issued shares of 806,287,400 ordinary shares. Such treasury shares are recorded at a carrying amount of RM4,659,000 (2018: RM355,000). Further relevant details are disclosed in Note 19 to the financial statements.

DIRECTORS OF BONIA CORPORATION BERHAD

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

Dato' Mohamed Khadar Bin Merican ⁽¹⁾	- Senior Independent Non-Executive Chairman
Chiang Sang Sem ⁽²⁾	- Founder, Group CEO and Group Executive Director
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 ⁽³⁾	- Non-Independent Non-Executive Director
Dato' Sri Chiang Fong Yee ⁽⁴⁾	- Non-Independent Non-Executive Director
Lim Saw Imm ⁽¹⁾	- Independent Non-Executive Director
Chong Sai Sin	- Independent Non-Executive Director
Chiang May Ling ⁽¹⁾	- Alternate Director to Chiang Sang Sem
Chiang Fong Chyen ⁽¹⁾	- Alternate Director to Datuk Chiang Heng Kieng
Datuk Ng Peng Hong @ Ng Peng Hay ⁽⁵⁾	- Senior Independent Non-Executive Director
Dato' Shahbudin Bin Imam Mohamad ⁽⁵⁾	- Independent Non-Executive Director
Chiang Sang Bon ⁽⁵⁾	- Group Executive Director

⁽¹⁾ Appointed during the financial year

⁽²⁾ Resigned as Group Executive Chairman cum Chief Executive Officer, re-designated as "Founder cum Executive Director", and further re-designated as "Founder, Group CEO and Group Executive Director" during the financial year

⁽³⁾ Resigned as Group Managing Director, and re-designated as Non-Independent Non-Executive Director during the financial year

⁽⁴⁾ Resigned as Alternate Director to Chiang Sang Sem, and appointed as Non-Independent Non-Executive Director during the financial year

⁽⁵⁾ Resigned during the financial year

DIRECTORS' REPORT

(CONT'D)

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	Yeow Kim Thai	Liao Tien Fook
Dato' Sri Chiang Fong Yee ^{(2) & (5)}	Chew Siew Moy	Liao Tian Sze
Datuk Chiang Heng Kieng	Ong May Chiun	Chiang Boon Tian
Chiang Sang Bon	Chan Fook Hong ^{(2) & (4)}	Chiang Fong Xiang
Dato' Sri Chiang Fong Tat	Lee Poh Seong	Woen Sun Ing ⁽²⁾
Dato' Sri Chiang Fong Seng	Siow Huey Loong	Christiane Brunk
Chong Chin Look	Chiang Sang Ling	Tan Kim Eng
Datin Sri Tan Loo Yin	Yap Khiam Fai ⁽²⁾	Christina ⁽⁵⁾
Datin Sri Lo Kin Yee ⁽⁵⁾	Lau Yu Huat ⁽²⁾	Koh Boom Pin ⁽²⁾
Chiang May Ling	Bong Kwai Chin	Susan Silvia Gretz ⁽¹⁾
Chiang Fong Chyen	Lim Ting Fong	Ong Boon Huat ^{(2) & (5)}
Chiang Sang Yau	Ting Oi Ling	Tan Feng Nee ⁽³⁾
Lee Eng Cheng	Manimaran Kanapathi	Chong See Moi ⁽³⁾
Datuk Ng Peng Hong @ Ng Peng Hay ^{(1) & (5)}	Chong Chie Hoe ^{(1) & (5)}	

⁽¹⁾ Appointed during the financial year

⁽²⁾ Resigned/ceased during the financial year

⁽³⁾ Appointed after the financial year

⁽⁴⁾ Resigned/ceased after the financial year

⁽⁵⁾ Director of former subsidiary(ies) that was/were demerged from Bonia Corporation Berhad during the financial year

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, 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 2019 were as follows:

	← Number of ordinary shares →			
	Balance as at 1.7.2018/date of appointment*	Additions	Sold/ Transferred	Balance as at 30.6.2019
The Company				
<u>Direct interests</u>				
Dato' Mohamed Khadar Bin Merican	40,000*	-	-	40,000
Chiang Sang Sem	17,049,900	331,700	-	17,381,600
Dato' Sri Chiang Fong Tat	2,069,400	-	-	2,069,400
Dato' Sri Chiang Fong Seng	4,227,800	-	-	4,227,800
Dato' Sri Chiang Fong Yee	5,250,000	-	-	5,250,000
Chiang May Ling	700,000*	-	-	700,000
Chiang Fong Chyen	800,000*	-	-	800,000
<u>Indirect interests</u>				
Chiang Sang Sem	377,109,704	923,300	-	378,033,004
Dato' Sri Chiang Fong Tat	100,000	-	-	100,000
Datuk Chiang Heng Kieng	176,000	-	-	176,000



DIRECTORS' INTERESTS (continued)

According to the Register of Directors' shareholdings, 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 2019 were as follows: (continued)

	← Number of ordinary shares →			
	Balance as at 1.7.2018	Additions	Sold/ Transferred	
Subsidiary company - Jeco (Pte) Limited				
<u>Indirect interests</u>				
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 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.

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 2019 was RM8,730.

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

DIRECTORS' REPORT

(CONT'D)

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 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the following as disclosed in Notes 26 and 31 to the financial statements respectively.
- (i) net reversal of impairment losses on trade and other receivables, resulting in an increase in the Group's profit for the financial year by RM2,951,000;
 - (ii) reversal of provision for loss on demerger of CRG Group, resulting in an increase in the Group's profit for the financial year by RM2,868,000;
 - (iii) impairment losses on goodwill on consolidation, resulting in a decrease in the Group's profit for the financial year by RM2,671,000;
 - (iv) reversal of impairment losses on amounts owing by subsidiaries, resulting in an increase in the Company's profit for the financial year by RM14,325,000; and
 - (v) impairment losses on costs of investments in subsidiaries, resulting in a decrease in the Company's profit for the financial year by RM8,060,000.

(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.



OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

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

(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 2019 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.

SUBSIDIARIES

Details of subsidiaries are set out in Note 10 to the financial statements.

On 13 November 2018, CRG Incorporated Berhad and its subsidiaries ("CRG Group") ceased to be direct/indirect subsidiaries of Bonia Corporation Berhad as disclosed in Note 40 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.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 41 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

AUDITORS

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

Details of auditors' remuneration are set out in Notes 26 and 31 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership, was converted to a limited liability partnership.

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

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

.....
Chong Chin Look
Group Finance Director

Kuala Lumpur
1 October 2019



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 114 to 260 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 2019 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, Group CEO and
Group Executive Director

Kuala Lumpur
1 October 2019

.....
Chong Chin Look
Group Finance Director

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 114 to 260 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)
1 October 2019)

Chong Chin Look

Before me:

Commissioner for Oaths
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 2019 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 114 to 260.

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 2019, 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' *Code of Ethics for Professional Accountants* ("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.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

Key Audit Matters (continued)

Key Audit Matters of the Group

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

As disclosed in Note 9 to the financial statements, the net carrying amounts of goodwill on consolidation, trademarks, and other intangible assets of the Group amounted to RM47,872,000, RM34,417,000, and RM934,000 respectively as at 30 June 2019.

Goodwill on consolidation, trademarks and other intangible assets are assessed for impairment by the Group at least on an annual basis. To determine if there is any impairment loss required on goodwill on consolidation, 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 focused on the impairment assessment of the carrying amounts of goodwill on consolidation, trademarks, and other intangible assets because the determination of whether or not an impairment loss is necessary involves significant judgement by the Directors about the future results and cash flows of the business, including forecast growth in future revenue and operating profit margins as well as determining an appropriate discount factor and growth rates.

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) verified the pre-tax discount rate used by management for each of the CGU by comparing to market data and the weighted average cost of capital of the Group;
- (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 the forecasts; and
- (d) performed sensitivity analysis of our own to stress test the key assumptions used by management in the impairment models.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

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

As disclosed in Note 14 to the financial statements, the Group held RM93,118,000 of inventories at the end of the reporting period.

We focused on the audit 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 trends, 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 weighted average costing of inventories; and
- (c) tested inventories for sales subsequent to the year end to supporting documentation and assessed 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 2019, the net carrying amount of trade receivables of the Group was RM35,915,000, as disclosed in Note 15 to the financial statements.

The Group has impaired trade receivables of RM17,424,000 during the financial year.

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.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

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 overdue and large receivables;
- (b) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (c) recomputed the correlation coefficient between forward-looking factors used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (d) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

Key Audit Matters of the Company

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

As disclosed in Note 10 to the financial statements, the net carrying amounts of costs of investments in subsidiaries amounted to RM206,972,000 as at 30 June 2019.

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

We focused on the impairment assessment of the carrying amounts of the costs of investments in subsidiaries as the determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the 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.

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;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

Key Audit Matters (continued)

Key Audit Matters of the Company (continued)

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

Our audit procedures included the following: (continued)

- (b) compared prior period projections to actual outcomes to assess the reliability of management's forecasting process;
- (c) verified 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; 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 2019, the net carrying amounts owing by subsidiaries of the Company amounted to RM31,666,000, as disclosed in Note 15 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.

Our audit procedures included the following:

- (a) assessed the probability of default applied by the Company against external market sources of data;
- (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)

(CONT'D)

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

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:

- (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.
- (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.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BONIA CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

(CONT'D)

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

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, related safeguards.

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 10 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

Kuala Lumpur
1 October 2019

Chan Wai Leng
02893/08/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	119,775	134,671	-	13,045
Investment properties	8	51,647	21,442	-	-
Intangible assets	9	83,223	86,254	-	-
Investments in subsidiaries	10	-	-	206,972	199,676
Interests in associates	11	531	749	-	-
Other investments	12	1,203	1,222	-	-
Deferred tax assets	13	1,770	1,354	-	-
Other receivables	15	6,310	8,569	18,724	-
		264,459	254,261	225,696	212,721
Current assets					
Inventories	14	93,118	105,363	-	-
Trade and other receivables	15	64,553	83,236	13,121	21,991
Current tax assets		3,271	3,521	93	-
Cash and bank balances	16	89,169	84,029	1,377	7,132
Short term funds	17	18,301	27,293	3,174	6,328
		268,412	303,442	17,765	35,451
Assets of disposal groups classified as held for sale/held for distribution	10, 26	-	121,020	-	68,500
TOTAL ASSETS		532,871	678,723	243,461	316,672



STATEMENTS OF FINANCIAL POSITION

(CONT'D)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	201,572	201,572	201,572	201,572
Reserves	19	174,664	239,365	40,559	85,587
		376,236	440,937	242,131	287,159
Non-controlling interests	10(d)	19,910	25,018	-	-
TOTAL EQUITY		396,146	465,955	242,131	287,159
LIABILITIES					
Non-current liabilities					
Borrowings	20	35,024	58,162	-	16,301
Other payable	24	5,067	4,820	-	-
Provision for restoration costs	23	1,316	1,700	-	-
Deferred tax liabilities	13	7,505	7,400	1	-
		48,912	72,082	1	16,301
Current liabilities					
Trade and other payables	24	38,302	62,110	1,329	6,669
Borrowings	20	21,008	38,143	-	6,508
Provision for restoration costs	23	1,341	897	-	-
Contract liabilities	25	23,551	-	-	-
Current tax liabilities		3,611	2,918	-	35
		87,813	104,068	1,329	13,212
Liabilities of disposal groups classified as held for sale/held for distribution	26	-	36,618	-	-
TOTAL LIABILITIES		136,725	212,768	1,330	29,513
TOTAL EQUITY AND LIABILITIES		532,871	678,723	243,461	316,672

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 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Continuing operations</u>					
Revenue	29	462,259	440,493	22,230	97,551
Cost of sales	30	(212,081)	(172,690)	-	-
Gross profit		250,178	267,803	22,230	97,551
Other operating income		11,773	12,386	20,088	5,720
Selling and distribution expenses		(132,954)	(143,004)	-	-
General and administrative expenses		(85,614)	(99,151)	(10,986)	(19,791)
Finance costs		(4,773)	(6,334)	(3,777)	(1,417)
Share of profit of an associate, net of tax	11	202	430	-	-
Profit before tax	31	38,812	32,130	27,555	82,063
Tax expense	32	(15,404)	(11,002)	(105)	(491)
Profit for the financial year from continuing operations		23,408	21,128	27,450	81,572
<u>Discontinued operations</u>					
(Loss)/Profit for the financial year from discontinued operations, net of tax	26	(147)	3,772	-	-
Profit for the financial year		23,261	24,900	27,450	81,572

Other comprehensive income, net of tax
Items that may be reclassified
subsequently to profit or loss

Continuing operations

Fair value loss on available-for-sale financial assets	-	(28)	-	-
Reclassification of exchange translation reserve to profit or loss upon deregistration of foreign subsidiaries	(92)	(177)	-	-
Gain on revaluation of properties upon transfer from property, plant and equipment to investment properties	2,337	184	-	-
Foreign currency translations	3,578	(1,803)	-	-
	5,823	(1,824)	-	-



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(CONT'D)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss (continued)					
<u>Discontinued operations</u>					
Reclassification of exchange translation reserve to profit or loss upon demerger/deregistration of foreign subsidiaries	26	(50)	(183)	-	-
Foreign currency translations	26	304	(364)	-	-
		254	(547)	-	-
Total other comprehensive income, net of tax		6,077	(2,371)	-	-
Total comprehensive income		29,338	22,529	27,450	81,572
Profit attributable to:					
Owners of the parent					
Continuing operations		18,175	16,013	27,450	81,572
Discontinued operations		(147)	3,772	-	-
		18,028	19,785	27,450	81,572
Non-controlling interests					
Continuing operations	10(d)	5,233	5,115	-	-
		23,261	24,900	27,450	81,572
Total comprehensive income attributable to:					
Owners of the parent					
Continuing operations		23,695	14,853	27,450	81,572
Discontinued operations		107	3,225	-	-
		23,802	18,078	27,450	81,572
Non-controlling interests					
Continuing operations		5,536	4,451	-	-
		29,338	22,529	27,450	81,572
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic and Diluted:					
Continuing operations	33	2.26	1.99		
Discontinued operations	33	(0.02)	0.46		
		2.24	2.45		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Group	Non-distributable				Revaluation reserve	Distributable Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Treasury shares	Available-for-sale reserve	Exchange translation reserve					
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2017	201,572	(355)	(65)	13,622	-	218,156	432,930	22,337	455,267
Profit for the financial year	-	-	-	-	-	19,785	19,785	5,115	24,900
Fair value loss on available-for-sale financial assets	-	-	(28)	-	-	-	(28)	-	(28)
Gain on revaluation of a property upon transfer from property, plant and equipment to investment property	-	-	-	-	184	-	184	-	184
Reclassification of exchange translation reserve to profit or loss upon deregistration of foreign subsidiaries	-	-	-	(360)	-	-	(360)	-	(360)
Foreign currency translations	-	-	-	(1,503)	-	-	(1,503)	(664)	(2,167)
Total comprehensive income	-	-	(28)	(1,863)	184	19,785	18,078	4,451	22,529
Transactions with owners									
Dividends paid	-	-	-	-	-	(10,071)	(10,071)	-	(10,071)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(1,770)	(1,770)
Total transactions with owners	-	-	-	-	-	(10,071)	(10,071)	(1,770)	(11,841)
Balance as at 30 June 2018	201,572	(355)	(93)	11,759	184	227,870	440,937	25,018	465,955

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CONT'D)

Group	Note	Non-distributable		Exchange translation reserve	Revaluation reserve	Total		Non-controlling interests	Total equity	
		Share capital	Treasury shares			Available-for-sale reserve	Distributable to owners of the parent			Distributable to owners of controlling interests
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 July 2018, as previously reported		201,572	(355)	(93)	11,759	184	227,870	440,937	25,018	465,955
Effects of adoption of MFRS 9	5.1	-	-	93	-	-	(15,639)	(15,546)	(1,403)	(16,949)
Effects of adoption of MFRS 15	5.1	-	-	-	-	-	(653)	(653)	(156)	(809)
Balance as at 1 July 2018, as restated		201,572	(355)	-	11,759	184	211,578	424,738	23,459	448,197
Profit for the financial year		-	-	-	-	-	18,028	18,028	5,233	23,261
Gain on revaluation of properties upon transfer from property, plant and equipment to investment properties		-	-	-	2,337	-	-	2,337	-	2,337
Reclassification of exchange translation reserve to profit or loss upon demerger/ deregistration of foreign subsidiaries		-	-	-	(142)	-	-	(142)	-	(142)
Foreign currency translations		-	-	-	3,579	-	-	3,579	303	3,882
Total comprehensive income		-	-	-	3,437	2,337	18,028	23,802	5,536	29,338
Transactions with owners										
Dividend-in-specie	34	-	-	-	-	-	(68,000)	(68,000)	-	(68,000)
Repurchase of treasury shares	19(d)	-	(4,304)	-	-	-	-	(4,304)	-	(4,304)
Dividends paid to non-controlling interests of subsidiaries	10(e)	-	-	-	-	-	-	-	(9,085)	(9,085)
Total transactions with owners		-	(4,304)	-	-	-	(68,000)	(72,304)	(9,085)	(81,389)
Balance as at 30 June 2019		201,572	(4,659)	-	15,196	2,521	161,606	376,236	19,910	396,146

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2017		201,572	(355)	14,441	215,658
Profit for the financial year		-	-	81,572	81,572
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	81,572	81,572
Transaction with owners					
Dividends paid	34	-	-	(10,071)	(10,071)
Total transaction with owners		-	-	(10,071)	(10,071)
Balance as at 30 June 2018, as previously reported		201,572	(355)	85,942	287,159
Effects of adoption of MFRS 9	5.1	-	-	(174)	(174)
Balance as at 1 July 2018, as restated		201,572	(355)	85,768	286,985
Profit for the financial year		-	-	27,450	27,450
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	27,450	27,450
Transactions with owners					
Dividend-in-specie	34	-	-	(68,000)	(68,000)
Repurchase of treasury shares	19(d)	-	(4,304)	-	(4,304)
Total transactions with owners		-	(4,304)	(68,000)	(72,304)
Balance as at 30 June 2019		201,572	(4,659)	45,218	242,131

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax from:					
Continuing operations		38,812	32,130	27,555	82,063
Discontinued operations	26	501	6,459	-	-
		<u>39,313</u>	<u>38,589</u>	<u>27,555</u>	<u>82,063</u>
Adjustments for:					
Accretion of non-current other payable		-	33	-	-
Fair value adjustment on non-current amount owing by a subsidiary		-	-	3,146	-
Amortisation of trademarks	9	1,387	1,389	-	-
Amortisation of other intangible assets	9	1,079	2,496	-	-
Bad debts written off		17	42	65	29
Depreciation of property, plant and equipment	7, 26	14,376	16,212	153	367
Dividend income	29	-	-	(21,619)	(95,875)
Fair value adjustments on investment properties	8	1,558	(4,306)	-	-
Fair value loss on long term investments		28	-	-	-
Fair value gain on short term funds		(342)	(297)	(226)	(128)
Loss/(Gain) on deregistration of foreign subsidiaries		92	(330)	-	-
Gain on disposal of investment in an associate		-	(1)	-	(1)
Gain on disposals of property, plant and equipment, net	26, 31	(188)	(274)	(2,155)	(2)
Impairment losses on:					
- trade and other receivables	15, 26	1,591	2,320	-	-
- amounts owing by subsidiaries	15	-	-	23	9,721
- costs of investments in subsidiaries	10	-	-	8,060	5,820
- property, plant and equipment	7	872	1,313	-	-
- goodwill on consolidation	9	2,671	2,014	-	-
Interest expense and profit payment on borrowings	26, 31	4,868	7,058	631	1,417
Interest income and distribution income from cash and bank balances and short term funds	26, 31	(1,925)	(2,199)	(231)	(479)
Inventories written off	14	-	55	-	-
Loss on dissolution of a subsidiary	10	-	-	4	-
Loss on disposal of other investment		2	2	-	-
Over-provision of restoration costs	23	(23)	-	-	-
Potential loss on proposed demerger of CRG Group		-	4,345	-	-

STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Adjustments for: (continued)					
Property, plant and equipment written off	7, 26	1,779	825	-	-
Reversal of impairment losses on:					
- trade and other receivables	15	(4,542)	(568)	-	-
- amounts owing by subsidiaries	15	-	-	(14,325)	(4,843)
Reversal of provision for loss on demerger of CRG Group	10	(2,868)	-	-	-
Share of profit of an associate	11	(202)	(430)	-	-
Unrealised (gain)/loss on foreign exchange, net	26, 31	(837)	2,733	-	(5)
Unwinding of discount on provision for restoration costs	23	189	33	-	-
Waiver of debts by subsidiaries		-	-	(3,050)	-
Waiver of debts by a third party		-	(80)	-	-
Operating profit/(loss) before changes in working capital		58,895	70,974	(1,969)	(1,916)
Changes in working capital:					
Inventories		7,301	5,156	-	-
Trade and other receivables		16,726	6,577	(50)	(58)
Trade and other payables		(21,609)	(21,542)	(1,899)	(21)
Contract liabilities		22,437	-	-	-
Cash generated from/(used in) operations		83,750	61,165	(3,918)	(1,995)
Tax paid		(15,827)	(16,309)	(233)	(504)
Tax refunded		1,515	4,215	-	87
Net cash from/(used in) operating activities		69,438	49,071	(4,151)	(2,412)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional shares in a subsidiary	10	-	-	(2,010)	-
Proceeds from dissolution of a subsidiary	10	-	-	310	-
(Repayments to)/Advances from subsidiaries		-	-	(1,568)	583
(Repayments to)/Advances from associates		(48)	198	150	480
Demerger of CRG Group, net of cash	10	(15,314)	-	-	-
Dividends received from subsidiaries		-	-	10,600	18,465
Dividend received from an associate		-	360	-	360
Interest received		1,925	2,199	231	479
Withdrawal/(Placement) of short term funds		9,334	(22,054)	3,380	(1,258)



STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Purchase of property, plant and equipment	7(a)	(10,119)	(11,582)	(28)	(3)
Proceeds from disposal of other investment		8	13	-	-
Proceeds from disposal of an associate		-	1	-	1
Proceeds from disposals of investment properties		3,600	-	-	-
Proceeds from disposals of property, plant and equipment		207	1,081	15,075	2
Withdrawals of deposits pledged with licensed bank		811	39	-	-
Net cash (used in)/from investing activities		(9,596)	(29,745)	26,140	19,109
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid and profit paid on borrowings		(4,868)	(7,058)	(631)	(1,417)
Dividends paid to owners of the parent	34	-	(10,071)	-	(10,071)
Dividends paid to non-controlling interests	10(e)	(9,085)	(1,770)	-	-
Drawdowns of term loans and term financing-i		1,539	5,444	-	-
Repayments of term loans and term financing-i		(47,195)	(20,618)	(22,809)	(4,378)
Repayments of hire purchase and lease creditors		(179)	(181)	-	-
Repurchase of treasury shares	19(d)	(4,304)	-	(4,304)	-
Net financing of trust receipts		(744)	(831)	-	-
Net repayments of bankers' acceptances		(3,060)	(2,568)	-	-
Net (withdrawal)/drawdown of revolving credit		(1,200)	1,200	-	-
Net cash used in financing activities		(69,096)	(36,453)	(27,744)	(15,866)
Net (decrease)/increase in cash and cash equivalents		(9,254)	(17,127)	(5,755)	831
Effects of exchange rate changes on cash and cash equivalents		1,226	(2,209)	-	-
Cash and cash equivalents at beginning of financial year		95,655	114,991	7,132	6,301
Cash and cash equivalents at end of financial year	16(c)	87,627	95,655	1,377	7,132

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

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 was 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 2019 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 1 October 2019.

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 10 and 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2019.

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 new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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.

4.2 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. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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) 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
- (c) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

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.

4.4 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 except for freehold land and properties under construction, 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%
Electrical installations	10% - 15%
Furniture, fittings and counter fixtures	10% - 33 $\frac{1}{3}$ %
Motor vehicles	20%
Office equipment	10% - 50%
Plant and machinery	15% - 20%
Renovation	10% - 33 $\frac{1}{3}$ %

Freehold land has unlimited useful life and is not depreciated. Properties under construction are not depreciated until such time when the asset is available for use. Leasehold land is depreciated over the leasehold period of seventy-one (71) to ninety-six (96) years.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.4 Property, plant and equipment and depreciation (continued)**

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 and hire purchase**(a) Finance leases and hire purchase**

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

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 investments of the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(b) Associates (continued)

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 the 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

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 cost of investment over the share of the net fair value of 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(b) Other intangible assets (continued)

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 other operating 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.

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 ten (10) 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

Current financial year - Accounting policies applied from 1 July 2018

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.11 Financial instruments (continued)****(a) Financial assets (continued)****Current financial year - Accounting policies applied from 1 July 2018 (continued)**

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.

(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.

Subsequently 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

Current financial year - Accounting policies applied from 1 July 2018 (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 (continued)

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.

Previous financial year - Accounting policies applied until 30 June 2018

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.11 Financial instruments (continued)****(a) Financial assets (continued)****Previous financial year - Accounting policies applied until 30 June 2018 (continued)****(i) Financial assets at fair value through profit or loss (continued)**

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

Previous financial year - Accounting policies applied until 30 June 2018 (continued)

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 financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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

Current financial year - Accounting policies applied from 1 July 2018

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 at FVTPL or financial liabilities at amortised cost.

(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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.11 Financial instruments (continued)****(b) Financial liabilities (continued)****Current financial year - Accounting policies applied from 1 July 2018 (continued)****(ii) Financial liabilities measured at amortised cost**

Other 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 other 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 expired. 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.

Previous financial year - Accounting policies applied until 30 June 2018

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

Previous financial year - Accounting policies applied until 30 June 2018 (continued)

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 expired. 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.

Any 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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**Current financial year - Accounting policies applied from 1 July 2018**

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Impairment of financial assets (continued)

Current financial year - Accounting policies applied from 1 July 2018 (continued)

The Group considers credit loss experience and observable data such as current changes and futures 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.

Impairment for other receivables 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 along with gross interest income are recognised. 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 along with interest income on a net basis are recognised.

The probability of non-payment by other receivables 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 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.14 Impairment of financial assets (continued)****Previous financial year - Accounting policies applied until 30 June 2018**

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.16 Income taxes (continued)****(b) Deferred tax (continued)**

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 or has billed to 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Provisions (continued)

Provision for restoration costs

Provision for restoration costs is included in the carrying amounts of property, plant and equipment. 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

(c) Foreign operations

Financial statements of foreign operations are translated at 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 statement 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Revenue recognition

Current financial year - Accounting policies applied from 1 July 2018

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 is rendered.

- (c) Royalty income

Royalty income is recognised over the period of the respective royalty arrangement.

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Revenue recognition (continued)

Current financial year - Accounting policies applied from 1 July 2018 (continued)

Revenue recognition not in relation to performance obligations is described below: (continued)

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

Previous financial year - Accounting policies applied until 30 June 2018

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Other income

Interest income

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

4.25 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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)

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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 MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company. The impact on the adoption of MFRS 9 and MFRS 15 on the financial statements of the Group and of the Company are described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group adopted MFRS 9 with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**5.1 New MFRSs adopted during the financial year (continued)****(a) MFRS 9 *Financial Instruments* (continued)****(i) Classification of financial assets and financial liabilities (continued)**

The following summarises the key changes:

- The Available-For-Sale (“AFS”), Held-To-Maturity (“HTM”) and Loans and Receivables (“L&R”) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (“AC”) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (“FVTOCI”) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group and of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group and the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

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 and the Company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets (continued)

During this process, 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 consolidated statement 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.

Impairment for other receivables 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 along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 July 2018:

Group	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
Financial assets				
Other investments	AFS	FVTPL	1,222	1,222
Trade and other receivables, net of prepayment	L&R	AC	84,474	69,499
Cash and bank balances	L&R	AC	84,029	84,029
Short term funds	FVTPL	FVTPL	27,293	27,293
Financial liabilities				
Trade and other payables	OFL*	AC	66,930	66,930
Borrowings	OFL*	AC	96,305	96,305



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 July 2018: (continued)

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
Company				
Financial assets				
Trade and other receivables, net of prepayment	L&R	AC	21,991	21,817
Cash and bank balances	L&R	AC	7,132	7,132
Short term funds	FVTPL	FVTPL	6,328	6,328
Financial liabilities				
Trade and other payables	OFL*	AC	6,669	6,669
Borrowings	OFL*	AC	22,809	22,809

* Other Financial Liabilities at Amortised Cost.

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 July 2018:

	Existing under MFRS 139			New under MFRS 9
	Carrying amount as at 30 June 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	Carrying amount as at 1 July 2018 RM'000
Group				
Other investments - AFS	1,222	(1,222)	-	-
Other investments - FVTPL	-	1,222	-	1,222
Trade and other receivables:				
Opening balance	91,805	-	-	91,805
Increase in impairment loss	-	-	(14,975)	(14,975)
Total trade and other receivables	91,805	-	(14,975)	76,830

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 July 2018: (continued)

	Existing under MFRS 139			New under MFRS 9
	Carrying amount as at 30 June 2018 RM'000	Reclass- ification RM'000	Remeas- urement RM'000	Carrying amount as at 1 July 2018 RM'000
Group				
Deferred tax assets:				
Opening balance	1,354	-	-	1,354
Increase in impairment loss	-	-	970	970
Total deferred tax assets	1,354	-	970	2,324
Assets of disposal groups classified as held for sale/distribution:				
Opening balance	121,020	-	-	121,020
Increase in impairment loss	-	-	(3,313)	(3,313)
Related tax impact	-	-	198	198
Total assets of disposal groups classified as held for sale/distribution	121,020	-	(3,115)	117,905
Retained earnings:				
Opening balance	227,870	-	-	227,870
Increase in impairment loss:				
- trade and other receivables	-	-	(13,285)	(13,285)
- assets of disposal groups classified as held for sale/distribution	-	-	(3,313)	(3,313)
Related tax impact	-	-	1,052	1,052
Reclassification from AFS reserve	-	(93)	-	(93)
Total retained earnings	227,870	(93)	(15,546)	212,231



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 July 2018: (continued)

	Existing under MFRS 139			New under MFRS 9
	Carrying amount as at 30 June 2018 RM'000	Reclass- ification RM'000	Remeas- urement RM'000	Carrying amount as at 1 July 2018 RM'000
Group				
Non-controlling interests:				
Opening balance	25,018	-	-	25,018
Increase in impairment loss	-	-	(1,690)	(1,690)
Related tax impact	-	-	287	287
Total non-controlling interests	25,018	-	(1,403)	23,615
Deferred tax liabilities:				
Opening balance	7,400	-	-	7,400
Increase in impairment loss	-	-	(171)	(171)
Total deferred tax liabilities	7,400	-	(171)	7,229
Company				
Amounts owing by subsidiaries:				
Opening balance	54,134	-	-	54,134
Increase in impairment loss	-	-	(174)	(174)
Total amounts owing by subsidiaries	54,134	-	(174)	53,960
Retained earnings:				
Opening balance	85,942	-	-	85,942
Increase in impairment loss - amounts owing by subsidiaries	-	-	(174)	(174)
Total retained earnings	85,942	-	(174)	85,768

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 July 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

The following table summarises the impact, net of tax, of transition to MFRS 15 on retained earnings at 1 July 2018.

Group	Impact on adopting MFRS 15 on 1 July 2018 RM'000
Retained earnings	
Performance obligations not satisfied	(677)
Related tax	24
	<hr/>
Impact at 1 July 2018	<hr/> <hr/> (653)

The following summarises the impact of adopting MFRS 15 on the statement of financial position of the Group as at 30 June 2018 for each of the line items affected.

(i) Statement of financial position of the Group as at 30 June 2018

	As previously reported RM'000	Reclass- ification RM'000	Adjust- ments RM'000	As restated under MFRS 15 RM'000
Assets				
Deferred tax assets	1,354	-	35	1,389
Inventories	105,363	-	270	105,633
Others	572,006	-	-	572,006
				<hr/>
Total assets	678,723	-	305	679,028



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 15 *Revenue from Contracts with Customers* (continued)

(i) Statement of financial position of the Group as at 30 June 2018 (continued)

	As previously reported RM'000	Reclass- ification RM'000	Adjust- ments RM'000	As restated under MFRS 15 RM'000
Equity				
Retained earnings	227,870	-	(653)	227,217
Non-controlling interests	25,018	-	(156)	24,862
Others	213,067	-	-	213,067
Total equity	465,955	-	(809)	465,146
Liabilities				
Trade and other payables	66,930	(24,406)	-	42,524
Contract liabilities	-	24,406	1,114	25,520
Others	145,838	-	-	145,838
Total liabilities	212,768	-	1,114	213,882
Total equity and liabilities	678,723	-	305	679,028

The following summarises the impact of adopting MFRS 15 on the statement of financial position of the Group as at 30 June 2019 and its statement of profit or loss and other comprehensive income for the financial year then ended for each of the line items affected.

(ii) Statement of financial position of the Group as at 30 June 2019

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Assets			
Deferred tax assets	1,770	(33)	1,737
Inventories	93,118	(240)	92,878
Others	437,983	-	437,983
Total assets	532,871	(273)	532,598

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 15 Revenue from Contracts with Customers (continued)

(ii) Statement of financial position of the Group as at 30 June 2019 (continued)

	As reported RM'000	Reclass- ification RM'000	Adjust- ments RM'000	Amounts without adoption of MFRS 15 RM'000
Equity				
Retained earnings	161,606	-	622	162,228
Exchange translation reserve	15,196	-	3	15,199
Non-controlling interests	19,910	-	135	20,045
Others	199,434	-	-	199,434
Total equity	396,146	-	760	396,906
Liabilities				
Deferred tax liabilities	7,505	-	17	7,522
Trade and other payables	43,369	22,501	-	65,870
Contract liabilities	23,551	(22,501)	(1,050)	-
Others	62,300	-	-	62,300
Total liabilities	136,725	-	(1,033)	135,692
Total equity and liabilities	532,871	-	(273)	532,598

(iii) Statement of profit or loss and other comprehensive income of the Group for the financial year ended 30 June 2019

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Revenue	462,259	(58,744)	403,515
Cost of sales	(212,081)	58,707	(153,374)
Income tax expense	(15,404)	(15)	(15,419)
Others	(211,513)	-	(211,513)
Profit for the financial year	23,261	(52)	23,209
Total comprehensive income for the financial year	29,338	3	29,341

There is no impact of adopting MFRS 15 on the statement of profit or loss and other comprehensive income of the Company for the financial year ended 30 June 2019.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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 2019**

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
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 on consolidation, trademarks and other intangible assets

Goodwill on consolidation, trademarks and other intangible assets are assessed for impairment by the Group at least on an annual basis. To determine if there is any impairment loss required on goodwill on consolidation, 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”).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Impairment assessment of the carrying amounts of goodwill on consolidation, trademarks and other intangible assets (continued)

Management focused on the impairment assessment of the carrying amounts of goodwill on consolidation, trademarks, and other intangible assets because the determination of whether or not an impairment loss is necessary involves significant judgement by the Directors about the future results and cash flows of the business, including forecast growth in future revenue and operating profit margins as well as determining an appropriate discount factor and growth rates.

(b) Carrying amount of inventories at 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 trends, 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.

(d) 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 the subsidiaries/Cash Generating Units ("CGUs") to determine if there is any impairment loss required on the costs of investments in subsidiaries.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the 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.

(e) 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2018 RM'000	Additions RM'000	Disposals RM'000	Reclassification to investment properties (Note 8) RM'000	Impairment RM'000	Written off RM'000	Revaluation upon transfer to investment properties RM'000	Depreciation charge for the financial year adjustments RM'000	Balance as at 30.6.2019 RM'000
Carrying amount									
Freehold land	3,002	-	-	(52)	-	-	-	-	2,950
Leasehold land	849	-	-	-	-	-	(13)	-	836
Buildings on freehold land	92,889	204	-	(9,408)	-	-	2,597	(2,161)	84,121
Buildings on long term leasehold land	14,090	-	-	(1,488)	13	-	-	(390)	12,403
Electrical installations	247	38	-	-	-	(141)	-	(74)	70
Furniture, fittings and counter fixtures	13,954	4,054	(7)	-	(770)	(722)	-	(5,080)	11,423
Motor vehicles	188	671	(3)	-	-	-	-	(161)	695
Motor vehicles under hire purchase and lease	175	-	-	-	-	-	-	(26)	149
Office equipment	4,369	1,240	(6)	-	(78)	(63)	-	(2,045)	3,465
Plant and machinery	303	92	-	-	-	(171)	-	(74)	150
Renovation	4,505	2,554	-	-	(37)	(328)	-	(3,244)	3,513
Properties under construction	100	-	-	-	-	(100)	-	-	-
	134,671	8,853	(16)	(10,948)	(872)	(1,525)	2,597	(13,268)	119,775

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At 30.6.2019		
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000
Freehold land	2,950	-	-
Leasehold land	1,006	(170)	-
Buildings on freehold land	99,148	(15,027)	-
Buildings on long term leasehold land	15,194	(2,460)	(331)
Electrical installations	420	(350)	-
Furniture, fittings and counter fixtures	49,250	(36,213)	(1,614)
Motor vehicles	1,028	(333)	-
Motor vehicles under hire purchase and lease	2,529	(2,380)	-
Office equipment	20,472	(16,733)	(274)
Plant and machinery	3,120	(2,970)	-
Plant and machinery under hire purchase and lease	97	(97)	-
Renovation	26,188	(22,656)	(19)
	221,402	(99,389)	(2,238)
			119,775



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.7.2017 RM'000	Additions RM'000	Disposals RM'000	Reclassification to investment properties (Note 8) RM'000	Reclassification as assets held for distribution (Note 26) RM'000	Reclassification- Impairment RM'000	Written off RM'000	Revaluation upon transfer to investment property RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Balance as at 30.6.2018 RM'000
Carrying amount											
Freehold land	3,002	-	-	-	-	-	-	-	-	-	3,002
Leasehold land	3,425	-	-	(2,525)	-	-	-	-	(51)	-	849
Buildings on freehold land	116,330	670	-	(21,510)	-	-	-	-	(2,601)	-	92,889
Buildings on long term leasehold land	12,587	-	-	(1,536)	4,336	(179)	-	-	(398)	(720)	14,090
Electrical installations	528	43	(16)	(160)	-	-	(17)	-	(131)	-	247
Furniture, fittings and counter fixtures	21,749	6,152	(351)	(5,655)	(29)	(959)	(369)	-	(6,618)	34	13,954
Motor vehicles	41	11	(36)	-	334	-	-	-	(159)	(3)	188
Motor vehicles under hire purchase and lease	477	130	(1)	-	(409)	-	-	-	(22)	-	175
Office equipment	5,850	2,082	(310)	(869)	(4)	-	(73)	-	(2,273)	(34)	4,369
Plant and machinery	392	59	-	(17)	-	-	-	-	(132)	1	303
Renovation	7,151	2,105	(93)	(223)	-	(175)	(366)	-	(3,827)	(67)	4,505
Properties under construction	11,593	425	-	(7,884)	-	(4,228)	-	194	-	-	100
	183,125	11,677	(807)	(7,884)	(32,495)	-	(1,313)	(825)	194	(789)	134,671

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At 30.6.2018		
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000
Freehold land	3,002	-	-
Leasehold land	1,006	(157)	-
Buildings on freehold land	108,170	(15,005)	(276)
Buildings on long term leasehold land	19,891	(3,399)	(2,402)
Electrical installations	595	(348)	-
Furniture, fittings and counter fixtures	52,803	(37,279)	(1,570)
Motor vehicles	783	(595)	-
Motor vehicles under hire purchase and lease	2,955	(2,780)	-
Office equipment	20,162	(15,749)	(44)
Plant and machinery	3,322	(3,007)	(12)
Plant and machinery under hire purchase and lease	98	(98)	-
Renovation	25,528	(20,852)	(171)
Properties under construction	100	-	-
	238,415	(99,269)	(4,475)
			134,671



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.7.2018 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2019 RM'000
Carrying amount					
Freehold land	2,530	-	(2,530)	-	-
Building on freehold land	10,450	-	(10,308)	(142)	-
Office equipment	65	28	(82)	(11)	-
	13,045	28	(12,920)	(153)	-

Company	Balance as at 1.7.2017 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2018 RM'000
Carrying amount				
Freehold land	2,530	-	-	2,530
Building on freehold land	10,792	-	(342)	10,450
Office equipment	87	3	(25)	65
	13,409	3	(367)	13,045

	----- At 30.6.2018 -----		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	2,530	-	2,530
Building on freehold land	17,080	(6,630)	10,450
Furniture, fixtures and fittings	60	(60)	-
Motor vehicle under hire purchase and lease	425	(425)	-
Office equipment	338	(273)	65
Renovation	534	(534)	-
	20,967	(7,922)	13,045

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment				
- continuing operations	8,853	11,677	28	3
- discontinued operations	1,531	-	-	-
Unsettled and remained as other payables	(400)	(316)	-	-
Financed by hire purchase and lease arrangement (Note 20)	-	(78)	-	-
Provision for restoration costs capitalised (Note 23)	135	299	-	-
	<u>10,119</u>	<u>11,582</u>	<u>28</u>	<u>3</u>
Cash payments on purchase of property, plant and equipment				
	<u>10,119</u>	<u>11,582</u>	<u>28</u>	<u>3</u>

- (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 20(a) and 22 to the financial statements are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Freehold land	-	2,530	-	2,530
Leasehold land	190	193	-	-
Buildings on freehold land	65,469	90,224	-	10,450
Buildings on long term leasehold land	3,985	4,094	-	-
Furniture, fixtures and fittings	-	100	-	-
Others	-	46	-	-
	<u>69,644</u>	<u>97,187</u>	<u>-</u>	<u>12,980</u>

- (c) In the previous financial year 2018, borrowing costs associated with properties under construction of the Group of RM423,000 were capitalised at 10.8% per annum.
- (d) As at the end of the previous reporting period, the title deeds for leasehold land and buildings of a subsidiary with a total carrying amount of RM1,567,000 were in the process of being transferred and registered in the name of the subsidiary. During the financial year, the abovementioned leasehold land and buildings were transferred to investment properties as disclosed in Note 8 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENT PROPERTIES

Group	Reclassification from property, plant and equipment (Note 7)						
	Balance as at 1.7.2018 RM'000	Reclassification from property, plant and equipment (Note 7) RM'000	Reclassification from assets held for sale (Note 26) RM'000	Disposals RM'000	Fair value adjustment RM'000	Translation adjustment RM'000	Balance as at 30.6.2019 RM'000
<u>At fair value</u>							
Freehold land, shoplots and clubhouse	6,453	9,460	24,000	-	(968)	-	38,945
Long term leasehold land and shoplots	14,989	1,488	-	(3,600)	(590)	415	12,702
	21,442	10,948	24,000	(3,600)	(1,558)	415	51,647

Group	Reclassification from property, plant and equipment (Note 7)						
	Balance as at 1.7.2017 RM'000	Reclassification from property, plant and equipment (Note 7) RM'000	Reclassification from assets held for sale (Note 26) RM'000	Fair value adjustment RM'000	Translation adjustment RM'000	Balance as at 30.6.2018 RM'000	
<u>At fair value</u>							
Freehold land, shoplots and clubhouse	26,948	-	(24,000)	3,505	-	6,453	
Long term leasehold land and shoplots	7,596	7,884	-	801	(1,292)	14,989	
	34,544	7,884	(24,000)	4,306	(1,292)	21,442	

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENT PROPERTIES (continued)

- (a) As at the end of reporting period, an amount of RM12,310,000 (2018: RM4,168,000) of investment properties have been pledged as securities for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.
- (b) As at the end of reporting period, rental income of the Group derived from the investment properties amounted to RM1,263,000 (2018: RM1,053,000).
- (c) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	Group	
	2019	2018
	RM'000	RM'000
<u>Income generating units</u>		
Repairs and maintenance	1	2
Quit rent and assessment	211	221
<u>Non-income generating units</u>		
Repairs and maintenance	47	-
Quit rent and assessment	13	-

- (d) 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
2019				
Freehold land, shoplots and clubhouse	-	-	38,945	38,945
Long term leasehold land and shoplots	-	-	12,702	12,702
	-	-	51,647	51,647
2018				
Freehold land, shoplots and clubhouse	-	-	6,453	6,453
Long term leasehold land and shoplots	-	-	14,989	14,989
	-	-	21,442	21,442

- (i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2019 and 30 June 2018.
- (ii) As at 30 June 2019, the valuation of investment properties at Level 3 fair value amounting to RM51,647,000 (2018: RM21,442,000) were recommended by the Directors based on an indicative market value 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENT PROPERTIES (continued)

(e) As at the end of the reporting period, the title deeds for investment properties of subsidiaries with carrying amounts of RM1,435,000 (2018: RM780,000) are in the process of being transferred and registered in the names of the subsidiaries.

9. INTANGIBLE ASSETS

Group	Balance as at 1.7.2018 RM'000	Amortisation charge for the financial year RM'000	Impairment RM'000	Translation adjustment RM'000	Balance as at 30.6.2019 RM'000
Carrying amount					
Goodwill	49,074	-	(2,671)	1,469	47,872
Trademarks	35,218	(1,387)	-	586	34,417
Other intangible assets	1,962	(1,079)	-	51	934
	86,254	(2,466)	(2,671)	2,106	83,223

----- At 30.6.2019 -----

	Cost RM'000	Accumulated amortisation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Goodwill	58,298	-	(10,426)	47,872
Trademarks	51,381	(16,964)	-	34,417
Other intangible assets	8,004	(7,070)	-	934
	117,683	(24,034)	(10,426)	83,223

Group	Balance as at 1.7.2017 RM'000	Amortisation charge for the financial year RM'000	Impairment RM'000	Translation adjustment RM'000	Balance as at 30.6.2018 RM'000
Carrying amount					
Goodwill	47,910	-	(2,014)	3,178	49,074
Trademarks	37,601	(1,389)	-	(994)	35,218
Other intangible assets	4,634	(2,496)	-	(176)	1,962
	90,145	(3,885)	(2,014)	2,008	86,254

----- At 30.6.2018 -----

	Cost RM'000	Accumulated amortisation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Goodwill	56,829	-	(7,755)	49,074
Trademarks	50,539	(15,321)	-	35,218
Other intangible assets	7,758	(5,796)	-	1,962
	115,126	(21,117)	(7,755)	86,254

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. INTANGIBLE ASSETS (continued)

(a) Goodwill

For the purpose of impairment testing, the recoverable amount of the Cash Generating Units (“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 three (3) financial years from 2020 to 2022.

The key assumptions used in the value-in-use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow projections of the CGU ranged from 1% to 6% (2018: 4% to 5%) per annum.
- (ii) Profit margins are projected based on the historical profit margin achieved for the products.
- (iii) Pre-tax discount rate of 11.4% (2018: 9.1%) was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax and reflects the overall weighted average cost of capital of the Group.

Based on these assumptions, an impairment loss of RM2,671,000 (2018: RM2,014,000) was recognised in relation to goodwill as the recoverable amount determined is lower than the carrying amount of the CGU.

With regard to the assessment of value-in-use of the goodwill, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGU 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 Cash Generating Units (“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 three (3) financial years from 2020 to 2022.

The key assumptions used in the value-in-use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow projections of the CGU ranged from 1% to 6% (2018: 5%) per annum.
- (ii) Profit margins are projected based on the historical profit margin achieved for the products.
- (iii) Pre-tax discount rate of 11.4% (2018: 9.1%) was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax and reflects the overall weighted average cost of capital of the Group.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. INTANGIBLE ASSETS (continued)

(b) Trademarks (continued)

- (ii) Included in trademarks are the rights of using “Braun Buffel” trademark in various countries worldwide (“BB Global Trademark”) amounting to RM9,018,000 (2018: RM8,741,000). 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 3-year cash flow forecast and projection used in the value-in-use calculation was based on the following key assumptions:

- (i) The anticipated average annual revenue growth rate used in the cash flow projections of the CGU is 12% (2018: 5%) per annum.
- (ii) Profit margins are projected based on the historical profit margin achieved for the products.
- (iii) Pre-tax discount rate of 11.2% (2018: 9.1%) was applied over the projection periods in determining the recoverable amount of the CGU.

Based on these assumptions, the Directors are of the view that no impairment loss is required as the recoverable amount determined is higher than the carrying amount of the CGU.

With regard to the assessment of value-in-use of the trademarks, the 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.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares - at cost	228,710	214,541
Less: Impairment losses	(21,738)	(14,865)
	206,972	199,676

- (a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	Effective interest in equity		Principal activities
	2019 %	2018 %	
Subsidiaries of Bonia Corporation Berhad			
CB Marketing Sdn. Bhd. (“CBM”)	100	100	Designing, promoting and marketing of fashionable leather goods

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. 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		Principal activities
	2019 %	2018 %	
Subsidiaries of Bonia Corporation Berhad (continued)			
CB Holdings (Malaysia) Sdn. Bhd. ("CBH")	100	100	Property investment and 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") ^{(3) & (8)} <i>(In members' voluntary winding-up)</i>	100	100	Dormant
Daily Frontier Sdn. Bhd. ("DFSB")	100	100	Marketing, distribution and export of fashionable goods and accessories
Armani Context Sdn. Bhd. ("ACSB") ^{(3) & (8)} <i>(In members' voluntary winding-up)</i>	100	100	Dormant
Banyan Sutera Sdn. Bhd. ("BSSB")	100	100	Marketing and distribution of fashionable goods
Active World Pte. Ltd. ("AWPL") ⁽¹⁾ <i>(Incorporated in Singapore)</i>	100	100	Wholesaling and retailing of fashionable leather goods and apparels
Kin Sheng Group Limited ("KSGL") ⁽⁵⁾ <i>(Incorporated in Hong Kong)</i>	-	100	Investment holding
Dominion Directions Sdn. Bhd. ("DDSB")	100	100	Marketing and distribution of men's apparel and accessories
CRG Incorporated Berhad ("CRG") ⁽⁴⁾	-	100	Investment holding
Scarpa Marketing Sdn. Bhd. ("SMSB") ⁽⁶⁾	-	100	Dormant



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. 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		Principal activities
	2019 %	2018 %	
Subsidiaries of Bonia Corporation Berhad (continued)			
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⁾ <i>(Incorporated in Singapore)</i>	70	70	Intellectual property management
Vista Assets Sdn. Bhd. ("VASB")	100	100	Intellectual property management
FR Gallery Sdn. Bhd. ("FRSB") ^{(3) & (8)} <i>(In members' voluntary winding-up)</i>	100	100	Dormant
LBJR Marketing Sdn. Bhd. ("LBJR")	100	100	Marketing and distribution of fashionable goods and accessories
SBG Holdings Sdn. Bhd.	100	100	Investment holding and management services
Podium Retail Sdn. Bhd. ("PRSB")	100	100	Marketing and distribution of fashionable goods, accessories and beauty products
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.	100	100	Manufacturing and marketing of fashionable goods
Galaxy Hallmark Sdn. Bhd. ("GHSB")	100	100	Marketing and distribution of men's apparels and accessories
New Series Sdn. Bhd. ("NSSB") ^{(3) & (7)} <i>(In members' voluntary winding-up)</i>	90	90	Dormant

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. 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		Principal activities
	2019 %	2018 %	
Subsidiary of Banyan Sutera Sdn. Bhd.			
PT Banyan Cemerlang (“PTBC”) ⁽²⁾ <i>(Incorporated in Indonesia)</i>	100	100	Wholesaling of fashionable goods and accessories
Subsidiaries of CRG Incorporated Berhad			
CR Boutique Sdn. Bhd. ⁽⁴⁾	-	100	Retailing of women footwear, handbags and accessories
CRF Marketing Sdn. Bhd. (“CRF”) ⁽⁴⁾	-	100	Designing, promoting and marketing of women footwear
CRL Marketing Sdn. Bhd. (“CRL”) ⁽⁴⁾	-	100	Designing, promoting and marketing of women handbags and accessories
CRI Sdn. Bhd. (“CRI”) ⁽⁴⁾	-	100	Investment holding
CRV Sdn. Bhd. (“CRV”) ⁽⁴⁾	-	100	Marketing and distribution of fashionable goods and accessories, and provision of management services
PT CRI Mitra Sejati (“PTCMS”) ⁽⁴⁾ <i>(Incorporated in Indonesia)</i>	-	100	Wholesale import of fashionable goods and accessories
CRR Vietnam Co., Ltd (“CRR”) ⁽⁴⁾ <i>(Incorporated in Vietnam)</i>	-	100	Management consultancy activities and to implement the right of import, distribution, wholesales of goods
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⁾ <i>(Incorporated in Vietnam)</i>	100	100	Wholesaling, retailing, importing and exporting of fashionable products, accessories and cosmetics



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. 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		Principal activities
	2019 %	2018 %	
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
Subsidiaries of Active World Pte. Ltd.			
Jetbest Enterprise Pte. Ltd. ⁽¹⁾ <i>(Incorporated in Singapore)</i>	100	100	Wholesaling, retailing, importing and exporting of leather goods and accessories
SCRL Pte. Ltd. ("SCRL") ^{(3) & (8)} <i>(Incorporated in Singapore)</i>	100	100	Dormant
SBLS Pte. Ltd. ⁽¹⁾ <i>(Incorporated in Singapore)</i>	100	100	Wholesaling, retailing and marketing of fashionable footwear, carrywear and accessories
Active Franchise Pte. Ltd. ⁽¹⁾ <i>(Incorporated in Singapore)</i>	100	100	General wholesale trade including general importers and exporters
PT Active World ("PTAW") ⁽²⁾ <i>(Incorporated in Indonesia)</i>	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. 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		Principal activities
	2019 %	2018 %	
Subsidiaries of Jeco (Pte) Limited			
Lianbee-Jeco Pte. Ltd. ("LJPL") ⁽¹⁾ <i>(Incorporated in Singapore)</i>	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⁾ <i>(Incorporated in Singapore)</i>	35.7	35.7	Intellectual property management company
IBB Pte. Ltd. ("IBB") ⁽¹⁾ <i>(Incorporated in Singapore)</i>	70	70	General wholesale trade, including general importers and exporters
PT Jeco Investment Indonesia ("PTJII") ⁽¹⁾ <i>(Incorporated in Indonesia)</i>	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 year ended 30 June 2019. The financial statements of this subsidiary is not required to be audited as it is in the progress of members' voluntary winding-up or striking off

(4) Demerged from the Group during the financial year

(5) Deregistered and dissolved during the financial year

(6) Completed the members' voluntary winding-up process during the financial year

(7) Completed the members' voluntary winding-up process after the financial year

(8) Members' voluntary winding-up or striking off process commenced after the financial year

(b) During the financial year ended 30 June 2019:

(i) The cost of investment in MAC of RM500,000 ceased to be classified as assets held for sale as disclosed in Note 40 to the financial statements.

(ii) The deregistration and dissolution of KSGI has been completed, which resulted in a loss on dissolution of RM92,000 in the financial statements of the Group. No gain or loss was recognised on the dissolution of KSGI by the Company as it was fully impaired in previous financial years.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) During the financial year ended 30 June 2019: (continued)

(iii) The members' voluntary winding-up process of SMSB has been completed.

The loss on dissolution of SMSB during the financial year was as follows:

	Group RM'000	Company RM'000
Consideration received	310	310
Cost of investment, net of impairment loss	-	(314)
Net assets deconsolidated	<u>(310)</u>	<u>-</u>
Loss on dissolution	<u>-</u>	<u>(4)</u>

The carrying amounts of net assets of SMSB as at the date of dissolution was as follows:

	2019 RM'000
Cash and bank balances	<u>310</u>
Net assets deconsolidated	310
Loss on dissolution of the Group	<u>-</u>
Consideration received	310
Less: Cash and bank balances deconsolidated	<u>(310)</u>
Net cashflow on dissolution	<u>-</u>

(iv) NSSB has been placed under members' voluntary winding-up.

(v) The Company increased its cost of investment of RM2,010,000 in the share capital of CBF.

(vi) Amounts owing by certain subsidiaries amounting to RM9,160,009 and RM4,000,008 have been capitalised as additional costs of investments of the Company in the subsidiaries namely BSSB and VASB, respectively.

(vii) Amount owing by a subsidiary namely PTBC amounting to IDR16,464,780,000 (approximately RM4,627,000) has been capitalised as additional cost of investment of BSSB in PTBC.

(viii) Amount owing by a subsidiary namely PTCMS amounting to IDR11,064,704,000 (approximately RM3,528,000) has been capitalised as additional cost of investment of CRG in PTCMS.

(ix) Amount owing by a subsidiary namely DFV amounting to VND19,800,750,000 (approximately RM3,589,000) has been capitalised as additional cost of investment of DFSB in DFV.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) During the financial year ended 30 June 2019: (continued)

- (x) On 13 November 2018, 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 one (1) CRG share for every one (1) share of the Company held on 1 November 2018 ("Entitlement date") from its retained earnings as detailed in the Company's Circular to Shareholders in relation to the "Proposed Listing of CRG Incorporated Sdn. Bhd. and its subsidiaries on the LEAP Market of Bursa Malaysia Securities Berhad" dated 8 May 2018.

This corporate exercise has resulted in the demerger of CRG Group from the Group on the even date.

The loss on demerger of CRG Group during the financial year is as follows:

	Group RM'000
Dividend-in-specie	68,000
Net assets deconsolidated	(69,380)
Reclassification of exchange translation reserve to profit or loss	(97)
	<hr/>
Actual loss	(1,477)
Potential loss recognised	4,345
	<hr/>
Over-provision of loss on demerger of CRG Group	2,868
	<hr/> <hr/>
	Company RM'000
Dividend-in-specie	68,000
Costs of investment, net of impairment loss	(68,000)
	<hr/>
	-
	<hr/> <hr/>

The carrying amounts of net assets of CRG Group as at date of demerger was as follows:

	13.11.2018 RM'000
Property, plant and equipment	32,657
Deferred tax assets	633
Inventories	25,670
Trade and other receivables	18,446
Cash and bank balances	15,314
Current tax assets	1,022
Borrowings	(15,610)
Provision for restoration costs	(650)
Trade and other payables	(7,747)
Current tax liabilities	(355)
	<hr/>
Net assets deconsolidated	69,380
	<hr/> <hr/>

- (xi) Impairment losses on the costs of investments in certain subsidiaries amounting to RM8,060,000 (2018: RM5,820,000) have been recognised due to their recoverable amounts being lower than their carrying amounts.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) In the previous financial year:
- (i) The cost of investment in CRG of RM68,000,000 was classified as assets held for distribution pursuant to the proposed demerger as disclosed in Note 40 to the financial statements.
 - (ii) The cost of investment in MAC of RM500,000 was classified as assets held for sale pursuant to the proposed disposal as disclosed in Note 40 to the financial statements.
 - (iii) Bruno Magli South East Asia Pte. Ltd. and Active Footwear Pte. Ltd. were struck off from the register of the Accounting and Corporate Regulatory Authority (“ACRA”) Singapore.
 - (iv) The deregistration and dissolution of Kin Sheng International Trading Co. Limited and CRG Viet Nam Company Limited were completed.
 - (v) An application for deregistration of KSGI from the register of the Companies Registry, Hong Kong (“CRHK”), was submitted and pending approval from the relevant authorities.
 - (vi) SMSB was placed under members’ voluntary winding-up.
 - (vii) The issued and paid-up capital of the following direct subsidiaries was increased as follows:
 - (i) LPSB increased its issued and paid-up capital through capitalisation of amount owing by LPSB to the Company of RM44,400,000 and the same be applied for an allotment and issuance of 44,400,000 ordinary shares of RM1.00 each credited as fully paid in the share capital of LPSB to the Company.
 - (ii) CBH increased its issued and paid-up capital through capitalisation of amount owing by CBH to the Company of RM2,999,999 and the same be applied for an allotment and issuance of 2,999,999 ordinary shares of RM1.00 each credited as fully paid in the share capital of CBH to the Company.
 - (iii) LBM increased its issued and paid-up capital through capitalisation of amount owing by LBM to the Company of RM6,499,999 and the same be applied for an allotment and issuance of 6,499,999 ordinary shares of RM1.00 each credited as fully paid in the share capital of LBM to the Company.
 - (iv) LBJR increased its issued and paid-up capital through capitalisation of amount owing by LBJR to the Company of RM3,500,000 and the same be applied for an allotment and issuance of 3,500,000 ordinary shares of RM1.00 each credited as fully paid in the share capital of LBJR to the Company.
 - (v) DMM increased its issued and paid-up capital through capitalisation of amount owing by DMM to the Company of RM1,999,998 and the same be applied for an allotment and issuance of 1,999,998 ordinary shares of RM1.00 each credited as fully paid in the share capital of DMM to the Company.
 - (vi) PRSB increased its issued and paid-up capital through capitalisation of amount owing by PRSB to the Company of RM3,999,996 and the same be applied for an allotment and issuance of 3,999,996 ordinary shares of RM1.00 each credited as fully paid in the share capital of PRSB to the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(c) In the previous financial year: (continued)

(vii) The issued and paid-up capital of the following direct subsidiaries was increased as follows:
(continued)

- (vii) DFSB increased its issued and paid-up capital through capitalisation of amount owing by DFSB to the Company of RM3,580,000 and the same be applied for an allotment and issuance of 3,580,000 ordinary shares of RM1.00 each credited as fully paid in the share capital of DFSB to the Company.
- (viii) CBM increased its issued and paid-up capital through capitalisation of amount owing by CBM to the Company of RM9,997,741 and the same be applied for an allotment and issuance of 1,408,450 ordinary shares of RM7.0984 each credited as fully paid in the share capital of CBM to the Company.
- (ix) CRG increased its issued and paid-up capital through capitalisation of amount owing by CRG to the Company of RM48,000,000 and the same be applied for an allotment and issuance of 48,000,000 ordinary shares of RM1.00 each credited as fully paid in the share capital of CRG to the Company.
- (x) AWPL increased its issued and paid-up capital through an allotment and issuance of 1,000,000 ordinary shares of SGD1.00 each credited as fully paid in the share capital of AWPL to the Company.

(viii) The issued and paid-up capital of the following indirect subsidiaries was increased as follows:

- (i) PTCMS increased its issued and paid-up capital through capitalisation of amount owing by PTCMS to CRG of IDR9,003,120,000 (approximately RM2,890,001) and the same be applied for an allotment and issuance of 690,000 ordinary shares of IDR13,048.00 each credited as fully paid in the share capital of PTCMS to CRG.
- (ii) GHSB increased its issued and paid-up capital through capitalisation of amount owing by GHSB to DDSB of RM499,999 and the same be applied for an allotment and issuance of 499,999 ordinary shares of RM1.00 each credited as fully paid in the share capital of GHSB to DDSB.
- (iii) CRF increased its issued and paid-up capital through capitalisation of amount owing by CRF to CRG of RM7,000,000 and the same be applied for an allotment and issuance of 700,000 ordinary shares of RM10.00 each credited as fully paid in the share capital of CRF to CRG.
- (iv) CRL increased its issued and paid-up capital through capitalisation of amount owing by CRL to CRG of RM18,000,000 and the same be applied for an allotment and issuance of 1,000,000 ordinary shares of RM18.00 each credited as fully paid in the share capital of CRL to CRG.
- (v) CRV increased its issued and paid-up capital through capitalisation of amount owing by CRV to CRG of RM1,899,998 and the same be applied for an allotment and issuance of 1,899,998 ordinary shares of RM1.00 each credited as fully paid in the share capital of CRV to CRG.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	VRD	Jeco Group	Other individual immaterial subsidiaries *	Total
2019				
NCI percentage of ownership interest and voting interest	25%	30%	-	-
Carrying amount of NCI (RM'000)	1,097	18,872	(59)	19,910
(Loss)/Profit allocated to NCI (RM'000)	(29)	5,118	144	5,233
2018				
NCI percentage of ownership interest and voting interest	25%	30%	-	-
Carrying amount of NCI (RM'000)	1,126	24,095	(203)	25,018
(Loss)/Profit allocated to NCI (RM'000)	(71)	5,243	(57)	5,115

* The NCI of the other subsidiaries of the Group are deemed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) 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:

	VRD	Jeco Group
	RM'000	RM'000
2019		
Assets and liabilities		
Non-current assets	277	40,907
Current assets	6,245	69,734
Non-current liabilities	(15)	(7,596)
Current liabilities	(2,094)	(54,274)
Net assets	<u>4,413</u>	<u>48,771</u>
Results		
Revenue	13,229	150,371
(Loss)/Profit for the financial year	(115)	18,393
Total comprehensive (loss)/income	<u>(115)</u>	<u>19,160</u>
Cash flows from operating activities	224	19,634
Cash flows from investing activities	16	487
Cash flows from/(used in) financing activities	633	(16,784)
Net increase in cash and cash equivalents	<u>873</u>	<u>3,337</u>
Dividends paid to NCI	-	9,085
2018		
Assets and liabilities		
Non-current assets	626	44,382
Current assets	6,194	68,014
Non-current liabilities	(18)	(7,765)
Current liabilities	(2,271)	(43,814)
Net assets	<u>4,531</u>	<u>60,817</u>
Results		
Revenue	13,046	137,929
(Loss)/Profit for the financial year	(286)	17,279
Total comprehensive (loss)/income	<u>(286)</u>	<u>19,479</u>
Cash flows from operating activities	1,472	21,594
Cash flows used in investing activities	(862)	(1,325)
Cash flows used in financing activities	(1,379)	(4,266)
Net (decrease)/increase in cash and cash equivalents	<u>(769)</u>	<u>16,003</u>
Dividends paid to NCI	-	1,770



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INTERESTS IN ASSOCIATES

	Group	
	2019 RM'000	2018 RM'000
Unquoted equity shares, at cost	4,894	4,894
Share of post acquisition profit, net of dividends received	223	441
Loan to an associate ⁽¹⁾	4,855	4,855
	<hr/>	<hr/>
	9,972	10,190
Less: Impairment losses	(9,441)	(9,441)
	<hr/>	<hr/>
	531	749
	<hr/> <hr/>	<hr/> <hr/>

⁽¹⁾ In the previous financial years, the Group provided a loan to an associate (refer to Note 15(a) to the financial statements) 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.

(a) The details of the associates, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	Effective interest in equity		Principal activities
	2019 %	2018 %	
Associate of Bonia Corporation Berhad			
Paris RCG Sdn. Bhd. ("PRCG") ⁽¹⁾	30	30	Managing food and beverage business
Associate of BCB Properties Sdn. Bhd.			
Serene Glow Sdn. Bhd. ("SGSB") ⁽²⁾	33	33	Property investment and development
Associates of Jeco (Pte) Limited			
Braun Verwaltungs-GmbH ("BVG") ⁽³⁾ <i>(Incorporated in Germany)</i>	34	34	Marketing and distribution of fashionable leather goods
Braun GmbH & Co. KG ("BBKG") ⁽³⁾ <i>(Incorporated in Germany)</i>	34	34	Marketing and distribution of fashionable leather goods

⁽¹⁾ Audited by firms of auditors other than BDO PLT

⁽²⁾ Equity accounted based on management accounts for the financial year ended 30 June 2019 as the financial year end of the associate is 30 September

⁽³⁾ Equity accounted based on management accounts for the financial year ended 30 June 2019 as these associates are not required to be audited

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INTERESTS IN ASSOCIATES (continued)

- (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:

	SGSB RM'000	BVG and BBKG RM'000	PRCG RM'000	Total RM'000
2019				
Assets and liabilities				
Non-current assets	-	4,816	1,531	6,347
Current assets	34	12,407	3,150	15,591
Total assets	<u>34</u>	<u>17,223</u>	<u>4,681</u>	<u>21,938</u>
Liabilities				
Non-current liabilities	-	12,591	-	12,591
Current liabilities	443	10,355	648	11,446
Total liabilities	<u>443</u>	<u>22,946</u>	<u>648</u>	<u>24,037</u>
Results				
Revenue	-	31,173	10,294	41,467
(Loss)/Profit for the financial year	<u>(5)</u>	<u>(98)</u>	<u>1,433</u>	<u>1,330</u>
		BVG and BBKG		
2018	SGSB RM'000	RM'000	PRCG RM'000	Total RM'000
Assets and liabilities				
Non-current assets	-	5,117	1,531	6,648
Current assets	34	10,417	3,150	13,601
Total assets	<u>34</u>	<u>15,534</u>	<u>4,681</u>	<u>20,249</u>
Liabilities				
Non-current liabilities	-	12,748	-	12,748
Current liabilities	443	8,440	648	9,531
Total liabilities	<u>443</u>	<u>21,188</u>	<u>648</u>	<u>22,279</u>
Results				
Revenue	-	28,351	10,294	38,645
(Loss)/Profit for the financial year	<u>(5)</u>	<u>(1,400)</u>	<u>1,433</u>	<u>28</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. 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:

2019	SGSB RM'000	BVG and BBKG RM'000	PRCG RM'000	Total RM'000
Share of net (liabilities)/assets of the Group	(137)	(1,963)	992	(1,108)
Loan to an associate	-	4,855	-	4,855
Goodwill	-	8,646	-	8,646
Gain on dilution of interest	-	-	(461)	(461)
Unrecognised share of other reserves	-	(4,186)	-	(4,186)
Unrecognised share of losses of associates	489	2,578	-	3,067
	489	11,893	(461)	11,921
Less: Share by non-controlling interests	-	(841)	-	(841)
	489	11,052	(461)	11,080
	352	9,089	531	9,972
Less: Impairment losses	(352)	(9,089)	-	(9,441)
Carrying amount in the statement of financial position	-	-	531	531
Share of results of the Group				
Share of profit of the Group	-	-	202	202
Share of other comprehensive income of the Group	-	-	-	-
Share of total comprehensive income of the Group	-	-	202	202
Other information				
Dividend received	-	-	420	420

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. 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)

2018	SGSB RM'000	BVG and BBKG RM'000	PRCG RM'000	Total RM'000
Share of net (liabilities)/assets of the Group	(135)	(1,940)	1,210	(865)
Loan to an associate	-	4,855	-	4,855
Goodwill	-	8,381	-	8,381
Gain on dilution of interest	-	-	(461)	(461)
Unrecognised share of other reserves	-	(3,828)	-	(3,828)
Unrecognised share of losses of associates	487	2,452	-	2,939
	487	11,860	(461)	11,886
Less: Share by non- controlling interests	-	(831)	-	(831)
	487	11,029	(461)	11,055
	352	9,089	749	10,190
Less: Impairment losses	(352)	(9,089)	-	(9,441)
Carrying amount in the statement of financial position	-	-	749	749
Share of results of the Group				
Share of profit of the Group	-	-	430	430
Share of other comprehensive income of the Group	-	-	-	-
Share of total comprehensive income of the Group	-	-	430	430
Other information				
Dividend received	-	-	360	360



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INTERESTS IN ASSOCIATES (continued)

- (d) During the financial year, the cumulative unrecognised share of losses of associates amounted to RM3,067,000 (2018: RM2,939,000), and the net increase in unrecognised share of losses amounted to RM128,000 (2018: net increase of RM579,000). 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) In the previous financial year, the Company had disposed its 40% equity interest in Makabumi Sdn. Bhd. to a third party for a consideration of RM800. The gain on disposal of the associate of the Group and of the Company amounted to RM800.

12. OTHER INVESTMENTS

	Group	
	2019 RM'000	2018 RM'000
Financial assets at fair value through profit or loss		
- Club memberships	1,203	1,222

Information on the fair value hierarchy is disclosed in Note 38(d) to the financial statements.

13. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance as at 1 July 2018/2017, as previously reported	6,046	6,024	-	(1)
Effects of adoption of MFRS 9 (Note 5.1)	(1,141)	-	-	-
Effects of adoption of MFRS 15 (Note 5.1)	(35)	-	-	-
Balance as at 1 July 2018/2017, as restated	4,870	6,024	-	(1)
Recognised in profit or loss:				
- Continuing operations (Note 32)	403	(418)	1	1
- Discontinued operations	-	137	-	-
Recognised in other comprehensive income	260	10	-	-
Reclassification from/to disposal groups held for sale/held for distribution	160	406	-	-
Currency translation differences	42	(113)	-	-
Balance as at 30 June 2019/2018	5,735	6,046	1	-
Presented after appropriate offsetting as follows:				
Deferred tax assets, net	(1,770)	(1,354)	-	-
Deferred tax liabilities, net	7,505	7,400	1	-
	5,735	6,046	1	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Intangible assets RM'000	Other taxable temporary differences RM'000	Offsetting RM'000	Total RM'000
At 1 July 2018, as previously reported	2,925	4,969	-	(494)	7,400
Effects of adoption of MFRS 9 (Note 5.1)	-	-	(171)	-	(171)
At 1 July 2018, as restated	2,925	4,969	(171)	(494)	7,229
Recognised in profit or loss:					
- Continuing operations	114	(430)	199	(55)	(172)
Recognised in other comprehensive income	260	-	-	-	260
Reclassification from disposal group held for sale/held for distribution (Note 26)	160	-	-	-	160
Currency translation differences	63	(36)	1	-	28
At 30 June 2019	<u>3,522</u>	<u>4,503</u>	<u>29</u>	<u>(549)</u>	<u>7,505</u>
At 1 July 2017	3,049	5,423	53	-	8,525
Recognised in profit or loss:					
- Continuing operations	(209)	(424)	107	(494)	(1,020)
- Discontinued operations	206	-	(22)	-	184
Recognised in other comprehensive income	10	-	-	-	10
Reclassification to disposal group held for sale/held for distribution (Note 26)	(22)	-	(138)	-	(160)
Currency translation differences	(109)	(30)	-	-	(139)
At 30 June 2018	<u>2,925</u>	<u>4,969</u>	<u>-</u>	<u>(494)</u>	<u>7,400</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (continued)

Deferred tax assets of the Group

	Property, plant and equipment RM'000	Payables RM'000	Other deductible temporary differences RM'000	Offsetting RM'000	Total RM'000
At 1 July 2018, as previously reported	638	196	1,014	(494)	1,354
Effects of adoption of MFRS 9 (Note 5.1)	-	-	970	-	970
Effects of adoption of MFRS 15 (Note 5.1)	-	-	35	-	35
At 1 July 2018, as restated	638	196	2,019	(494)	2,359
Recognised in profit or loss:					
- Continuing operations	(613)	251	(158)	(55)	(575)
Currency translation differences	3	(7)	(10)	-	(14)
At 30 June 2019	<u>28</u>	<u>440</u>	<u>1,851</u>	<u>(549)</u>	<u>1,770</u>
At 1 July 2017	775	252	1,474	-	2,501
Recognised in profit or loss:					
- Continuing operations	(116)	53	(45)	(494)	(602)
- Discontinued operations	83	9	(45)	-	47
Reclassification to disposal groups held for sale/held for distribution (Note 26)	(85)	(118)	(363)	-	(566)
Currency translation differences	(19)	-	(7)	-	(26)
At 30 June 2018	<u>638</u>	<u>196</u>	<u>1,014</u>	<u>(494)</u>	<u>1,354</u>

NOTES TO THE FINANCIAL STATEMENTS

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13. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Company

	Taxable temporary differences RM'000	Offsetting RM'000	Total RM'000
At 1 July 2018	-	-	-
Recognised in profit or loss	(1)	-	(1)
At 30 June 2019	(1)	-	(1)
At 1 July 2017	1	-	1
Recognised in profit or loss	(1)	-	(1)
At 30 June 2018	-	-	-

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2019 RM'000	2018 RM'000
Unused tax losses	26,940	23,037
Unabsorbed capital allowances	7,568	11,761
Other deductible temporary differences	6,755	3,300
	<u>41,263</u>	<u>38,098</u>

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, the unused tax losses of the Group up to the year of assessment 2019 shall be deductible until year of assessment 2026. The unused tax losses for the year of assessment 2020 onwards will expire in seven (7) years. 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.

14. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Raw materials	9,280	6,386
Work-in-progress	1,057	1,755
Finished goods	82,650	97,075
Consumables	131	147
	<u>93,118</u>	<u>105,363</u>

During the financial year, inventories of the Group recognised as cost of sales amounted to RM212,081,000 (2018: RM172,690,000). In the previous financial year, the Group had written off inventories amounting to RM55,000 and this was included in cost of sales.



NOTES TO THE FINANCIAL STATEMENTS

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15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets					
Other receivables					
Third parties	(b)	11,482	13,206	-	-
Amount owing by a subsidiary	(e)	-	-	18,904	-
Loan to an associate	(a)	-	5,353	-	-
		<u>11,482</u>	<u>18,559</u>	<u>18,904</u>	<u>-</u>
Less: Impairment losses					
- third parties		(5,172)	(4,637)	-	-
- subsidiary		-	-	(180)	-
- associate		-	(5,353)	-	-
		<u>(5,172)</u>	<u>(9,990)</u>	<u>(180)</u>	<u>-</u>
		<u>6,310</u>	<u>8,569</u>	<u>18,724</u>	<u>-</u>
Current assets					
Trade receivables					
Third parties		53,339	61,732	-	-
Associate		-	198	-	-
		<u>53,339</u>	<u>61,930</u>	<u>-</u>	<u>-</u>
Less: Impairment losses - third parties		(17,424)	(6,790)	-	-
		<u>35,915</u>	<u>55,140</u>	<u>-</u>	<u>-</u>
Other receivables and deposits					
Amounts owing by subsidiaries	(d)	-	-	12,959	54,134
Amount owing by an associate		309	309	-	-
Loan to an associate	(a)	1,561	2,590	-	-
Other receivables	(b)	10,256	7,067	170	119
Deposits		13,143	13,972	9	9
		<u>25,269</u>	<u>23,938</u>	<u>13,138</u>	<u>54,262</u>
Less: Impairment losses					
- subsidiaries		-	-	(17)	(32,271)
- associates		(1,870)	(2,899)	-	-
- deposits		(21)	(100)	-	-
- other receivables		(388)	(174)	-	-
		<u>(2,279)</u>	<u>(3,173)</u>	<u>(17)</u>	<u>(32,271)</u>
		<u>22,990</u>	<u>20,765</u>	<u>13,121</u>	<u>21,991</u>
Total trade and other receivables		<u>58,905</u>	<u>75,905</u>	<u>13,121</u>	<u>21,991</u>
Prepayments		<u>5,648</u>	<u>7,331</u>	<u>-</u>	<u>-</u>
Total trade and other receivables (current)		<u>64,553</u>	<u>83,236</u>	<u>13,121</u>	<u>21,991</u>
Total trade and other receivables (non-current and current)		<u>70,863</u>	<u>91,805</u>	<u>31,845</u>	<u>21,991</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. TRADE AND OTHER RECEIVABLES (continued)

- (a) The loan to an associate, Braun GmbH & Co. KG, is unsecured and has a fixed term of 20 years. The loan is repayable over 20 annual instalments commencing from 2012 with a lump sum repayment upon expiry of the loan. Interest rate is fixed at 3.0% (2018: 3.0%) per annum. Its fair value at initial recognition was computed based on cash flows discounted at a market borrowing rate at 7.5% per annum as disclosed in Note 11 to the financial statements.

As at 30 June 2019, loan to an associate of RM1,561,000 (2018: RM7,943,000) and amount owing by the associate of RM309,000 (2018: RM309,000) were fully impaired due to the associate's deficit in total equity position.

- (b) Included in non-current other receivables and current other receivables are amounts owing from an exclusive authorised dealer of "Braun Buffel" brand of RM6,699,000 and RM2,498,000 respectively (2018: RM8,569,000 and RM2,067,000 respectively). The amount receivable from the exclusive authorised dealer is with an interest rate of 7.53% (2018: 7.5%) per annum and is payable through instalments till 2023.
- (c) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2018: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (d) Current amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.
- (e) Non-current amount owing by a subsidiary of RM18,904,000 (2018: RM Nil) represents the present value of advances of funds which is unsecured, interest-free and repayable within the next two (2) years in cash and cash equivalents.
- (f) During the financial year, the Company had reversed impairment losses of RM13,160,017 (2018: RM3,970,000) on amounts owing by certain subsidiaries following the capitalisation of the amounts owing by the subsidiaries as costs of investments in subsidiaries as disclosed in Note 10(b)(vi) to the financial statements.
- (g) Non-trade amounts owing by associates represent advances and payments made on behalf, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (h) Information on financial risks of trade and other receivables is disclosed in Note 39 to the financial statements.
- (i) The currency exposure profile of receivables (excluding prepayments) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	27,774	33,113	21,246	21,991
Singapore Dollar	29,022	24,952	10,599	-
Vietnamese Dong	171	7,069	-	-
Indonesian Rupiah	7,787	19,340	-	-
Euro	367	-	-	-
Others	94	-	-	-
	<u>65,215</u>	<u>84,474</u>	<u>31,845</u>	<u>21,991</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. TRADE AND OTHER RECEIVABLES (continued)

(j) The ageing analysis of trade receivables of the Group are as follows:

Group 2019	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.6.2019 RM'000
Current	19,753	(2,744)	17,009
Past due:			
1 to 30 days	13,945	(572)	13,373
31 to 60 days	3,142	(408)	2,734
61 to 90 days	1,145	(846)	299
91 to 120 days	3,991	(1,717)	2,274
More than 120 days	11,363	(11,137)	226
	<u>33,586</u>	<u>(14,680)</u>	<u>18,906</u>
	<u>53,339</u>	<u>(17,424)</u>	<u>35,915</u>
2018 *	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.6.2018 RM'000
Current	30,189	-	30,189
Past due:			
1 to 30 days	8,866	-	8,866
31 to 60 days	4,675	-	4,675
61 to 90 days	2,235	-	2,235
91 to 120 days	564	-	564
More than 120 days	15,401	(6,790)	8,611
	<u>31,741</u>	<u>(6,790)</u>	<u>24,951</u>
	<u>61,930</u>	<u>(6,790)</u>	<u>55,140</u>

* Comparative information as required under MFRS 139 *Financial Instruments: Recognition and Measurement*

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. TRADE AND OTHER RECEIVABLES (continued)

(k) 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 2018 under MFRS 139	-	6,790	6,790
Restated through opening retained earnings (Note 5.1)	7,936	6,892	14,828
Opening impairment loss of trade receivables in accordance with MFRS 9	7,936	13,682	21,618
Charge for the financial year	124	42	166
Reversal of impairment loss	(4,537)	-	(4,537)
Written off	-	(69)	(69)
Exchange differences	177	69	246
At 30 June 2019	<u>3,700</u>	<u>13,724</u>	<u>17,424</u>
At 1 July 2017 under MFRS 139	-	7,075	7,075
Charge for the financial year	-	516	516
Reversal of impairment loss	-	(568)	(568)
Written off	-	(173)	(173)
Exchange differences	-	(60)	(60)
At 30 June 2018	<u>-</u>	<u>6,790</u>	<u>6,790</u>

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 has identified the Gross Domestic Product (“GDP”), retail sales growth, unemployment rate and inflation rate as the key macroeconomic factors in determining the lifetime expected credit loss for trade receivables.

(l) 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	
	2019 RM'000	2018 RM'000
Maximum exposure	35,915	55,140
Collateral obtained	-	-
Net exposure to credit risk	<u>35,915</u>	<u>55,140</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. TRADE AND OTHER RECEIVABLES (continued)

- (m) The reconciliation of movements in the impairment losses on other receivables and amounts owing by related parties is 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 2018 under MFRS 139	-	-	13,163	13,163
Restated through opening retained earnings (Note 5.1)	104	5	38	147
Opening impairment loss of other receivables and amounts owing by related parties in accordance with MFRS 9	104	5	13,201	13,310
Charge for the financial year	350	26	-	376
Reversal of impairment loss	-	(5)	-	(5)
Written off	-	-	(6,573)	(6,573)
Exchange differences	6	-	337	343
At 30 June 2019	460	26	6,965	7,451
At 1 July 2017 under MFRS 139	-	-	13,356	13,356
Charge for the financial year	-	-	462	462
Exchange differences	-	-	(655)	(655)
At 30 June 2018	-	-	13,163	13,163

Company	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 1 July 2018 under MFRS 139	-	32,271	32,271
Restated through opening retained earnings (Note 5.1)	174	-	174
Opening impairment loss of amounts owing by subsidiaries in accordance with MFRS 9	174	32,271	32,445
Charge for the financial year	23	-	23
Reversal of impairment loss	-	(14,325)	(14,325)
Written off	-	(17,946)	(17,946)
At 30 June 2019	197	-	197
At 1 July 2017 under MFRS 139	-	27,399	27,399
Charge for the financial year	-	9,721	9,721
Reversal of impairment loss	-	(4,843)	(4,843)
Written off	-	(6)	(6)
At 30 June 2018	-	32,271	32,271

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	78,345	75,204	1,377	7,132
Deposits with licensed banks	10,824	8,825	-	-
	<u>89,169</u>	<u>84,029</u>	<u>1,377</u>	<u>7,132</u>

(a) Included in deposits with licensed banks of the Group is an amount of RM63,000 (2018: RM874,000) pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	50,712	42,687	1,373	7,128
Chinese Renminbi	146	227	-	-
Hong Kong Dollar	8	12	-	-
Indonesian Rupiah	1,111	1,930	-	-
Singapore Dollar	35,740	35,296	-	-
United States Dollar	1,284	2,971	4	4
Vietnamese Dong	114	835	-	-
Others	54	71	-	-
	<u>89,169</u>	<u>84,029</u>	<u>1,377</u>	<u>7,132</u>

(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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	78,345	75,204	1,377	7,132
Deposits with licensed banks (not more than three (3) months)	10,824	8,825	-	-
	<u>89,169</u>	<u>84,029</u>	<u>1,377</u>	<u>7,132</u>
Less: Bank overdrafts included in borrowings (Note 20)	(1,479)	(3,139)	-	-
Less: Deposits pledged to licensed banks	(63)	(874)	-	-
Add: Cash and cash equivalent classified as held for sale/held for distribution (Note 26)	-	15,639	-	-
	<u>-</u>	<u>15,639</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents included in the statements of cash flows	<u>87,627</u>	<u>95,655</u>	<u>1,377</u>	<u>7,132</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. CASH AND BANK BALANCES (continued)

(d) No expected credit losses were recognised arising from the 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.

17. SHORT TERM FUNDS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fair value through profit or loss				
Short term funds	18,301	27,293	3,174	6,328

(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.

18. SHARE CAPITAL

	Company			
	2019		2018	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Ordinary shares:				
Issued and fully paid	806,287	201,572	806,287	201,572

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.

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable					
Available-for-sale reserve	(a)	-	(93)	-	-
Exchange translation reserve	(b)	15,196	11,759	-	-
Revaluation reserve	(c)	2,521	184	-	-
Treasury shares	(d)	(4,659)	(355)	(4,659)	(355)
		13,058	11,495	(4,659)	(355)
Distributable					
Retained earnings		161,606	227,870	45,218	85,942
		<u>174,664</u>	<u>239,365</u>	<u>40,559</u>	<u>85,587</u>

(a) Available-for-sale reserve

The reserve arose from gains or losses of financial assets classified as available-for-sale. As at 1 July 2018, other investments were reclassified from available-for-sale to financial assets at FVTPL. Therefore, related fair value losses of RM93,000 were transferred from the available-for-sale reserve to retained earnings on 1 July 2018.

(b) 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.

(c) 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. RESERVES (continued)

(d) Treasury shares

During the financial year, the Company repurchased 15,098,400 of its issued ordinary shares from the stock exchange of BMSB and held the same as treasury shares at an average buy-back price of RM0.285 per ordinary share as detailed below:

	Number of shares	Total consideration RM'000	← Price per share →		
			Highest RM	Lowest RM	Average RM
Balance at 1 July 2018	636,000	355	0.555	0.555	0.555
Share repurchased during the financial year:					
April 2019	6,369,400	1,678	0.270	0.250	0.263
May 2019	5,115,400	1,455	0.300	0.255	0.284
June 2019	3,613,600	1,171	0.330	0.300	0.324
	<u>15,098,400</u>	<u>4,304</u>	0.330	0.250	0.285
Balance at 30 June 2019	<u>15,734,400</u>	<u>4,659</u>			

The total consideration (including transaction costs) of RM4,304,000 paid for the repurchases was financed by internally generated funds.

As at 30 June 2019, the Company held 15,734,400 (2018: 636,000) treasury shares out of its total issued shares of 806,287,400 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 dividends to the shareholders of the Company and/or resell the shares so purchased on BMSB in accordance with the relevant rules of BMSB; 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 BMSB 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

(CONT'D)

20. BORROWINGS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current liabilities					
Conventional financing facilities - Secured					
Bankers' acceptances		623	1,583	-	-
Hire purchase and lease creditors	21	119	178	-	-
Revolving credit		-	1,200	-	-
Term loans	22	5,350	12,098	-	2,500
		6,092	15,059	-	2,500
Islamic financing facilities - Secured					
Term financing-i	22	1,598	6,075	-	4,008
Total secured borrowings		7,690	21,134	-	6,508
Conventional financing facilities - Unsecured					
Bank overdrafts		995	2,242	-	-
Bankers' acceptances		5,096	6,443	-	-
Revolving credit		1,000	1,000	-	-
Trust receipts		5,418	5,988	-	-
		12,509	15,673	-	-
Islamic financing facilities - Unsecured					
Bank overdrafts		484	897	-	-
Bankers' acceptances		325	439	-	-
		809	1,336	-	-
Total unsecured borrowings		13,318	17,009	-	-
Total		21,008	38,143	-	6,508



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. BORROWINGS (continued)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current liabilities					
Conventional financing facilities - Secured					
Hire purchase and lease creditors	21	130	243	-	-
Term loans	22	14,520	21,710	-	1,979
		14,650	21,953	-	1,979
Islamic financing facilities - Secured					
Term financing-i	22	20,374	36,209	-	14,322
Total		35,024	58,162	-	16,301
Total borrowings					
Bank overdrafts	16(c)	1,479	3,139	-	-
Bankers' acceptances		6,044	8,465	-	-
Hire purchase and lease creditors	21	249	421	-	-
Term loans and term financing-i	22	41,842	76,092	-	22,809
Revolving credit		1,000	2,200	-	-
Trust receipts		5,418	5,988	-	-
		56,032	96,305	-	22,809

- (a) Certain bank overdrafts and bankers' acceptances of the Group are secured by the following:
- (i) first fixed charges over certain freehold and long term leasehold land and buildings of the Company and its subsidiaries as disclosed in Note 7 to the financial statements; and
 - (ii) fixed deposits of its subsidiaries as disclosed in Note 16 to the financial statements.
- (b) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	50,031	84,055	-	22,809
Singapore Dollar	5,587	8,372	-	-
Vietnamese Dong	414	2,284	-	-
Indonesian Rupiah	-	1,594	-	-
	56,032	96,305	-	22,809

- (c) Information on financial risks of borrowings is disclosed in Note 39 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. BORROWINGS (continued)

(d) Reconciliation of liabilities from financing activities: (continued)

Group	Note	Hire purchase and lease creditors RM'000	Term loan and term financing-i RM'000	Banker acceptance RM'000	Bank overdraft RM'000	Trust receipts RM'000	Revolving credit RM'000	Total RM'000
At 1 July 2017		539	118,656	11,672	3,744	7,215	1,000	142,826
Cash flows:								
- Net of repayments and drawdowns of borrowings		(181)	(15,174)	(2,568)	(605)	(831)	1,200	(18,159)
Non-cash flows:								
- Effect of foreign exchange		(15)	(470)	-	-	(396)	-	(881)
- Purchase of property, plant and equipment	7	78	-	-	-	-	-	78
- Reclassified to disposal groups held for sale/held for distribution	26	-	(26,920)	(639)	-	-	-	(27,559)
		63	(27,390)	(639)	-	(396)	-	(28,362)
At 30 June 2018		421	76,092	8,465	3,139	5,988	2,200	96,305
Company							Term loans and term financing-i RM'000	Total RM'000
At 1 July 2017							27,187	27,187
Cash flows							(4,378)	(4,378)
At 30 June 2018							22,809	22,809

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Minimum hire purchase and lease payments:				
- not later than one (1) year	128	196	-	-
- later than one (1) year but not later than five (5) years	135	257	-	-
	<u>263</u>	<u>453</u>	<u>-</u>	<u>-</u>
Total minimum hire purchase and lease payments	263	453	-	-
Less: Future interest charges	(14)	(32)	-	-
	<u>249</u>	<u>421</u>	<u>-</u>	<u>-</u>
Present value of hire purchase and lease payments	<u>249</u>	<u>421</u>	<u>-</u>	<u>-</u>
Repayable as follows:				
Current liabilities				
- not later than one (1) year	119	178	-	-
Non-current liabilities				
- later than one (1) year but not later than five (5) years	130	243	-	-
	<u>249</u>	<u>421</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TERM LOANS AND TERM FINANCING-I ("TF-I")

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Conventional financing facilities - Secured				
Term loan I is repayable by 180 equal monthly instalments of RM26,378 each commencing October 2009	1,760	1,977	-	-
Term loan II is repayable as follows:				
- 15 equal monthly instalments of RM104,167 each commencing September 2011				
- 80 equal monthly instalments of RM208,334 each commencing December 2012				
- 16 equal monthly instalments of RM104,167 each commencing August 2019				
- Final instalment of RM104,103 in December 2020	-	4,479	-	4,479
Term loan III is repayable as follows:				
- 24 monthly instalments of principal of RM80,000 plus interest each commencing October 2014				
- 24 monthly instalments of principal of RM107,000 plus interest each commencing October 2016				
- 11 monthly instalments of principal of RM134,000 plus interest each commencing October 2018				
- Final instalment of RM1,918,000 in September 2019	2,194	3,713	-	-
Term loan IV is repayable as follows:				
- 240 equal monthly instalments of RM17,554 each commencing September 2011	2,120	2,225	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TERM LOANS AND TERM FINANCING-I ("TF-I") (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Conventional financing facilities - Secured (continued)				
Term loan V is repayable as follows: - 240 equal monthly instalments of RM64,878 each commencing November 2014	8,779	9,141	-	-
Term loan VI is repayable as follows: - 24 equal monthly instalments of RM70,000 each commencing October 2014 - 24 equal monthly instalments of RM93,000 each commencing October 2016 - 11 equal monthly instalments of RM116,000 each commencing October 2018 - Final instalment of RM1,683,536 in September 2019	1,922	3,239	-	-
Term loan VII is repayable as follows: - 96 equal monthly instalments of RM26,000 each commencing January 2014	-	227	-	-
Term loan VIII is repayable as follows: - 240 equal monthly instalments of RM9,411 each commencing March 2014	1,243	1,301	-	-
Term loan IX is repayable as follows: - 240 monthly instalments of RM1,688 each commencing April 2015	226	235	-	-
Term loan X is repayable as follows: - 240 monthly instalments of RM2,396 each commencing April 2015	321	334	-	-



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TERM LOANS AND TERM FINANCING-I ("TF-I") (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Conventional financing facilities - Secured (continued)				
Term loan XI is repayable as follows:				
- 240 monthly instalments of RM2,396 each commencing April 2015	321	334	-	-
Term loan XII is repayable as follows:				
- 300 monthly instalments of RM4,495 each commencing September 2015				
- Final instalment of RM39,195 in August 2040	570	575	-	-
Term loan XIII is repayable as follows:				
- 36 monthly instalments of SGD97,222 (RM290,558) each commencing June 2016	-	3,744	-	-
Term loan XIV is repayable as follows:				
- to be repaid within 6 months commencing April 2018	-	2,284	-	-
Term loan XV is repayable as follows:				
- to be repaid within 6 months commencing March 2019	414	-	-	-
	19,870	33,808	-	4,479

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TERM LOANS AND TERM FINANCING-I ("TF-I") (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Islamic financing facilities - Secured				
TF-I I is repayable as follows:				
- 24 equal monthly instalments of RM70,000 each commencing November 2010				
- 36 equal monthly instalments of RM80,000 each commencing November 2012				
- 36 equal monthly instalments of RM111,710 each commencing November 2015	-	555	-	-
TF-I II is repayable as follows:				
- 77 equal monthly instalments of RM180,000 each commencing September 2016				
- Final instalment of RM15,358,000 in February 2023	20,525	21,610	-	-
TF-I III is repayable as follows:				
- 59 monthly instalments of RM334,000 each commencing February 2018				
- Final instalment of RM294,000 in January 2023	-	18,330	-	18,330
TF-I IV is repayable as follows:				
- 59 monthly instalments of RM36,600 each commencing March 2018				
- Final instalment of RM36,210 in February 2023	1,447	1,789	-	-
	21,972	42,284	-	18,330
	41,842	76,092	-	22,809



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TERM LOANS AND TERM FINANCING-I ("TF-I") (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Secured				
Repayable as follows:				
Current liabilities				
- not later than one (1) year	6,948	18,173	-	6,508
Non-current liabilities				
- later than one (1) year but not later than five (5) years	24,092	46,119	-	16,301
- later than five (5) years	10,802	11,800	-	-
	<u>34,894</u>	<u>57,919</u>	<u>-</u>	<u>16,301</u>
	<u>41,842</u>	<u>76,092</u>	<u>-</u>	<u>22,809</u>

- (a) Secured term loans are secured by means of legal charges over freehold land and buildings, leasehold land and buildings of the Company and its subsidiaries (Notes 7 and 8) and are guaranteed by the Company except for term loan I, III, V, VI, which are secured by a specific debenture over the assets of a subsidiary (Note 7) and are guaranteed by the Company. The borrowings are also secured by assignment of rental proceeds.
- (b) The term financing-i are Islamic financing facilities that are secured by means of legal charges over freehold land and buildings, leasehold land and buildings of the Company and its subsidiaries (Notes 7 and 8) and are guaranteed by the Company except for TF-I II which is secured by a specific debenture over the furniture, fixtures and fittings and other assets of a subsidiary (Note 7) and is secured by assignment of rental proceeds.

23. PROVISION FOR RESTORATION COSTS

	Group	
	2019 RM'000	2018 RM'000
Non-current		
Provision for restoration costs	1,316	1,700
Current		
Provision for restoration costs	<u>1,341</u>	<u>897</u>
	<u>2,657</u>	<u>2,597</u>

- (a) Provision for restoration costs comprises estimates of reinstatement costs for stores upon termination of tenancy.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. PROVISION FOR RESTORATION COSTS (continued)

(b) A reconciliation of the provision for restoration costs is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Balance as at 1 July 2018/2017	2,597	3,553
Reclassified to disposal group held for distribution (Note 26)	-	(650)
Recognised in property, plant and equipment (Note 7(a))	(135)	(299)
Recognised in profit or loss		
- continuing operations (Note 31)		
- unwinding of discount on provision for restoration costs	189	8
- over-provision of restoration costs	(23)	-
- discontinued operations (Note 26)	-	25
Translation adjustments	29	(40)
	<u>2,657</u>	<u>2,597</u>
Balance as at 30 June 2019/2018	<u>2,657</u>	<u>2,597</u>

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Other payable				
Other payable	<u>5,067</u>	<u>4,820</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade payables				
Third parties	7,707	8,384	-	-
Other payables, deposits and accruals				
Amounts owing to subsidiaries	-	-	79	3,250
Amounts owing to associates	220	480	210	480
Other payables	14,696	6,396	1	159
Deposits	885	1,116	249	249
Deferred revenue	-	24,406	-	-
Accruals	14,794	21,328	790	2,531
	<u>30,595</u>	<u>53,726</u>	<u>1,329</u>	<u>6,669</u>
Total trade and other payables (current)	<u>38,302</u>	<u>62,110</u>	<u>1,329</u>	<u>6,669</u>
Total trade and other payables (current and non-current)	<u>43,369</u>	<u>66,930</u>	<u>1,329</u>	<u>6,669</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. TRADE AND OTHER PAYABLES (continued)

- (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% (2018: 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 (2018: 30 to 90 days).
- (c) Amounts owing to associates represent advances and payments made on behalf, which are 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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	17,978	21,392	1,329	6,669
Chinese Renminbi	333	361	-	-
Indonesian Rupiah	2,563	624	-	-
Hong Kong Dollar	1,065	1,344	-	-
Singapore Dollar	20,086	41,876	-	-
United States Dollar	1,322	1,286	-	-
Vietnamese Dong	-	8	-	-
Others	22	39	-	-
	<u>43,369</u>	<u>66,930</u>	<u>1,329</u>	<u>6,669</u>

25. CONTRACT LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Deferred revenue	<u>23,551</u>	<u>-</u>

- (a) Deferred revenue mainly represents advance consideration received from the 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	
	2019 RM'000	2018 RM'000
Within one (1) year	4,802	-
Between one (1) year and five (5) years	2,143	-
More than five (5) years	<u>16,606</u>	<u>-</u>
	<u>23,551</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR HELD FOR DISTRIBUTION

- (a) As disclosed in Note 40(b) to the financial statements, on 13 November 2018, 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 one (1) CRG share for every one (1) share of the Company held on 1 November 2018 ("Entitlement date") from its retained earnings as detailed in the Company's Circular to Shareholders in relation to the "Proposed Listing of CRG Incorporated Sdn. Bhd. and its subsidiaries on the LEAP Market of Bursa Malaysia Securities Berhad" dated 8 May 2018. Following the distribution, CRG Group ceased to be direct/indirect subsidiaries of the Company. The details of the demerger of CRG Group are disclosed in Note 10 to the financial statements.
- (b) On 8 May 2018, the Company entered into a conditional share sale agreement with a Director, Chiang Sang Sem for the disposal of its 500,000 ordinary shares representing 100% equity interest held in MAC to the latter for a purchase price of RM2,490,990. Details of the proposed disposal are described in Note 40 to the financial statements.

Accordingly, the assets and liabilities of MAC were classified as disposal group held for sale and the financial results of MAC were classified as discontinuing operations in the Group's financial statements for the financial year ended 30 June 2018.

Management represented that the proposed sale transaction is unlikely to proceed due to the non-fulfilment of certain conditions precedent of the conditional share sale agreement as at 30 June 2019.

Based on this circumstances, management had since performed a reclassification and MAC ceased to be classified as disposal group held for sale in the Group's financial statements for the financial year ended 30 June 2019.

- (c) The assets and the associated liabilities held for sale or held for distribution as at 30 June 2018 were as follows:

	Note	CRG Group RM'000	MAC RM'000	Total RM'000
Assets held for sale/held for distribution				
Property, plant and equipment	7	32,495	-	32,495
Investment property	8	-	24,000	24,000
Deferred tax assets	13	566	-	566
Inventories		19,242	-	19,242
Receivables		27,754	6	27,760
Current tax assets		1,318	-	1,318
Cash and bank balances	16 (c)	15,429	210	15,639
		<u>96,804</u>	<u>24,216</u>	<u>121,020</u>
Liabilities associated with assets held for sale/held for distribution				
Borrowings	20	16,504	11,055	27,559
Deferred tax liabilities	13	-	160	160
Provision for restoration cost	23	650	-	650
Payables		7,788	110	7,898
Current tax liabilities		351	-	351
		<u>25,293</u>	<u>11,325</u>	<u>36,618</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR HELD FOR DISTRIBUTION (continued)

- (c) The assets and the associated liabilities held for sale or held for distribution as at 30 June 2018 are as follows: (continued)

In the previous financial year, included in the above assets were property, plant and equipment and an investment property with carrying amounts of RM24,252,000 and RM24,000,000 respectively pledged as security for the borrowings classified under liabilities associated with assets held for sale or held for distribution.

- (d) Analysis of the results of the discontinued operations is as follows:

	CRG Group	
	2019	2018
	RM'000	RM'000
Statements of Profit or Loss and Other Comprehensive Income		
Revenue	34,187	114,870
Cost of sales	(16,989)	(56,001)
Gross profit	17,198	58,869
Other operating income	208	745
Selling and distribution expenses	(9,577)	(31,378)
General and administrative expenses	(7,044)	(20,987)
Finance cost	(284)	(790)
Profit before tax	501	6,459
Tax expense	(648)	(2,687)
(Loss)/Profit for the financial year	(147)	3,772
Other comprehensive income, net of tax		
Foreign currency translation differences	304	(364)
Reclassification of exchange translation reserves to profit or loss upon demerger/deregistration of a foreign subsidiary	(50)	(183)
Total other comprehensive loss, net of tax	254	(547)
Total comprehensive income	107	3,225

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR HELD FOR DISTRIBUTION (continued)

(d) Analysis of the results of the discontinued operations is as follows: (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000
Profit before tax is arrived after charging:			
Auditors' remuneration:			
- Statutory			
- Auditors of the Company:			
- current year		24	60
- Other auditors:			
- current year		8	20
- under-provision in prior year		6	-
- Non-statutory			
- current year		-	61
Depreciation of property, plant and equipment		1,108	2,788
Impairment losses on trade and other receivables		1,049	1,342
Interest expense and profit payment on borrowings:			
- bank guarantees		5	6
- bankers' acceptances		6	104
- term loans and term financing-i		273	655
- unwinding of discount on provision for restoration costs	23	-	25
		284	790
Property, plant and equipment written off		254	15
Realised loss on foreign exchange		49	309
Rental commission		202	1,507
Rental of premises		3,629	9,790
Unrealised loss on foreign exchange		-	454
And crediting:			
Gain on disposal of property, plant and equipment		1	2
Interest income from:			
- deposits with licensed banks		93	97
- bank balances		5	4
- others		-	12
Realised gain on foreign exchange		2	73
Gain on deregistration of a foreign subsidiary		-	183
Unrealised gain on foreign exchange		62	-
Waiver of debts by a third party		-	80



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR HELD FOR DISTRIBUTION (continued)

(e) Analysis of the cash flows of the discontinued operations is as follows:

	2019 CRG Group RM'000	← 2018 →		Total RM'000
		CRG Group RM'000	MAC RM'000	
Statements of Cash Flows				
Net cash from/(used in) operating activities	2,449	1,832	(20)	1,812
Net cash used in investing activities	(1,428)	(1,326)	-	(1,326)
Net cash used in financing activities	(1,178)	(860)	(2,692)	(3,552)
(Repayments to)/Advances from continuing operations	(5)	(519)	2,300	1,781
Net decrease in cash and cash equivalents	(162)	(873)	(412)	(1,285)
Effect of exchange rate difference on cash and cash equivalents	47	(262)	-	(262)
Reclassification from disposal group held for sale	(210)	-	-	-
Cash and cash equivalents at beginning of the financial year	15,639	16,564	622	17,186
Cash and cash equivalents at the date of demerger/end of the financial year	15,314	15,429	210	15,639

27. COMMITMENTS

(a) Operating lease commitments

(i) The Group as a lessee

The Group had entered into non-cancellable lease arrangements for boutiques, offices and staff housing, resulting in future rental commitments. The Group has aggregate future minimum lease commitments as at the end of each reporting period as follows:

Group	Continuing operations RM'000	Total RM'000
2019		
Not later than one (1) year	29,146	29,146
Later than one (1) year but not later than five (5) years	20,963	20,963
	50,109	50,109

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

(i) The Group as a lessee (continued)

The Group had entered into non-cancellable lease arrangements for boutiques, offices and staff housing, resulting in future rental commitments. The Group has aggregate future minimum lease commitments as at the end of each reporting period as follows: (continued)

Group	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
2018			
Not later than one (1) year	31,379	7,762	39,141
Later than one (1) year but not later than five (5) years	37,786	5,788	43,574
	69,165	13,550	82,715

Certain lease rentals are subject to contingent rental, which are determined based on a percentage of sales generated from boutiques.

(ii) The Group as a lessor

The Group had entered into non-cancellable lease arrangements for offices resulting in future rental receivables. The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

Group	Continuing operations RM'000
2019	
Not later than one (1) year	616
Later than one (1) year but not later than five (5) years	21
	637
2018	
Not later than one (1) year	414
Later than one (1) year but not later than five (5) years	223
	637



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. COMMITMENTS (continued)

(b) Capital commitments

Group

	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
2019			
Property, plant and equipment: renovation for offices and warehouses - Approved and contracted for	<u>68</u>	<u>-</u>	<u>68</u>
2018			
Property, plant and equipment: renovation for offices and warehouses - Approved and contracted for	<u>1,339</u>	<u>172</u>	<u>1,511</u>

28. CONTINGENT LIABILITIES

	Company	
	2019 RM'000	2018 RM'000
Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries:		
- Limit of guarantee	<u>227,700</u>	<u>249,719</u>
- Amounts utilised:		
In favour of licensed banks for banking facilities granted to subsidiaries	55,783	73,075
In favour of third parties for tenancy agreements entered into by subsidiaries	<u>5,701</u>	<u>8,617</u>
	<u>61,484</u>	<u>81,692</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
Sale of goods	453,041	430,861	-	-
Management fee income	-	36	-	-
Royalty income	8,193	8,670	-	-
	<u>461,234</u>	<u>439,567</u>	<u>-</u>	<u>-</u>
Others				
Rental income	1,025	926	611	1,676
Dividend income from unquoted investments in subsidiaries and an associate	-	-	21,619	95,875
	<u>462,259</u>	<u>440,493</u>	<u>22,230</u>	<u>97,551</u>
Timing of revenue recognition				
Transferred at a point in time	453,041	430,897	-	-
Transferred over time	8,193	8,670	-	-
Others	1,025	926	22,230	97,551
	<u>462,259</u>	<u>440,493</u>	<u>22,230</u>	<u>97,551</u>

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.

	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Total RM'000
30 June 2019				
Major goods and services				
Sales of goods	452,547	494	-	453,041
Royalty income	8,193	-	-	8,193
Total revenue from contracts with customers	<u>460,740</u>	<u>494</u>	<u>-</u>	<u>461,234</u>
Geographical markets				
Malaysia	278,351	494	-	278,845
Singapore	148,283	-	-	148,283
Indonesia	24,503	-	-	24,503
Vietnam	2,994	-	-	2,994
Others	6,609	-	-	6,609
Total revenue from contracts with customers	<u>460,740</u>	<u>494</u>	<u>-</u>	<u>461,234</u>
Timing of revenue recognition				
Transferred at a point in time	452,547	494	-	453,041
Transferred over time	8,193	-	-	8,193
Total revenue from contracts with customers	<u>460,740</u>	<u>494</u>	<u>-</u>	<u>461,234</u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

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. (continued)

30 June 2018	Retailing RM'000	Manufactur -ing RM'000	Investment and property development RM'000	Total RM'000
Major goods and services				
Sales of goods	430,343	518	-	430,861
Royalty income	8,670	-	-	8,670
Management service	-	-	36	36
Total revenue from contracts with customers	<u>439,013</u>	<u>518</u>	<u>36</u>	<u>439,567</u>
Geographical markets				
Malaysia	267,326	518	36	267,880
Singapore	125,562	-	-	125,562
Indonesia	29,345	-	-	29,345
Vietnam	4,031	-	-	4,031
Others	12,749	-	-	12,749
Total revenue from contracts with customers	<u>439,013</u>	<u>518</u>	<u>36</u>	<u>439,567</u>
Timing of revenue recognition				
Transferred at a point in time	430,343	518	36	430,897
Transferred over time	8,670	-	-	8,670
Total revenue from contracts with customers	<u>439,013</u>	<u>518</u>	<u>36</u>	<u>439,567</u>

- (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 the normal credit terms not exceeding twelve (12) months.
- (b) Revenue from contracts with customers recognised for the Group during the financial year included RM7,852,000 (2018: RM Nil) that were included in the contract liabilities at the beginning of the financial year.

30. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Inventories sold	<u>212,081</u>	<u>172,690</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:					
Auditors' remuneration:					
- Statutory					
- Auditors of the Company:					
- current year		362	350	74	60
- over-provision in prior year		(3)	-	-	-
- Other auditors:					
- current year		506	454	-	-
- under-provision in prior year		3	10	-	-
- Non-statutory					
- current year		36	83	16	60
- under/(over)-provision in prior year		8	(2)	6	-
Bad debts written off					
- trade and other receivables		17	42	-	-
- amounts owing by subsidiaries		-	-	65	29
Fair value loss on long term investments					
		28	-	-	-
Impairment losses on:					
- amounts owing by subsidiaries	15	-	-	23	9,721
- costs of investments in subsidiaries	10	-	-	8,060	5,820
- goodwill on consolidation	9	2,671	2,014	-	-
- trade and other receivables	15	542	978	-	-
- property, plant and equipment	7	872	1,313	-	-
Interest expense and profit payment on borrowings:					
- accretion of non-current other payable		-	33	-	-
- fair value adjustment on non-current amount owing by a subsidiary		-	-	3,146	-
- bank guarantees		56	9	2	2
- bank overdrafts		202	284	-	-
- bankers' acceptances		516	981	-	-
- hire purchase and lease creditors		18	27	-	-
- term loans and term financing-i		3,396	4,840	629	1,411
- trust receipts		212	54	-	-
- revolving credits		87	96	-	-
- unwinding of discount on provision for restoration costs	23	189	8	-	-
- others		97	2	-	4
		4,773	6,334	3,777	1,417
Loss on disposal of other investment					
		2	2	-	-
Loss on dissolution of a subsidiary					
		-	-	4	-
Loss on deregistration of a foreign subsidiary					
		92	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging: (continued)					
Potential loss on proposed demerger of CRG Group		-	4,345	-	-
Property, plant and equipment written off	7	1,525	810	-	-
Realised loss on foreign exchange		814	1,203	-	-
Rental commission		1,396	1,729	-	-
Rental of office equipment		63	17	-	-
Rental of premises		45,512	45,979	-	-
Unrealised loss on foreign exchange		24	2,336	-	-
And crediting:					
Fair value gain on short term funds		342	297	226	128
Gain on disposal of property, plant and equipment		187	272	2,155	2
Gain on disposal of investment in an associate		-	1	-	1
Interest income from:					
- short term funds		316	354	120	58
- deposits with licensed banks		506	429	-	-
- bank balances		303	459	111	421
- others		702	844	-	-
Gain on deregistration of foreign subsidiaries		-	147	-	-
Over-provision of restoration cost	23	23	-	-	-
Realised gain on foreign exchange		112	303	-	168
Rental income		243	202	-	-
Reversal of impairment losses on:					
- trade and other receivables	15	4,542	568	-	-
- amounts owing by subsidiaries	15	-	-	14,325	4,843
Reversal of provision for loss on demerger of CRG Group	10	2,868	-	-	-
Unrealised gain on foreign exchange		799	57	-	5
Waiver of debts by subsidiaries		-	-	3,050	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

32. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	5,913	6,521	77	296
Foreign income tax	6,333	4,717	-	-
	12,246	11,238	77	296
(Over)/Under-provision in prior years:				
Malaysian income tax	(94)	(612)	27	194
Foreign income tax	2,849	794	-	-
	2,755	182	27	194
	15,001	11,420	104	490
Deferred tax (Note 13)				
Relating to origination and reversal of temporary differences	(147)	(260)	1	(2)
Under/(Over)-provision in prior years	550	(158)	-	3
	403	(418)	1	1
	<u>15,404</u>	<u>11,002</u>	<u>105</u>	<u>491</u>

The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

32. TAX EXPENSE (continued)

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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	38,812	32,130	27,555	82,063
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	9,315	7,711	6,613	19,695
Tax effects in respect of:				
Non-allowable expenses	4,320	5,469	3,422	3,654
Non-taxable income	(1,300)	(1,402)	(9,957)	(23,055)
Lower tax rates in foreign jurisdiction	(770)	(1,218)	-	-
Effect of rising of tax rate on real properties	160	-	-	-
Deferred tax assets not recognised	1,766	1,116	-	-
Tax incentive and allowances	(386)	(282)	-	-
Utilisation of previously unrecognised deferred tax assets	(1,006)	(416)	-	-
	12,099	10,978	78	294
Under-provision of income tax in prior years	2,755	182	27	194
Under/(Over)-provision of deferred tax in prior years	550	(158)	-	3
	15,404	11,002	105	491

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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
Items that may be reclassified subsequently to profit or loss			
2019			
Reclassification of exchange translation reserve to profit or loss upon deregistration of foreign subsidiaries	(142)	-	(142)
Gain on revaluation of properties upon transfer from property, plant and equipment to investment properties	2,597	(260)	2,337
Foreign currency translations	3,882	-	3,882
	<u>6,337</u>	<u>(260)</u>	<u>6,077</u>
2018			
Fair value loss on available-for-sale financial assets	(28)	-	(28)
Reclassification of exchange translation reserve to profit or loss upon deregistration of foreign subsidiaries	(360)	-	(360)
Gain on revaluation of a property upon transfer from property, plant and equipment to investment property	194	(10)	184
Foreign currency translations	(2,167)	-	(2,167)
	<u>(2,361)</u>	<u>(10)</u>	<u>(2,371)</u>

33. 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 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. EARNINGS PER SHARE (continued)

(a) Basic (continued)

	Group	
	2019	2018
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	18,175	16,013
- Discontinued operations	(147)	3,772
	18,028	19,785
Weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	803,644	805,651
Basic earnings per ordinary share for profit for the financial year (sen)		
- Continuing operations	2.26	1.99
- Discontinued operations	(0.02)	0.46
	2.24	2.45

(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.

34. DIVIDENDS

	Company			
	2019		2018	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Dividends paid:				
Single tier final dividend in respect of the financial year ended 30 June 2017, paid on 22 December 2017	-	-	1.25	10,071

On 13 November 2018, 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 one (1) CRG share for every one (1) share of the Company held on 1 November 2018 ("Entitlement date") from its retained earnings as detailed in the Company's Circular to Shareholders in relation to the "Proposed Listing of CRG Incorporated Sdn. Bhd. and its subsidiaries on the LEAP Market of Bursa Malaysia Securities Berhad" dated 8 May 2018.

On 29 August 2019, the Board of Directors declared 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, to be paid on 10 October 2019 to the shareholders of the Company whose names appear in the Record of Depositors on 18 September 2019. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 30 June 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	75,476	75,810	939	1,714
Contributions to defined contribution plan	8,572	10,105	47	181
Social security contributions	688	883	1	1
Other benefits	12,578	22,172	-	-
	<u>97,314</u>	<u>108,970</u>	<u>987</u>	<u>1,896</u>

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 RM10,811,000 (2018: RM14,461,000) and RM311,000 (2018: RM1,716,000) 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
Cassardi International Co. Ltd.	A company in which a substantial shareholder of a subsidiary of the Company, has substantial financial interests.
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.
CRG Incorporated Berhad and its subsidiaries	<u>Former subsidiaries of the Group</u> A group of companies in which a substantial shareholder, who is also a Director cum substantial shareholder of the Company, has substantial financial interests.
Future Diversity Sdn. Bhd.	A company in which certain Directors of several subsidiaries of the Company, have substantial financial interests.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Received/receivable from subsidiaries				
Rental income	-	-	611	1,676
Dividends	-	-	21,199	95,515
Administrative fee	-	-	-	78
Received from an associate				
Dividend	420	360	420	360
Received/receivable from other related party				
Sale of goods				
- Speciale Eyewear Sdn. Bhd.	41	5	-	-
Disposal of properties				
- Future Diversity Sdn. Bhd.	3,600	-	-	-
Paid/payable to other related parties				
Purchases				
- Speciale Eyewear Sdn. Bhd.	201	152	-	-
Royalties				
- Cassardi International Co. Ltd.	-	66	-	-
- Bonia International Holdings Pte. Ltd.	1,163	2,435	-	-
Rental expense				
- Long Bow Manufacturing (S) Pte. Ltd.	1,010	1,335	-	-
Security fee				
- CRG Incorporated Berhad	55	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. RELATED PARTIES DISCLOSURES (continued)

(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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Directors of the Company:				
Non-executive Directors				
Director fees	356	180	333	180
Estimated money value of benefits-in-kind	668	72	343	72
	1,024	252	676	252
Executive Directors				
Director fees	1,251	1,742	250	420
Short term employee benefits	3,421	5,996	28	1,115
Contributions to defined contribution plan	364	649	33	181
	5,036	8,387	311	1,716
Directors of the subsidiaries:				
Executive Directors				
Director fees	652	844	-	-
Short term employee benefits	4,629	4,666	-	-
Contributions to defined contribution plan	494	564	-	-
	5,775	6,074	-	-
	11,835	14,713	987	1,968
Discontinued operations				
Directors of the Company:				
Non-executive Directors				
Director fees	22	-	-	-
Short term employee benefits	331	-	-	-
Contributions to defined contribution plan	40	-	-	-
	393	-	-	-
Executive Directors				
Director fees	1	24	-	-
Short term employee benefits	-	940	-	-
Contributions to defined contribution plan	-	117	-	-
	1	1,081	-	-



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Discontinued operations				
Directors of the subsidiaries:				
Executive Directors				
Director fees	4	6	-	-
Short term employee benefits	213	625	-	-
Contributions to defined contribution plan	26	78	-	-
	<u>243</u>	<u>709</u>	<u>-</u>	<u>-</u>
	<u>637</u>	<u>1,790</u>	<u>-</u>	<u>-</u>
	<u>12,472</u>	<u>16,503</u>	<u>987</u>	<u>1,968</u>

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 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.

The accounting policies of 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. OPERATING SEGMENTS (continued)

2019	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Revenue						
Total revenue	460,740	18,085	54,379	533,204	37,617	570,821
Inter-segment revenue	-	(17,591)	(53,354)	(70,945)	(3,430)	(74,375)
Revenue from external customers	460,740	494	1,025	462,259	34,187	496,446
Interest income	1,474	14	339	1,827	98	1,925
Interest expense and profit payment on Islamic financing	(1,277)	(67)	(3,429)	(4,773)	(284)	(5,057)
Net interest expense and profit payment on Islamic financing	197	(53)	(3,090)	(2,946)	(186)	(3,132)
Segment profit/(loss) before tax	43,077	175	(4,440)	38,812	501	39,313
Share of profit of an associate	-	-	202	202	-	202
Tax expense	(14,256)	(123)	(1,025)	(15,404)	(648)	(16,052)
Material items:						
- realised loss on foreign exchange, net	(582)	(118)	(2)	(702)	(47)	(749)
- rental commission	(1,396)	-	-	(1,396)	(202)	(1,598)
- rental of premises	(44,711)	-	(801)	(45,512)	(3,629)	(49,141)
Other material non-cash items:						
- amortisation of trademarks	(1,387)	-	-	(1,387)	-	(1,387)
- amortisation of other intangible assets	(1,079)	-	-	(1,079)	-	(1,079)
- depreciation of property, plant and equipment	(8,741)	(656)	(3,871)	(13,268)	(1,108)	(14,376)
- fair value adjustments on investment properties	-	-	(1,558)	(1,558)	-	(1,558)



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. OPERATING SEGMENTS (continued)

2019

	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Other material non-cash items: (continued)						
- impairment losses on goodwill on consolidation	-	-	(2,671)	(2,671)	-	(2,671)
- impairment losses on property, plant and equipment	(872)	-	-	(872)	-	(872)
- impairment losses on trade and other receivables	(531)	-	(11)	(542)	(1,049)	(1,591)
- property, plant and equipment written off	(1,196)	(100)	(229)	(1,525)	(254)	(1,779)
- reversal of impairment losses on trade and other receivables	4,541	1	-	4,542	-	4,542
- unrealised gain/(loss) on foreign exchange, net	800	6	(31)	775	62	837
- reversal of provision for loss on demerger of CRG Group	-	-	2,868	2,868	-	2,868
Interests in associates	-	-	531	531	-	531
Additions to non-current assets other than financial instruments and deferred tax assets	7,800	139	914	8,853	1,531	10,384
Segment assets	296,250	23,255	208,325	527,830	-	527,830
Segment liabilities	79,316	1,345	44,948	125,609	-	125,609

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. OPERATING SEGMENTS (continued)

2018	Retailing		Manufacturing		Investment and property development		Continuing operations		Discontinued operations		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue											
Total revenue	439,013	26,800	121,492	587,305	153,814	741,119					
Inter-segment revenue	-	(26,282)	(120,530)	(146,812)	(38,944)	(185,756)					
Revenue from external customers	439,013	518	962	440,493	114,870	555,363					
Interest income	1,483	-	603	2,086	113	2,199					
Interest expense and profit payment on Islamic financing	(1,732)	(253)	(4,349)	(6,334)	(790)	(7,124)					
Net interest expense and profit payment on Islamic financing	(249)	(253)	(3,746)	(4,248)	(677)	(4,925)					
Segment profit/(loss) before tax	39,591	(364)	(7,097)	32,130	6,459	38,589					
Share of profit of an associate	-	-	430	430	-	430					
Tax expense	(10,179)	184	(1,007)	(11,002)	(2,687)	(13,689)					
Material items:											
- realised (loss)/gain on foreign exchange, net	(1,028)	(31)	159	(900)	(236)	(1,136)					
- rental commission	(1,729)	-	-	(1,729)	(1,507)	(3,236)					
- rental of premises	(45,183)	-	(796)	(45,979)	(9,790)	(55,769)					
Other material non-cash items:											
- amortisation of trademarks	(1,389)	-	-	(1,389)	-	(1,389)					
- amortisation of other intangible assets	(2,496)	-	-	(2,496)	-	(2,496)					
- bad debt written off	(42)	-	-	(42)	-	(42)					
- depreciation of property, plant and equipment	(8,867)	(661)	(3,896)	(13,424)	(2,788)	(16,212)					
- fair value adjustments on investment properties	-	-	4,306	4,306	-	4,306					



37. OPERATING SEGMENTS (continued)

2018

	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Other material non-cash items: (continued)						
- impairment losses on goodwill on consolidation	-	-	(2,014)	(2,014)	-	(2,014)
- impairment losses on property, plant and equipment	(1,313)	-	-	(1,313)	-	(1,313)
- impairment losses on trade and other receivables	(925)	-	(53)	(978)	(1,342)	(2,320)
- potential loss on proposed demerger of CRG Group	-	-	(4,345)	(4,345)	-	(4,345)
- property, plant and equipment written off	(810)	-	-	(810)	(15)	(825)
- reversal of impairment losses on trade and other receivables	568	-	-	568	-	568
- unrealised (loss)/gain on foreign exchange, net	(2,323)	34	10	(2,279)	(454)	(2,733)
Interests in associates	-	-	749	749	-	749
Additions to non-current assets other than financial instruments and deferred tax assets	8,674	192	722	9,588	2,089	11,677
Segment assets	326,397	25,059	201,372	552,828	119,136	671,964
Segment liabilities	81,431	5,730	78,671	165,832	36,107	201,939

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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:

	2019	2018
	RM'000	RM'000
Revenue		
Total revenue for reportable segments	570,821	741,119
Elimination of inter-segment revenues	<u>(74,375)</u>	<u>(185,756)</u>
	496,446	555,363
Less: revenue from discontinued operations	<u>(34,187)</u>	<u>(114,870)</u>
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	<u><u>462,259</u></u>	<u><u>440,493</u></u>
Profit for the financial year		
Profit before tax	39,313	38,589
Tax expense	<u>(16,052)</u>	<u>(13,689)</u>
Profit for the financial year of the Group per consolidated statements of profit or loss and other comprehensive income	<u><u>23,261</u></u>	<u><u>24,900</u></u>
Assets		
Total assets for reportable segments	527,830	552,828
Tax assets	5,041	4,875
Assets of disposal groups relating to discontinued operations	<u>-</u>	<u>121,020</u>
Total assets of the Group per consolidated statements of financial position	<u><u>532,871</u></u>	<u><u>678,723</u></u>
Liabilities		
Total liabilities for reportable segments	125,609	165,832
Tax liabilities	11,116	10,318
Liabilities of disposal groups relating to discontinued operations	<u>-</u>	<u>36,618</u>
Total liabilities of the Group per consolidated statements of financial position	<u><u>136,725</u></u>	<u><u>212,768</u></u>



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. OPERATING SEGMENTS (continued)

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.

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 and deferred tax assets.

	2019	2018
	RM'000	RM'000
Revenue from external customers		
Malaysia	279,709	268,683
Singapore	148,283	125,562
Indonesia	24,664	29,468
Vietnam	2,994	4,031
Others	6,609	12,749
	<u>462,259</u>	<u>440,493</u>
Non-current assets		
Malaysia	159,754	201,639
Singapore	87,893	33,677
Indonesia	6,998	7,044
Vietnam	-	7
	<u>254,645</u>	<u>242,367</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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 2019 and 30 June 2018.

The Group monitors capital using gearing ratios, i.e. gearing ratio and net gearing ratio. Gearing ratio represents borrowings divided by total capital whereas net gearing ratio represents borrowings less cash and bank balances divided by total capital. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings	56,032	96,305	-	22,809
Less: Short term funds	(18,301)	(27,293)	(3,174)	(6,328)
Less: Cash and bank balances	(89,169)	(84,029)	(1,377)	(7,132)
	<u>(51,438)</u>	<u>(15,017)</u>	<u>(4,551)</u>	<u>9,349</u>
Total capital	<u>376,236</u>	<u>440,937</u>	<u>242,131</u>	<u>287,159</u>
Gearing ratio ⁽¹⁾	15%	22%	N/A	8%
Net gearing ratio ⁽²⁾	N/A	N/A	N/A	3%

⁽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

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

Pursuant to Practice Note No. 17/2005 issued by Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or 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 2019.

The Group is not subject to any other externally imposed capital requirements.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
2019			
Financial assets			
Other investments	-	1,203	1,203
Trade and other receivables, net of prepayments	65,215	-	65,215
Short term funds	-	18,301	18,301
Cash and bank balances	89,169	-	89,169
	154,384	19,504	173,888
		Amortised cost RM'000	Total RM'000
Financial liabilities			
Borrowings		56,032	56,032
Trade and other payables		43,369	43,369
		99,401	99,401
Company	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
2019			
Financial assets			
Other receivables	31,845	-	31,845
Short term funds	-	3,174	3,174
Cash and bank balances	1,377	-	1,377
	33,222	3,174	36,396
		Amortised cost RM'000	Total RM'000
Financial liability			
Other payables		1,329	1,329

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Group	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available- for-sale RM'000	Total RM'000
2018				
Financial assets				
Other investments	-	-	1,222	1,222
Trade and other receivables, net of prepayments	84,474	-	-	84,474
Short term funds	-	27,293	-	27,293
Cash and bank balances	84,029	-	-	84,029
	168,503	27,293	1,222	197,018

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	96,305	96,305
Trade and other payables	66,930	66,930
	163,235	163,235

Company	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2018			
Financial assets			
Other receivables	21,991	-	21,991
Short term funds	-	6,328	6,328
Cash and bank balances	7,132	-	7,132
	29,123	6,328	35,451

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	22,809	22,809
Other payables	6,669	6,669
	29,478	29,478



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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 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. Fixed rate term loan and hire purchase and lease creditors

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

- iii. Other investments

The fair values for club memberships are estimated based on references to current available counters party quotation of the same investment.

- iv. 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 lending 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.

- v. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

38. FINANCIAL INSTRUMENTS (continued)

(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).

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	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
<u>Financial assets</u> Club memberships	Counter party quotation	The higher the counter party quotation, the higher the fair value of the club memberships



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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.

2019 Group	Fair values of financial instruments carried at fair value			Fair values of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Fair value through profit or loss								
- Short term funds	18,301	-	-	-	-	-	18,301	18,301
- Club memberships	-	-	1,203	-	-	-	1,203	1,203
Financial liabilities								
Amortised cost								
- Hire purchase and lease creditors	-	-	-	-	241	-	241	249
Company								
Financial assets								
Fair value through profit or loss								
- Short term funds	3,174	-	-	-	-	-	3,174	3,174

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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)

2018 Group	Fair values of financial instruments carried at fair value			Fair values of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Fair value through profit or loss								
- Short term funds	27,293	-	-	27,293	-	-	27,293	27,293
Available-for-sale financial assets								
- Club memberships	-	-	1,222	1,222	-	-	1,222	1,222
Financial liabilities								
Other financial liabilities								
- Hire purchase and lease creditors	-	-	-	-	504	-	504	421
- Term financing-i (fixed interest rate)	-	-	-	-	566	-	566	555
Company								
Financial assets								
Fair value through profit or loss								
- Short term funds	6,328	-	-	6,328	-	-	6,328	6,328



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

38. FINANCIAL INSTRUMENTS (continued)

(e) The following table shows a reconciliation of Level 3 fair values:

	Group	
	2019 RM'000	2018 RM'000
Financial assets		
Balance as at 1 July 2018/2017	1,222	1,299
Fair value loss recognised	(28)	(28)
Disposal	(10)	(15)
Translation adjustments	19	(34)
	1,203	1,222
Balance as at 30 June 2019/2018	1,203	1,222

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. The counter parties are major international institutions and reputable multinational organisations. 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 in 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.

Exposure to credit risk

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Credit risk concentration profile

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:

	2019		Group		2018	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
By country						
Malaysia	14,837	41	20,596	37		
Singapore	12,792	36	19,104	35		
Indonesia	7,897	22	8,535	15		
Vietnam	21	#	6,905	13		
Others	368	1	-	-		
	<u>35,915</u>	<u>100</u>	<u>55,140</u>	<u>100</u>		
By industry sectors						
Retailing	35,891	100	55,073	100		
Manufacturing	-	-	32	#		
Investment property	24	#	35	#		
	<u>35,915</u>	<u>100</u>	<u>55,140</u>	<u>100</u>		

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 RM31,666,000 (2018: RM21,863,000).

(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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

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 2019				
Group				
Financial liabilities				
Trade and other payables	38,302	471	4,727	43,500
Borrowings	22,818	29,050	13,864	65,732
Total undiscounted financial liabilities	<u>61,120</u>	<u>29,521</u>	<u>18,591</u>	<u>109,232</u>
Company				
Financial liabilities				
Other payables	1,329	-	-	1,329
Financial guarantees*	227,700	-	-	227,700
Total undiscounted financial liabilities	<u>229,029</u>	<u>-</u>	<u>-</u>	<u>229,029</u>
As at 30 June 2018				
Group				
Financial liabilities				
Trade and other payables	62,110	457	4,673	67,240
Borrowings	41,231	52,551	15,404	109,186
Total undiscounted financial liabilities	<u>103,341</u>	<u>53,008</u>	<u>20,077</u>	<u>176,426</u>
Company				
Financial liabilities				
Other payables	6,669	-	-	6,669
Borrowings	7,632	17,855	-	25,487
Financial guarantees*	249,719	-	-	249,719
Total undiscounted financial liabilities	<u>264,020</u>	<u>17,855</u>	<u>-</u>	<u>281,875</u>

* This disclosure represents the maximum liquidity risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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 and interest-bearing borrowings. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after tax				
- increase by 0.5% (2018: 0.5%)	(87)	(207)	12	(63)
- decrease by 0.5% (2018: 0.5%)	87	207	(12)	63
	<u>87</u>	<u>207</u>	<u>(12)</u>	<u>63</u>

The sensitivity is lower in 2019 than in 2018 because of decrease in borrowings and increase in deposits with licensed banks during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.



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:

Group	Note	Weighted average effective interest rate %	Within					Total	
			1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years		More than 5 years
At 30 June 2019			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Fixed rates									
Other receivables	15(b)	7.53	2,498	2,132	2,132	2,132	-	303	9,197
Deposits with licensed banks	16	3.71	10,224	-	-	-	-	-	10,224
Hire purchase and lease creditors	21	5.16	(119)	(96)	(31)	(3)	-	-	(249)
Other payable	24	2.00	-	-	-	-	-	(5,067)	(5,067)
Floating rates									
Deposits with licensed banks	16	2.20	600	-	-	-	-	-	600
Short term funds	17	3.49	18,301	-	-	-	-	-	18,301
Bank overdrafts	20	8.07	(1,479)	-	-	-	-	-	(1,479)
Bankers' acceptances	20	4.36	(6,044)	-	-	-	-	-	(6,044)
Revolving credit	20	5.11	(1,000)	-	-	-	-	-	(1,000)
Trust receipts	20	4.72	(5,418)	-	-	-	-	-	(5,418)
Term loans and term financing-i	22	4.86	(6,948)	(2,536)	(2,659)	(17,899)	(998)	(10,802)	(41,842)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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)

Group	Note	Weighted average effective interest rate %	Within					Total	
			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
At 30 June 2018									
Fixed rates									
Other receivables	15(b)	7.50	2,067	2,067	2,067	2,368	2,067	-	10,636
Deposits with licensed banks	16								
- RM		3.72	6,502	-	-	-	-	-	6,502
- SGD		0.35	813	-	-	-	-	-	813
Hire purchase and lease creditors	21	5.35	(178)	(119)	(92)	(29)	(3)	-	(421)
Term financing-i	22	6.50	(555)	-	-	-	-	-	(555)
Other payable	24	2.00	-	-	-	-	-	(4,820)	(4,820)
Floating rates									
Deposits with licensed banks	16	4.00	1,510	-	-	-	-	-	1,510
Short term funds	17	3.18	27,293	-	-	-	-	-	27,293
Bank overdrafts	20	7.68	(3,139)	-	-	-	-	-	(3,139)
Bankers' acceptances	20	4.55	(8,465)	-	-	-	-	-	(8,465)
Revolving credit	20	3.67	(2,200)	-	-	-	-	-	(2,200)
Trust receipts	20	3.86	(5,988)	-	-	-	-	-	(5,988)
Term loans and term financing-i	22	5.15	(17,618)	(12,159)	(7,169)	(6,667)	(20,124)	(11,800)	(75,537)



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)

Company	Note	Weighted average effective interest rate %	Within					Total RM'000
			1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	
At 30 June 2019								
Floating rate								
Short term funds	17	3.64	3,174	-	-	-	-	3,174
At 30 June 2018								
Floating rates								
Short term funds	17	3.60	6,328	-	-	-	-	6,328
Term loans and term financing-i	22	5.68	(6,508)	(5,362)	(4,633)	(4,008)	(2,298)	(22,809)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 RM38,457,000 (2018: RM41,342,000) (see Note 16(b) to the financial statements) for the Group.

The Group did not enter into any material forward foreign exchange contract during the financial year.

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”), U.S. 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	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after tax					
SGD/RM	- strengthen by 3% (2018: 3%)	+891	+228	+242	-
	- weaken by 3% (2018: 3%)	-891	-228	-242	-
USD/RM	- strengthen by 3% (2018: 3%)	-1	+38	-	-
	- weaken by 3% (2018: 3%)	+1	-38	-	-
VND/RM	- strengthen by 3% (2018: 3%)	-3	+128	-	-
	- weaken by 3% (2018: 3%)	+3	-128	-	-
IDR/RM	- strengthen by 3% (2018: 3%)	+144	+434	-	-
	- weaken by 3% (2018: 3%)	-144	-434	-	-

The exposure to the other currencies are not significant, hence the effects of changes in exchange rates are not presented.



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(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**(a) Proposed disposal of MAC**

Pursuant to the conditional share sale agreement dated 8 May 2018, the Company has agreed to dispose of its 500,000 ordinary shares representing 100% equity interest held in MAC to a Director, Chiang Sang Sem for a disposal consideration of RM2,490,990 ("Proposed Disposal of MAC"). The disposal consideration is subject to adjustments on the latest practical date prior to completion of the Proposed Disposal of MAC ("Cut-Off Date") as follows:

- (i) where the total assets (excluding the net book value of MAC's property) of MAC on the Cut-Off Date is higher than that in MAC's management accounts as at 31 March 2018 ("Accounts"), the disposal consideration shall be increased by that amount of total assets that has been increased and correspondingly in the event the total assets (excluding the net book value of MAC's property) is lower than in the Accounts, the disposal consideration shall be reduced by the amount; and
- (ii) where the total liabilities of MAC on the Cut-Off Date is higher than that in the Accounts, the disposal consideration shall be reduced by the amount of total liabilities that has been increased and correspondingly in the event the total liabilities is lower than in the Accounts, the disposal consideration shall be increased by the amount.

During the financial year, both the Company and Chiang Sang Sem have agreed, vide the first supplementary letter dated 8 August 2018, extended the Cut-Off Date for a period of two (2) months to 7 October 2018. Subsequently, the Cut-Off Date was further extended for a period of six (6) months from 7 October 2018 to 7 April 2019 vide the second supplementary letter dated 4 October 2018 as agreed between the parties. Thereafter, the Cut-Off Date was again being extended to 7 October 2019 vide the third supplementary letter dated 5 April 2019 as executed by the Company and Chiang Sang Sem.

Management represented that the proposed sale transaction is unlikely to proceed due to the non-fulfilment of certain conditions precedent of the conditional share sale agreement as at 30 June 2019.

Based on this circumstances, management had since performed a reclassification and MAC ceased to be classified as disposal group held for sale in the Group's financial statements for the financial year ended 30 June 2019.

(b) Demerger and listing of CRG Group on the Leap Market of Bursa Malaysia Securities Berhad

In the previous financial year, CRG Group was classified as disposal group held for distribution and discontinued operations in the consolidated financial statements of the Company for the financial year ended 30 June 2018 in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. CRG Group was recognised as disposal group held for distribution at the lower of its carrying amount and fair value less costs to sell.

The information memorandum dated 28 September 2018 in relation to the proposed listing by way of introduction of the entire share capital of CRG on the LEAP Market of Bursa Malaysia Securities Berhad has been deposited with Securities Commission Malaysia, lodged with Companies Commission of Malaysia, and announced to Bursa Malaysia Securities Berhad.

On 13 November 2018, the Company completed the Proposed Capitalisation, Proposed Subdivision, Proposed Conversion, and Proposed Dividend-in-Specie as detailed in its Circular to Shareholders dated 8 May 2018 which resulted in the demerger of CRG Group from the Group.

On 28 November 2018, CRG successfully completed the listing and quotation of its entire issued share capital of 805,651,400 CRG Shares on the LEAP Market of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (c) On 27 December 2018, a wholly-owned subsidiary of the Company, Luxury Parade Sdn. Bhd. entered into two (2) Sale and Purchase Agreements with a related party, Future Diversity Sdn. Bhd. ("FDSB") for the disposal of the following properties to FDSB for a total cash consideration of RM3,600,000:

(i) Property 1

All that leasehold property held under H.S.(D) 72947 PT No. 3865 Mukim Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan KL measuring approximately 178 square metres together with a 6-storey shop/office erected thereon with a postal address of No.3, Jalan 8/146 (also known as Jalan Tasik Selatan 8), Bandar Tasik Selatan, 57000 Kuala Lumpur.

(ii) Property 2

All that leasehold property held under H.S.(D) 72948 PT No. 3866 Mukim Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan KL measuring approximately 178 square metres together with a 6-storey shop/office erected thereon with a postal address of No.5, Jalan 8/146 (also known as Jalan Tasik Selatan 8), Bandar Tasik Selatan, 57000 Kuala Lumpur.

The above transactions were completed during the financial year.

(d) 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.



NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(d) Material litigation (continued)

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: (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(d) Material litigation (continued)

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.

On 30 July 2018, the Plaintiffs filed an application for security for costs.

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 against the decision of the Court of Appeal is fixed for hearing on 21 November 2019.

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 abovementioned claims is necessary.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) NSSB has completed its members' voluntary winding-up process.
- (b) FCSB, ACSB, FRSB, and SCRL commenced their members' voluntary winding-up or striking off processes.
- (c) The Company further repurchased 1,148,000 of its issued ordinary shares from the stock exchange of BMSB and held a total of 16,882,400 treasury shares as at the date of this report.
- (d) The Company proposed to undertake a share consolidation exercise which involves the consolidation of every four (4) existing shares of the Company held by the shareholders of the Company on an entitlement date to be determined later ("Entitlement Date"), into one (1) consolidated share ("Proposed Share Consolidation").

As at the date of this report, the issued share capital of the Company is RM201,571,850 comprising 806,287,400 shares of the Company (inclusive of 16,882,400 shares of the Company held as treasury shares by the Company. For illustration purposes, upon completion of the exercise, the issued share capital of the Company shall be RM201,571,850 comprising 201,571,850 consolidated shares (inclusive of 4,220,600 consolidated treasury shares).

However, the actual number of consolidated shares and consolidated treasury shares after the Proposed Share Consolidation would depend on the total number of issued shares of the Company and the total number of shares re-purchased and retained as treasury shares by the Company pursuant to its shareholders' mandate for a share buy-back exercise, respectively on the Entitlement Date.

The Proposed Share Consolidation is subject to and conditional upon approvals being obtained from Bursa Malaysia Securities Berhad, the shareholders of the Company at an extraordinary general meeting to be convened and any other relevant regulatory authorities, if required.



BONIA CORPORATION BERHAD
(223934-T)