

BONIA CORPORATION BERHAD (“BONIA” OR “COMPANY”)

- (I) PROPOSED DEMERGER; AND
(II) PROPOSED LISTING

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

Further to the Company’s announcement dated 25 February 2021 in relation to the Proposals, on behalf of the Board of Directors of Bonia (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce the final terms of the Proposals as follows:

- (i) proposed demerger of SBG Holdings Sdn. Bhd. (“**SBG**”) and its subsidiaries (“**SBG Group**”)* from Bonia, which includes the following proposals:
- (a) proposed capitalisation of dividend to be declared by SBG (a wholly-owned subsidiary of Bonia), to Bonia (“**Proposed Capitalisation**”);
 - (b) proposed subdivision of all the ordinary shares in issue in SBG after the Proposed Capitalisation into 200,995,123 ordinary shares in SBG (“**SBG Shares**”) (“**Proposed Subdivision**”);
 - (c) proposed conversion of SBG into a public limited company (“**Proposed Conversion**”); and
 - (d) proposed distribution of Bonia’s entire shareholding in SBG by way of dividend-in-specie on pro-rata distribution to the shareholders of Bonia whose names appear in Bonia’s Record of Depositors on an entitlement date to be determined later (“**Entitlement Date**”) (“**Entitled Shareholders**”) (“**Proposed Dividend-in-Specie**”),
- (collectively, the “**Proposed Demerger**”); and
- (ii) proposed listing of SBG on the LEAP Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Proposed Listing**”).

Further details of the Proposals are set out in the ensuing sections.

For information purpose, the disposal of the entire equity interest in SB Directions Sdn. Bhd. (“**SBD**”) by Dominion Directions Sdn. Bhd. (a wholly-owned subsidiary of Bonia) to SBG for a disposal consideration of RM1 (“**Disposal of SBD**”) was completed on 19 April 2021 and SBD became a wholly-owned subsidiary of SBG on the same date. Refer to the Company’s announcement dated 20 April 2021 for further details on the Disposal of SBD.

* For clarity and unless stated otherwise in this announcement, SBG Group prior to 19 April 2021 does not include SBD.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Demerger

The Company will undertake the Proposed Demerger to create 2 separate and independent entities with the Company remains listed on the Main Market of Bursa Securities while SBG intends to undertake the Proposed Listing. The Proposed Demerger involves a series of transactions as follows and shall be implemented in the following sequence:

2.1.1 Proposed Capitalisation

To facilitate the Proposed Capitalisation, SBL Marketing Sdn. Bhd. (“**SBL**”) and SBFW Marketing Sdn. Bhd. (“**SBFW**”) (both being wholly-owned subsidiaries of SBG) propose to declare dividend of RM11,997,300 and RM2,703,000, respectively, to SBG (“**Proposed Dividend by SBL and SBFW**”). The Proposed Dividend by SBL and SBFW will be settled entirely by way of capitalisation via issuance of 609,000 new ordinary shares in SBL and 198,750 new ordinary shares in SBFW, respectively, to SBG.

Upon completion of the Proposed Dividend by SBL and SBFW, SBG proposes to declare dividend of RM30,127,100 to the Company (“**Proposed Dividend by SBG**”). The Proposed Dividend by SBG will be settled entirely by way of capitalisation via issuance of 30,127,100 new SBG Shares to the Company.

The Proposed Dividend by SBG and the Proposed Capitalisation are to facilitate the Proposed Dividend-in-Specie as detailed in Section 2.1.4 of this announcement.

The Proposed Dividend by SBL and SBFW as well as the Proposed Dividend by SBG will be effected prior to the Proposed Subdivision.

2.1.2 Proposed Subdivision

As at 28 May 2021 (being the latest practicable date prior to this announcement (“**LPD**”)), the issued share capital of SBG is RM25,000,000 comprising 25,000,000 SBG Shares. Upon completion of the Proposed Capitalisation, the total number of SBG Shares in issue will increase from 25,000,000 to 55,127,100.

To facilitate the Proposed Dividend-in-Specie, it is proposed that the number of SBG Shares in issue (after completion of the Proposed Capitalisation) be subdivided into such number of SBG Shares so that SBG shall have the same number of issued shares as the Company has at an entitlement date to be determined later (excluding treasury shares). For illustration purpose, it is proposed that 55,127,100 SBG Shares (after completion of the Proposed Capitalisation) to be subdivided into 200,995,123 SBG Shares such that SBG will have the same total number of issued shares as the Company has at the LPD (excluding 576,719 ordinary shares in Bonia (“**Bonia Share**”) held as treasury shares as at the LPD). Following the completion of Proposed Subdivision, the issued share capital of SBG will be RM55,127,100 comprising 200,995,123 SBG Shares.

The Proposed Subdivision will be effected before the implementation of the Proposed Conversion and the Proposed Dividend-in-Specie.

2.1.3 Proposed Conversion

SBG will be converted into a public limited company prior to the implementation of the Proposed Dividend-in-Specie to facilitate the Proposed Listing.

2.1.4 Proposed Dividend-in-Specie

Following the completion of the Proposed Capitalisation, Proposed Subdivision and Proposed Conversion, the Company will distribute, via a dividend-in-specie, its entire shareholding in SBG and rights attaching to SBG Shares to the Entitled Shareholders on the basis of 1 SBG Share for every 1 Bonia Share held on the Entitlement Date (excluding treasury shares). In determining the Entitled Shareholders’ entitlements to SBG Shares, fractional entitlements to SBG Shares (if any) shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company. The Proposed Dividend-in-Specie will be implemented subsequent to the receipt of the approval-in-principle from Bursa Securities for the Proposed Listing.

The SBG Shares to be distributed under the Proposed Dividend-in-Specie will be credited into the Entitled Shareholders’ central depository accounts prior to the Proposed Listing.

The Proposed Dividend-In-Specie will be paid out from the Company’s retained earnings. After taking into consideration the Proposed Dividend by SBG, the Company will have adequate retained earnings to declare and undertake the Proposed Dividend In-Specie. As illustrated below, based on the Company’s unaudited financial results for the 9-months period ended 31 March 2021 (“**9M FPE 2021**”), the Proposed Dividend-in-Specie will reduce the Company’s retained earnings for 9M FPE 2021 from RM51,648,593 to RM26,084,593:

	Company level Retained earnings (RM)
Unaudited financial results for 9M FPE 2021	51,648,593
Add: Proposed Dividend by SBG	30,127,100
Less: Estimated gain on Proposed Dividend-in-Specie ⁽¹⁾	33
Less: Estimated expenses relating to the Proposals	(564,000)
Less: Amount to be utilised for the Proposed Dividend-in-Specie	(55,127,133)
After the Proposed Demerger	26,084,593

Note:

(1) The estimated gain on Proposed Dividend-in-Specie is derived as follows:

	Company level (RM)
Amount to be utilised for the Proposed Dividend-in-Specie	55,127,133*
Less: The cost of investment in SBG post Proposed Capitalisation	(55,127,100)
Estimated gain on Proposed Dividend-in-Specie	33

Note:

* The reconciliation of net assets (“NA”) of SBG Group as at 31 March 2021[#] of RM55,127,127 against the amount to be utilised for the Proposed Dividend-in-Specie is set out as below:

NA of SBG Group as at 31 March 2021 [#] (RM)	55,127,127
Number of SBG Shares post completion of the Proposed Subdivision (A)	200,995,123
NA per SBG Share as at 31 March 2021 post completion of the Proposed Subdivision (rounded to 6 decimal points) (RM) (B)	0.274271
Amount to be utilised for the Proposed Dividend-in-Specie (RM) (C)=(B) x (A)	55,127,133

[#] Assuming the Disposal of SBD had been completed on 1 July 2020.

For information purpose, the price of Bonia Share will be adjusted* pursuant to the Proposed Dividend-in-Specie and there will be no material adverse impact on the net worth of Bonia’s shareholders post completion of Proposed Dividend-in-Specie after taking into consideration the following:

- (a) upon completion of the Proposed Dividend-in-Specie, the price of Bonia Share will be adjusted downward by the quantum of the proposed reference price of SBG Share for the purpose of the Proposed Listing as illustrated below. In this regard, there will be no material change to the net worth of the shareholders of Bonia after the Proposed Dividend-in-Specie;

Note:

* The price of Bonia Share will be adjusted by Bursa Securities pursuant to the Guidelines on Reference Price Calculation for Corporate Action and New Listing. For illustrative purposes, assuming that the Proposed Dividend-in-Specie was completed on the LPD, the Company’s share price will be adjusted as follows:

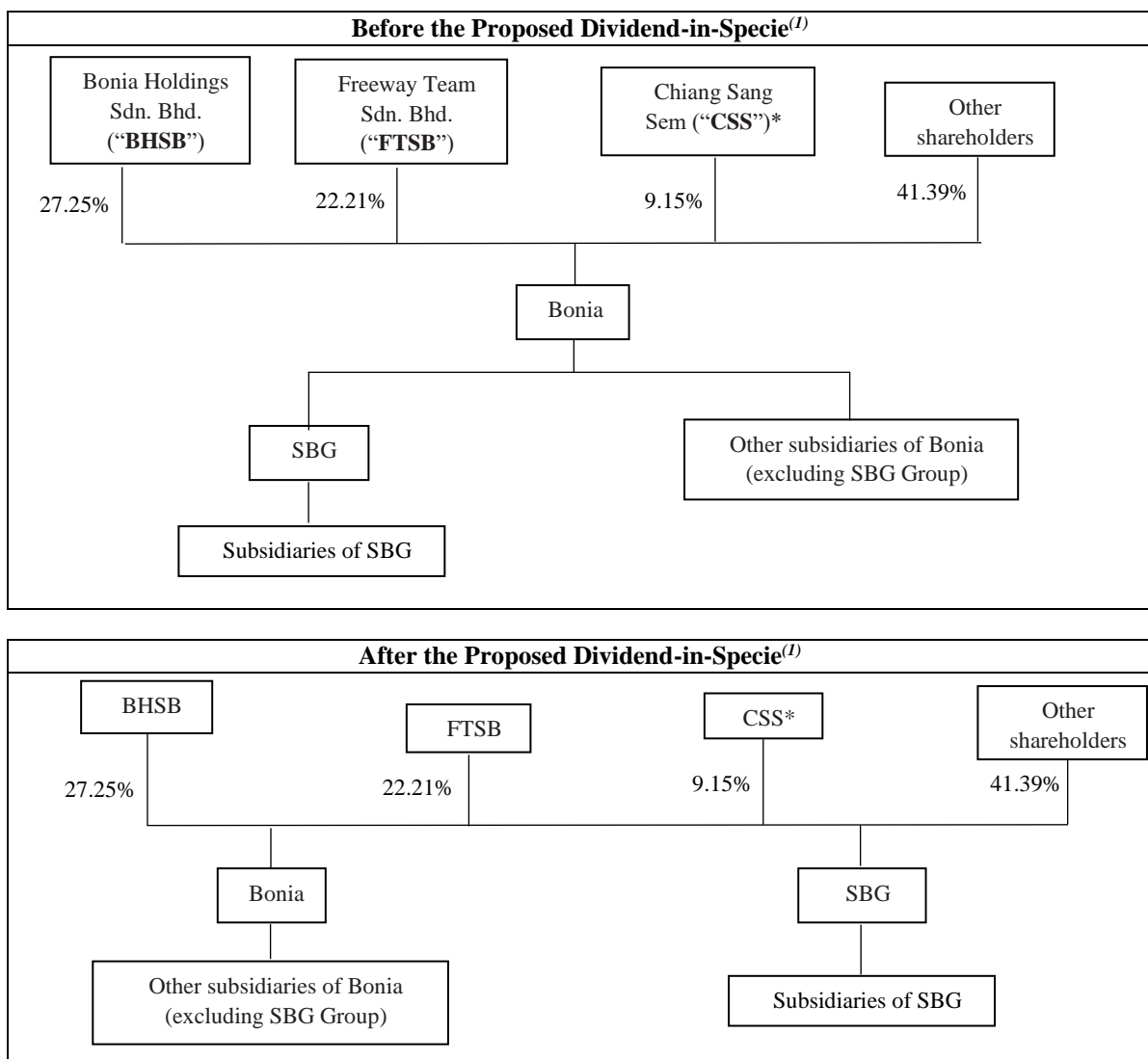
	(RM)
Closing price of Bonia Share as at 27 May 2021 (being the last trading day prior to the LPD)	0.915
Less: Proposed reference price of SBG Share ⁽¹⁾	(0.275)
Proposed reference price of Bonia Share ex Proposed Dividend-in-Specie	0.640

Note:

(1) Computed based on the NA of SBG Group (inclusive of SBD) as at 31 March 2021 of RM55,127,127 divided by the enlarged number of SBG Shares in issue after completion of the Proposed Capitalisation and the Proposed Subdivision of 200,995,123 SBG Shares (assuming 576,719 Bonia Shares held as treasury shares as at the LPD are not resold prior to the ex-date for the Proposed Dividend-in-Specie) and rounded to nearest minimum tick of 0.5 sen for securities traded on Bursa Securities, i.e., RM0.275 per SBG Share.

- (b) Entitled Shareholders are able to invest directly in SBG Group at zero subscription cost, allowing them to enjoy potential gain via capital appreciation and/or dividend payout (if any) for a medium to long term investment in SBG; and
- (c) post Proposed Listing, SBG is expected to have over 4,000 shareholders based on the Record of Depositors of the Company as at LPD and is expected to reasonably provide liquidity for the trading of SBG Shares on LEAP Market of Bursa Securities as compared to other companies listed on LEAP Market of Bursa Securities which only have limited number of public shareholders.

The completion of the Proposed Dividend-in-Specie will result in the demerger of SBG Group from the Company, wherein the Entitled Shareholders will directly hold such number of SBG Shares in the same proportion as their shareholdings in the Company as at the Entitlement Date. Based on the Company's Record of Depositors, Register of Substantial Shareholders and Register of Directors' Shareholdings as at the LPD, the corporate structure of Bonia and its subsidiaries ("**Bonia Group**") before and after the Proposed Dividend-in-Specie are as follows:



Notes:

- * CSS's indirect interests in Bonia is 61.96% by virtue of: (i) shares held through his substantial shareholdings in BHSB, FTSB and Kontrak Kosmomaz Sdn. Bhd. ("**KKSB**"); (ii) shares held in trust by Able Wealth Assets Ltd ("**AWAL**") (the shareholder of AWAL is HSBC International Trustee Ltd, the trustee of a trust where the beneficiaries of which are CSS and his family members); and (iii) his spouse and children's direct interests in Bonia.

(1) For information purposes, the above shareholders' shareholdings in Bonia are calculated based on the issued share capital of the Company as at the LPD and excludes 576,719 Bonia Shares held as treasury shares as at the LPD.

As illustrated above, as the direct shareholdings of CSS and parties acting in concert with him ("PACs") in SBG will increase to more than 50% of the total number of SBG Shares in issue, CSS and the PACs will seek an exemption from Securities Commission Malaysia ("SC") from their obligations to undertake a mandatory general offer to acquire the remaining SBG Shares not already held by them arising from the implementation of the Proposed Dividend-in-Specie ("Proposed GO Exemption"). The relevant application will be made to SC in due course.

2.1.5 Ranking of SBG Shares

SBG Shares to be distributed pursuant to the Proposed Dividend-in-Specie will be distributed to the Entitled Shareholders free from all encumbrances and will carry the same rights with the then existing SBG Shares with all rights and entitlements attaching thereto including dividends, rights, allotments and/or other distributions, save and except that the Entitled Shareholders shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid prior to the Entitlement Date.

2.1.6 Original cost of investment

The Company's original cost of investment in SBG as at the LPD is as follows:

Date of issuance	No. of SBG Shares	Consideration RM	Mode of payment
26 November 2012	2	2	Cash
19 December 2012	24,831,113	24,831,113	Share*
27 June 2013	168,885	168,885	Cash
Total	25,000,000	25,000,000	

Note:

* Being 24,831,113 SBG Shares issued and allotted to the Company as consideration shares in relation to the disposals of certain subsidiaries by the Company to SBG.

2.1.7 Liabilities to be assumed

There are no liabilities, including contingent liabilities or guarantees to be assumed by the Entitled Shareholders arising from the Proposed Dividend-in-Specie.

2.2 Proposed Listing

Subsequent to the completion of the Proposed Demerger as sets out in Section 2.1 of this announcement, SBG will seek admission to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued share capital of RM55,127,100 comprising 200,995,123 SBG Shares on the LEAP Market of Bursa Securities. The LEAP Market of Bursa Securities is a new market offered by Bursa Securities in 2017 to provide companies with greater fund raising access and visibility via the capital market. The LEAP Market of Bursa Securities is a qualified market which is meant mainly for Sophisticated Investors who/which meet the following criteria as prescribed under Part I of Schedules 6 and 7 of the Capital Markets and Services Act 2007 ("CMSA"):

- (a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3,000,000 or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
- (b) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;

- (d) a corporation with total NA exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- (e) a partnership with total NA exceeding RM10 million or its equivalent in foreign currencies;
- (f) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies; or
- (g) a corporation that is a public company under the Companies Act 1965 and is deemed registered under the Companies Act 2016 (“Act”) which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies.

Upon completion of the Proposed Listing, Entitled Shareholders who are Sophisticated Investors can buy and sell SBG Shares via Bursa Securities. For those Entitled Shareholders who are not Sophisticated Investors:

- (a) shall not purchase SBG Shares via Bursa Securities, unless subsequently he becomes a Sophisticated Investor;
- (b) will only be able to sell SBG Shares that they have received pursuant to the Proposed Dividend-in-Specie, after the Proposed Listing via Bursa Securities; and
- (c) will only be able to deal with SBG Shares to be offered or issued by SBG (e.g. via a rights issue exercise by SBG) after the Proposed Listing via Bursa Securities.

The Proposed Listing will be implemented via listing by way of introduction and will not entail any fund raising prior to admission of SBG to the Official List of LEAP Market of Bursa Securities. SBG will issue an Information Memorandum setting out the details of the Proposed Listing after receipt of shareholders’ approval for the Proposed Listing and concurrent with the submission of an initial listing application to Bursa Securities for the Proposed Listing.

3. INFORMATION ON SBG GROUP

SBG was incorporated in Malaysia on 26 November 2012 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. SBG is principally engaged in investment holding and provision of management services. Its subsidiaries are principally involved in the designing, marketing, manufacturing and retailing of bags, footwear and accessories for both men and women segments under the SEMBONIA brand. Refer to **Appendix I** of this announcement for further information on SBG Group.

4. RATIONALE FOR THE PROPOSALS

(i) Autonomy to pursue distinct aspirations and strategies

Over the years, the Company had established brand personality to resonate with targeted consumer segment for flagship brands such as BONIA, BRAUN BüFFEL and SEMBONIA under its umbrella. Nonetheless, due to evolution in business lifecycle and stiff competition in fashion industry, the strategic priorities of its flagship brands have evolved over times and the synergies across these brands have become insignificant.

The Company believes the Proposed Demerger will provide a platform for the respective entities and brands to pursue different and a more tailored business strategy to achieve optimal brand positioning, business growth and market expansion. Bonia Group (post completion of Proposed Demerger) can fully focus on its flagship brands of BONIA and BRAUN BüFFEL, in particular to develop BONIA as a lifestyle brand by building on its brand image of premium quality, status and prestige. Refer to Section 5 of this announcement for future plans of Bonia Group (post completion of Proposed Demerger). On the other hand, SBG Group can continue to grow its SEMBONIA-branded products which exude quality but with relatively affordable price range than high-end brands of BONIA and BRAUN BüFFEL.

(ii) Greater visibility on business performance

The Proposals will increase the operational and financial transparency of respective brands and entities, and thus enabling investors to better assess and evaluate the merits, business and financial performance of the respective brands held by Bonia Group (after completion of the Proposals) and SBG Group.

Greater visibility on the merits and financial performance of the respective brands and entities allows investors to appraise the business strategies, risks and returns of SBG Group independently from Bonia Group (after completion of the Proposals) and increases the likelihood of achieving optimal market valuation for SBG Group and Bonia Group (after completion of the Proposals).

(iii) Reward the Entitled Shareholders

The spin-off of SBG Group into separate publicly listed company (via the Proposals) could unlock the brand value and to further create shareholders' value in the medium to long term. The Proposed Listing is expected to reward the Entitled Shareholders for their continuous support to the Company and allow them to individually and directly participate in the ownership of, and enjoy returns from, SBG Shares at zero subscription cost.

(iv) Gain recognition and enhance corporate stature

The Proposals allow SBG Group to gain recognition and corporate stature through its own listing status and further enhance its corporate reputation which will assist in its business expansion. It will also enable SBG Group to have access to wider fund-raising options to fund its future business expansion strategies.

The Board is of the view that the LEAP Market of Bursa Securities is an appropriate listing platform for SBG Group after taking into consideration the following:

- LEAP Market of Bursa Securities provides a transparent platform for price discovery of SBG Shares as compared to private markets; and
- lower cost of listing on the LEAP Market of Bursa Securities and lower compliance cost subsequent to the Proposed Listing as compared to the ACE Market of Bursa Securities.

5. PROSPECTS AND FUTURE PLANS OF BONIA GROUP (AFTER THE PROPOSED DEMERGER)

The pro forma financial performance of Bonia Group based on its audited financial statements for the financial year ended 30 June ("FYE") 2020, assuming the Disposal of SBD and Proposed Demerger had been completed on 1 July 2019, is as follows:

	Audited FYE 2020 (RM'000)	After the Disposal of SBD and Proposed Demerger (RM'000)	Contribution of SBG Group to Bonia Group (%)
Revenue	344,960	312,566	9.4
Gross profit	187,934	171,343	8.8
Profit before tax ("PBT")	10,814	14,336	N/A*
Profit after tax ("PAT") attributable to owners of the Company	2,778	7,324	N/A*
Earning per Bonia Share ("EPS") (sen)	1.41	3.73	-

Note:

* Not applicable as SBG Group (including SBD) recorded net loss for FYE 2020.

The Company will cease to consolidate SBG Group's financial results upon completion of the Proposed Demerger. The Board believes that the Proposed Demerger will not have any material operational impact as each of the Bonia Group (post completion of the Proposals) and SBG Group has a viable business on its own as well as separate management team for key operations including procurement, financial reporting, sales and marketing as well as research, design and development (“**RD&D**”).

The management of the Company has put in the place the following measures to drive the growth of its flagship brands of BONIA and BRAUN BüFFEL:

(i) Location mapping and enhancement of layout and design of boutiques

Bonia Group (excluding SBG Group) operates boutiques in various markets (e.g. Malaysia, Singapore, Vietnam and Indonesia).

Despite taking cognizant of the growth potential of online retail for fashion industry, Bonia Group still recognises the need for physical boutiques to create and maintain its brand presence as well as to provide the intended in-store experience to its customers to view and try the products. As such, the management applies stringent criteria in selecting key retail locations to market its products, e.g. at locations with high footfall and larger premises (2,000 square feet and above in size) which attract the targeted consumer segment for its flagship brands. It believes that this would improve Bonia Group's brand equity, operational efficiency and eventually profit margins. In addition, the management continuously reviews and enhances the boutique layout and designs to improve visitors' in-store experience at such boutiques. The management believes better ambience while shopping at spacious and strategically located boutiques enhances the brand appeal to targeted consumer group, builds brand equity amongst the customers which, in turn, shall drive sales for its flagship brands.

(ii) Growing online presence

Bonia Group seeks to grow its sales from its online platform. The sales from its online channels contributed 1.0%, 2.4% and 4.4% of Bonia Group's revenue for FYE 2019, FYE 2020 and 9M FPE 2021, respectively.

Bonia Group recognises the importance of investing in marketing activities to drive traffic to the online platform and increase usership. Its marketing efforts include create brand awareness and reinforce its brand positioning through engaging social media influencers to feature products of its flagship brands in their online videos and social media profiles; as well as invest in digital media marketing by placing advertisements to reach a larger targeted audience on social media platforms such as YouTube, Instagram and Twitter and using search engine optimisation (SEO) to increase the exposure of its online platform.

(iii) Continuous building of brand equity for flagship brands

Bonia Group recognises the importance of constantly building brand equity amongst its customers to maintain or enhance the perceived value of its brand and products. Recently, Bonia Group has extended its product offering to include lifestyle products such as tableware under the BONIA brand. It has also recently embarked on a rebranding exercise to refresh the BONIA brand logo and product design collections. It believes that this will allow Bonia Group to keep abreast with the latest market trends and remain relevant in the retail fashion industry market.

(iv) Expanding geographically into the Asia Pacific market

For the past 2 FYEs 2019 and 2020, Bonia Group's sales are mostly derived from South East Asia region (e.g. Malaysia, Singapore and Indonesia) with more than 90% of its revenue generated from this region. It thus intends to grow its brand presence in other markets in Asia Pacific via digital media marketing and/or collaborations with local strategic partners. At this juncture, the management is still in the midst of assessing and understanding the retail fashion industry in other markets in the Asia Pacific region and thus, has not finalised any form of business arrangement for this market expansion.

(Source: The management of Bonia)

For information purpose, the PAT of Bonia Group for the past 3 FYEs 2018 to 2020 and 9M FPE 2021, after excluding the profit from discontinued operations (i.e., demerger of CRG Incorporated Berhad and its subsidiaries (“**CRG Group**”) which was completed on 13 November 2018) and the Proposed Demerger, is as follows:

	FYE 2018	FYE 2019	FYE 2020	9M FPE 2021
	RM'000	RM'000	RM'000	RM'000
Consolidated PAT of Bonia Group	24,900 ⁽¹⁾	23,261 ⁽¹⁾	3,390 ⁽¹⁾	14,354 ⁽²⁾
Less:				
PAT contribution from CRG Group ⁽³⁾	(3,772)	-	-	-
PAT contribution from SBG Group (excluding SBD)	(5,271) ⁽⁴⁾	(5,700) ⁽⁴⁾	-	(2,415) ⁽⁵⁾
Add:				
Loss after tax (“ LAT ”) contribution from CRG Group	-	147 ⁽¹⁾	-	-
LAT contribution from SBG Group (excluding SBD)	-	-	2,265 ⁽⁶⁾	-
LAT contribution from SBD	1,019 ⁽⁷⁾	1,532 ⁽⁷⁾	823 ⁽⁷⁾	55 ⁽⁸⁾
Add: Inter-company transactions ⁽⁹⁾	8,000	2,056	1,458	969
PAT of Bonia Group (excluding CRG Group and SBG Group)	24,876	21,296	7,936	12,963
Less: Non-controlling interest	(5,115)	(5,233)	(612)	236
PAT attributable to the owner of the Company	19,761	16,063	7,324	13,199

Notes:

- (1) Extracted from the audited financial statement (“**AFS**”) of Bonia Group for the respective financial years under review.
- (2) Extracted from the unaudited quarterly results of Bonia Group for the financial period under review.
- (3) Extracted from the AFS of CRG Group for the financial year under review.
- (4) Extracted from the AFS of SBG Group (excluding SBD) for the financial years under review.
- (5) Extracted from management accounts of SBG Group (excluding SBD) as at 31 March 2021, after eliminating inter-company transactions.
- (6) Extracted from the AFS of SBG Group (excluding SBD) for the financial year under review, after eliminating inter-company transaction (provision of expected credit loss allowance on amount receivable from SBD) of RM361,302.
- (7) Extracted from the AFS of SBD for the financial years under review.
- (8) Extracted from management accounts of SBD as at 31 March 2021.
- (9) Inter-company transactions between SBG Group and Bonia Group.

In addition, Bonia Group (post completion of Proposed Demerger) has sufficient working capital to fund its continuing operations, as illustrated below:

- (i) the cash and bank balances of Bonia Group (excluding cash and bank balances of SBG Group and SBD) as at 31 March 2021 stood at RM96.86 million; and
- (ii) as at 31 March 2021, Bonia Group (excluding SBG Group and SBD) has banking facilities (excluding finance lease) of up to RM194.67 million, of which RM85.08 million was utilised.

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6. RISK FACTORS

The Proposals are not expected to expose Bonia Group to new or additional material risks inherent to the industry that Bonia Group is currently operating. However, the risk factors that are relevant to the shareholders in relation to the Proposals, which are by no means exhaustive, are as follows:

6.1 Risks relating to SBG Group's business and operation

(i) Consumer spending pattern

SBG Group operates in retail fashion industry and its business is dependent on consumer spending patterns which could be affected by numerous factors including, among others, the state of the economy, fluctuation of income levels, consumer willingness to spend, all of which are beyond the control of SBG Group. An economic downturn or an otherwise uncertain economic outlook which leads to low disposable income could adversely affect consumer spending habits and traffic, which could have a material adverse effect on SBG Group's business and financial performance.

(ii) Changes to consumer demands and market trends

SBG Group's growth and success depend on its ability to identify, originate and define products and market trends as well as to anticipate and react swiftly to rapidly changing consumer demands. If SBG Group fails to anticipate or react swiftly to a shift in consumer demands and preferences, it may face with significant excess inventories and missed sales opportunities for its products. Furthermore, SEMBONIA brand may suffer if consumers perceive its products not to be in line with market trends.

SBG Group's RD&D team and sales personnel are always keeping close tabs to the latest trend of consumers' fashion preferences and expectations to ensure SBG Group's products are sought after by the consumers in the market. In addition, SBG Group will take all reasonable steps to ensure quality control procedures are continuously implemented for its products to meet customers' expectation.

(iii) Seasonality

Fashion industry is seasonal in nature. During major festivals or peak sales period, industry players will usually experience higher sales as compared to other periods of the year. This seasonality in sales presents a stock forecasting challenge. Inability to effectively manage stocks in line with market demand could result in loss of revenue opportunity. Nonetheless, SBG Group will continue to monitor and appropriately estimate the market demand to react swiftly to either capitalise or counter any increase or decrease in demand.

(iv) Infringement of intellectual properties of SBG Group

SBG Group's business is subject to the risk of third parties counterfeiting its SEMBONIA brand or products or otherwise infringing its intellectual property rights. This may consequently tarnish the reputation of SEMBONIA brand of products, reduce the demand for such products which, in turn, adversely affect the business and performance of SBG Group and undermines its marketing efforts in building brand recognition.

To mitigate such risk, SBG Group may need to resort to litigation in the future to enforce its intellectual property rights. Further, SBG Group has retail presence through boutiques, outlets, and departmental store counters; as well as SBG Group's online platform and third-party e-commerce platforms, allowing customers to purchase authentic SEMBONIA range of products. Hence, this would reduce the likelihood of inadvertent purchases of counterfeit products sold under the SEMBONIA brand.

(v) Competition

SBG Group faces competition from other footwear and bag retailers, be it existing competitors or new competitors seeking to penetrate markets that SBG Group operates in. There can be no assurance that SBG Group's performance will not be affected by competition and that it will be able to compete successfully against existing or new competitors in the future. Increased competition may result in lower profit as well as reduced profit margins, loss of market share and/or increased difficulty in market penetration. All of these could adversely affect SBG Group's operations and financial results.

Notwithstanding the above, the management of SBG Group believes that its marketing strategies and experienced key management team will enable it to remain competitive in the future.

(vi) Implications of the COVID-19 pandemic on SBG Group's business operations

The outbreak of COVID-19 pandemic in 2020 has affected the Malaysian economy, softened retail market conditions and disrupted the retail business of SBG Group with temporary closure of its boutiques and departmental store counters during the enforcement of various movement control measures by the Malaysian government.

The overall impact of the COVID-19 pandemic on SBG Group's businesses would depend on the duration and spread of the outbreak as well as the policy responses by the authorities. Any prolonged global spread of the COVID-19 pandemic and restrictive measures to curb the spread of COVID-19 may have a material impact to SBG Group's business, cash flows and financial condition and results of operations, resulting in a loss of revenue.

6.2 Risks relating to the Proposals

(i) Loss of potential future income contribution from SBG Group

Upon completion of the Proposed Demerger, SBG Group will cease to be subsidiaries of the Company and the Company will cease to consolidate the financial results of SBG Group. This will have a financial impact to Bonia Group's earnings in the future.

(ii) No prior trading for SBG Shares

There was no public trading market for SBG Shares prior to the Proposed Listing. The listing of and quotation for SBG Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of SBG Shares will develop. Further, there can be no assurance that an active market for SBG Shares will develop or if such a market develops, that it will be sustained.

If an active trading market does not develop or is not maintained, the liquidity and trading price of SBG Shares could be adversely affected and investors may have difficulty in realising their investment in SBG Shares. Any investment in SBG Shares shall be viewed as long-term investment.

(iii) Trading and performance of SBG Shares

Upon completion of the Proposed Listing, the trading price of SBG Shares could be subject to significant fluctuation due to factors specific to SBG Group or the industry in which SBG Group is operating. These factors include, but not limited to, the variations in the results of SBG Group's operations due to changes in general market conditions and broad market fluctuations.

In addition, the performance of securities listed on the regional and global equity market could be affected by external factors such as the performance of the regional and world bourses, investors' sentiments and inflow or outflow of foreign funds, which in turn are highly driven by the regulatory, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes and prices of securities on Bursa Securities, thus adding risks to the market price of SBG Shares.

Furthermore, the LEAP Market of Bursa Securities is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be relatively difficult for the Sophisticated Investors to realise their investment on the LEAP Market of Bursa Securities than to realise an investment in a company whose shares are quoted on the Main Market or ACE Market of Bursa Securities.

(iv) Delay or termination of the Proposed Listing

The completion of the Proposals is conditional upon approvals being obtained from the relevant authorities and parties as set out in Section 9 of this announcement. There is no assurance that all the conditions imposed by the relevant authorities and parties may be fulfilled or be fulfilled in a timely manner, in which case the Proposals may be aborted or there may be a delay in the implementation.

7. EFFECTS OF THE PROPOSALS

The Proposed Listing will not have any effect on the share capital, NA, gearing, earnings and EPS of the Company as well as substantial shareholders' shareholdings in the Company. The overall effect of the Proposed Demerger to Bonia Group is as illustrated below:

7.1 Share capital and number of issued Bonia Shares

The Proposed Demerger will not have any effect on the issued share capital of the Company as well as the number of Bonia Shares in issue as it does not involve the issuance of any new Bonia Shares.

7.2 NA and gearing

The pro forma effects of the Proposed Demerger (in particular the Proposed Dividend-in-Specie) on the NA and gearing of Bonia Group based on its audited consolidated statements of financial position as at 30 June 2020 and on the assumption that the Proposed Demerger had been effected on that date are as follows:

	(Audited)	(I)	(II)
	As at 30 June 2020 (RM'000)	Subsequent events up to the LPD ⁽¹⁾ (RM'000)	After (I) and the Proposed Demerger (RM'000)
Share capital	201,572	201,572	201,572
Exchange translation reserve	14,876	14,876	14,876
Revaluation reserve	2,521	2,521	2,521
Treasury shares	(6,100)	(485)	(485)
Retained earnings	153,437	133,254	80,211 ⁽²⁾
Shareholders' funds / NA (A)	366,306	351,738	298,695
No. of Bonia Shares in issue ('000)	201,572	201,572	201,572
No. of Bonia Shares in issue (excluding treasury shares) ('000) (B)	196,220	200,995	200,995
NA per Bonia Share (RM) (A / B)	1.87	1.75	1.49
Total borrowings (RM'000)	39,403	39,403	39,403
Gearing (times)	0.11	0.11	0.13

Notes:

- (1) After taking into the consideration the following completed events subsequent to FYE 2020 up to the LPD:
- purchase of 10,113,800 Bonia Shares by the Company pursuant to its share buy-back exercise amounting to RM6,892,849;
 - distribution of 14,888,481 share dividend amounting to RM12,507,813 on the basis of 8 treasury shares for every 100 Bonia Shares held by the entitled shareholders of the Company, which was completed on 15 February 2021;
 - payment of interim dividend of RM0.02 per Bonia Share for FYE 2021, which were announced on 2 October 2020 (paid on 3 November 2020) and 9 March 2021 (paid on 6 April 2021), respectively; and
 - estimated gain on the Disposal of SBD of RM0.16 million, which was completed on 19 April 2021.

- (2) After accounting for the estimated expenses relating to the Proposals of approximately RM564,000 (comprising professional fees, fees payable to the relevant authorities, other incidental expenses in relation to the Proposals and miscellaneous expenses).

The pro forma retained earnings of Bonia Group is derived as follows:

	(RM'000)
Retained earnings of Bonia Group per AFS as at 30 June 2020	153,437
Less: Adjustments for subsequent completed events up to the LPD	(20,183)
Pro forma (I)	133,254
Less: Estimated expenses relating to the Proposals	(564)
Less: Amount to be utilised for the Proposed Dividend-in-Specie	(55,127)
Add: Estimated gain on Proposed Dividend-in-Specie*	2,648
Pro forma (II)	80,211

Note:

- * Estimated gain on Proposed Dividend-in-Specie is derived based on:

	(RM'000)
Amount to be utilised for the Proposed Dividend-in-Specie^	55,127
Less: Consolidated NA of SBG Group as at 30 June 2020 after consolidation adjustments	(52,479)
Estimated gain on Proposed Dividend-in-Specie	2,648

Note:

- ^ Computed based on the NA per SBG Share as at 31 March 2021 (post completion of the Proposed Subdivision) of RM0.274271 multiplied by the number of SBG Shares in issue (post completion of the Proposed Subdivision).

7.3 Earnings and EPS

As the Proposals are only expected to be completed in the 3rd quarter of FYE 2022, they will not have any material effect on the consolidated earnings of Bonia Group for FYE 2021. Upon completion of the Proposed Demerger, Bonia Group will cease to consolidate the financial results of SBG Group and this will have a financial impact to Bonia Group's earnings for FYE 2022.

For illustration purposes only, the pro forma earnings and EPS of Bonia Group based on its audited consolidated financial statements for FYE 2020, assuming the Disposal of SBD and Proposed Demerger had been completed on 1 July 2019, are as follows:

	(Audited) FYE 2020 (RM'000)	(I) After the Disposal of SBD and Proposed Demerger (RM'000)
PAT attributable to owners of the Company	2,778	2,778
Add: LAT contribution from SBG Group (excluding SBD)	-	2,265
Add: LAT contribution from SBD	-	823
Add: Inter-company transactions ⁽¹⁾	-	1,458
Pro forma PAT of Bonia Group	2,778	7,324
Weighted average number of Bonia Shares in issue (excluding treasury shares) ('000)	196,906	196,906
EPS (sen)	1.41	3.72

Note:

- (1) Being re-instatement of inter-company transactions which were eliminated during consolidation of financial results of Bonia Group.

7.4 Substantial shareholders' shareholdings

The Proposed Demerger will not have any effect on the substantial shareholders' shareholdings in the Company.

7.5 Convertible securities

As at the LPD, the Company does not have any outstanding options, warrants or convertible securities.

7.6 Cash Company and/or Practice Note 17 Issuer

The Proposed Dividend-in-Specie is not expected to result in the Company becoming a Cash Company and/or Practice Note 17 Issuer pursuant to the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”).

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Dividend-in-Specie pursuant to Paragraph 10.02(g) of the Listing Requirements is 14.64%, based on SBG Group’s audited NA as at 30 June 2020 of RM53.63 million compared against Bonia Group’s audited NA as at 30 June 2020 of RM366.31 million and based on the deemed disposal consideration of RM53.63 million against Bonia Group’s audited NA as at 30 June 2020 of RM366.31 million.

As the percentage ratio does not exceed 25% as provided under the Listing Requirements, the Proposed Dividend-in-Specie is not subject to shareholders’ approval.

9. APPROVALS REQUIRED

The Proposals are subject to the following approvals:

- (i) Bursa Securities for the Proposed Listing;
- (ii) the shareholders of the Company for the Proposed Listing at an extraordinary general meeting to be convened;
- (iii) lenders/creditors of the Company for the Proposed Dividend-in-Specie (if required);
- (iv) lenders/creditors of SBL and SBFW for the Proposed Dividend by SBL and SBFW (if required);
- (v) lenders/creditors of SBG for the Proposed Dividend by SBG and Proposed Capitalisation (if required);
- (vi) SC for the Proposed GO Exemption; and
- (vii) any other relevant authorities/parties (if required).

10. INTER-CONDITIONALITY OF THE PROPOSALS

The Proposed Listing is conditional upon the Proposed Demerger.

The implementation of the Proposed Capitalisation, Proposed Subdivision and Proposed Conversion are conditional upon the approval from Bonia’s shareholders for the Proposed Listing but not conditional upon the approval-in-principle from Bursa Securities for the Proposed Listing.

The Proposed Dividend-in-Specie will only be implemented after approval-in-principle being obtained from Bursa Securities for the Proposed Listing. Hence, the Proposed Dividend-in-Specie is inter-conditional with the Proposed Listing.

The Proposed Dividend-in-Specie is conditional upon the Proposed Capitalisation, Proposed Subdivision and Proposed Conversion.

The Proposed Dividend-in-Specie is conditional upon the Proposed GO Exemption.

The Proposals are not conditional upon any other corporate proposals of the Company.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As at the LPD, none of the Directors and major shareholders of the Company and/or persons connected with them (as defined in the Listing Requirements) has any interest, direct or indirect in the Proposals, save for their respective entitlements under the Proposed Dividend-in-Specie which rights are also applicable on a pro-rated basis to all the shareholders of the Company.

12. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

13. ESTIMATED TIME FRAME FOR SUBMISSION TO AUTHORITIES AND COMPLETION

Any application to relevant government authorities for the Proposals, if required, will be submitted within 1 month from the date of this announcement.

Barring any unforeseen circumstances and subject to receipt of all relevant approvals as set out in Section 9 of this announcement, the Board expects the Proposals to be completed in the 3rd quarter of FYE 2022.

14. ADVISER

TA Securities has been appointed as the Adviser in relation to the Proposals.

This announcement is dated 31 May 2021.

INFORMATION ON SBG GROUP (CONT'D)

1. HISTORY AND BUSINESS

SBG was incorporated in Malaysia on 26 November 2012 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. SBG is principally engaged in investment holding and provision of management services. Its subsidiaries are principally involved in the designing, marketing, manufacturing and retailing of bags, footwear and accessories for both men and women segments under the SEMBONIA brand. The target market for SEMBONIA-branded products is working adults between the ages of 36 and 45 or at managerial level.

The SEMBONIA brand has been in the market over last 27 years. The trademarks to SEMBONIA brand in Malaysia was registered in May 1994 by CB Marketing Sdn. Bhd. (a wholly-owned subsidiary of the Company) (“CBM”). In January 2013, CBM assigned the trademarks to SEMBONIA brand in Malaysia to SB International Sdn. Bhd. (a wholly-owned subsidiary of SBG) (“**SB International**”), which allows SB International to design, market and retail footwear, bags and accessories in Malaysia.

To further expand its presence outside of Malaysia, SBG Group enters into various licensing or sub-licensing agreements with the registered owner or licensee (where applicable) for trademarks of SEMBONIA brand outside of Malaysia to enable it to market SEMBONIA range of products outside of Malaysia for a mutually agreed time period. As at the LPD, SBL had entered into a licensing agreement with Bonia International Holdings Pte Ltd, which allows SBL to market SEMBONIA brand of products (i.e., handbags, wallets/purse, small pocket items, luggages and travelling accessories, ladies and male shoes as well as men’s apparel and accessories) in Asia (excluding Malaysia and Singapore), Middle East and South America for a period of 3 years (from 1 April 2020 to 31 March 2023).

In 2015, SBG Group launched its own online platform, i.e., <https://sembonia.com/shoponline>, extending its sales channels. At present, SBG Group also markets its products via third-party e-commerce platforms, such as Lazada, Zalora, Shopee and Grab Mart.

SBG Group’s revenue by principal market for FYE 2019, FYE 2020 and 9M FPE 2021 are as follows:

Principal markets	FYE 2019		FYE 2020		9M FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	60,978	99.8	33,903	99.8	22,010	100.0
Singapore ⁽¹⁾	122	0.2	77	0.2	-	-
TOTAL	61,100	100.0	33,980	100.0	22,010	100.0

Note:

(1) Being sales to brand owner of SEMBONIA in Singapore.

As at 30 April 2021, SBG Group operates via 13 boutiques, 3 premium outlets and 134 departmental store counters in Malaysia.

At present, SBG Group owns a warehouse-cum-office located in Taman Midah, Cheras.

SBG Group’s revenues are derived via the following means:

(i) Consignment sales

It sells its products at departmental stores in Malaysia on a consignment basis. These departmental stores charge a trade margin on the sales value of products sold at the departmental stores. The net sales (after trade margin) will be paid by the departmental stores to SBG Group on a monthly basis.

(ii) Retail sales

It sets up and manages boutiques in shopping malls as well as premium outlets, wherein its products are sold directly to end-consumers.

(iii) E-commerce transaction

It earns sales of its SEMBONIA-branded products via its own and third party online platforms.

INFORMATION ON SBG GROUP (CONT'D)

2. SHARE CAPITAL

As at the LPD, SBG has an issued share capital of RM25,000,000 comprising 25,000,000 SBG Shares.

3. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors of SBG (all of whom are Malaysians) and their respective shareholdings in SBG as at the LPD are as follows:

	Direct		Indirect	
	No. of SBG Shares	%	No. of SBG Shares	%
CSS	-	-	25,000,000 ⁽¹⁾	100
Dato' Sri Chiang Fong Tat	-	-	-	-
Datin Sri Tan Loo Yin	-	-	-	-
Chiang May Ling	-	-	-	-

Note:

(1) Deemed interested by virtue of his shareholding in Bonia via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSBB, (ii) shares held in trust by AWAL (the shareholder of AWAL is HSBC International Trustee Ltd, the trustee of a trust where the beneficiaries of which are CSS and his family members), and (iii) his spouse and children's direct interests in Bonia.

By virtue of his substantial interests in Bonia, CSS is also deemed to be interested in SBG Shares to the extent that Bonia has an interest.

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders of SBG and their shareholdings in SBG as at the LPD are as follows:

Name	Country of incorporation / Nationality	Direct		Indirect	
		No. of SBG Shares	%	No. of SBG Shares	%
Bonia	Malaysia	25,000,000	100	-	-
BHSB	Malaysia	-	-	25,000,000 ⁽¹⁾	100
FTSB	Malaysia	-	-	25,000,000 ⁽¹⁾	100
Chiang Family Holdings Ltd	Labuan Federal Territory	-	-	25,000,000 ⁽¹⁾	100
CSS	Malaysian	-	-	25,000,000 ⁽²⁾	100

Notes:

(1) Deemed interested by virtue of its shareholdings in Bonia pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholding in Bonia via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSBB, (ii) shares held in trust by AWAL (the shareholder of AWAL is HSBC International Trustee Limited, the trustee of a trust where the beneficiaries are CSS and his family members), and (iii) his spouse and children's direct interests in Bonia.

By virtue of his substantial interests in the Company, CSS is also deemed to be interested in SBG Shares to the extent that the Company has an interest.

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INFORMATION ON SBG GROUP (CONT'D)

5. SUBSIDIARIES AND ASSOCIATED COMPANY

SBG has the following subsidiaries as at the LPD:

Name of company	Principal Activities	Share capital	Date and place of incorporation	Equity Interest held by SBG
SBA	Marketing and distribution of fashionable goods and accessories	RM100,000	20 December 2012, Malaysia	100%
SB Boutique Sdn. Bhd.	Retailing of leather goods and apparels	RM1,000,000	28 July 2006, Malaysia	100%
SBFW	Designing, promoting and marketing of fashionable goods, footwear and accessories	RM500,000	1 August 2006, Malaysia	100%
SBM Marketing Sdn. Bhd.	Designing, promoting and marketing of fashionable men's footwear	RM400,000	20 December 2012, Malaysia	100%
SBL	Designing, promoting and marketing of fashionable leather goods	RM500,000	27 July 2006, Malaysia	100%
SB International	Marketing and distribution of fashionable goods and accessories	RM2,000,000	30 July 2012, Malaysia	100%
SBD	Manufacturing and marketing of fashionable goods*	RM500,000	9 April 2003, Malaysia	100%

Note:

* At present, SBD had temporarily ceased the manufacturing of fashionable goods.

As at the LPD, SBG does not have any associated company.

6. PRO FORMA EFFECTS OF THE PROPOSALS ON THE NA AND GEARING OF SBG GROUP

	(Audited) As at 30 June 2020 (RM'000)	(I) Subsequent event up to the LPD ⁽¹⁾ (RM'000)	(II) After (I) and the Proposed Demerger (RM'000)	(III) After (II) and the Proposed Listing (RM'000)
Share capital	25,000	25,000	55,127	55,127
Retained earnings	28,631	28,797	(1,330)	(2,380) ⁽²⁾
Shareholders' funds / NA	53,631	53,797	53,797	52,747
No. of SBG Shares in issue ('000)	25,000	25,000	200,995	200,995
NA per SBG Share (RM)	2.15	2.15	0.27	0.26
Total borrowings	-	-	-	-
Gearing (times)	-	-	-	-

Notes:

(1) After taking into consideration the completion of the Disposal of SBD on 19 April 2021 with consolidation of retained earnings of SBD of approximately RM166,000.

(2) After accounting for the estimated expenses of approximately RM1.05 million in relation to the Proposed Listing which are expected to be funded via SBG's internally-generated funds.

INFORMATION ON SBG GROUP (CONT'D)

The pro forma retained earnings of SBG Group is arrived at as follows:

	(RM'000)
Retained earnings of SBG Group as at 30 June 2020	28,631
Add: Retained earnings of SBD	166
Pro forma (I)	28,797
Less: Proposed Dividend by SBG	(30,127)
Pro forma (II)	(1,330)
Less: Estimated expenses in relation to the Proposed Listing	(1,050)
Pro forma (III)	(2,380)

7. FINANCIAL INFORMATION

The summary of the combined financial information of SBG Group (including SBD) for the FYEs 2018 to 2020, 9M FPE 2020 and 9M FPE 2021 is as follows:

	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	9M FPE 2020 RM'000	9M FPE 2021 RM'000
Revenue	62,548	61,100	33,980	28,954	22,010
PBT / (Loss before taxation)	6,504	5,996	(2,063)	53	2,162
PAT / (LAT)	4,253	4,168	(3,087)	(848)	2,330
Shareholders' funds / NA	55,371	59,359	53,797	58,339	55,127
Invested equity / Share capital	25,500	25,500	25,500	25,500	25,500
Borrowings	-	-	-	-	-
No. of SBG Shares in issue ('000)	25,000	25,000	25,000	25,000	25,000
Basic earnings/(loss) per SBG Share ⁽¹⁾ (RM)	0.17	0.17	(0.12)	(0.03)	0.09
NA per SBG Share ⁽²⁾ (RM)	2.21	2.37	2.15	2.33	2.21
Current ratio (times)	6.03	10.35	7.94	10.79	12.68
Gearing ratio (times)	-	-	-	-	-

Notes:

(1) PAT divided by the number SBG Shares in issue for the financial years and periods under review.

(2) NA divided by the number of SBG Shares in issue as at the end of the financial years and periods under review.

FYE 2019 vs. FYE 2018

SBG Group's revenue decreased by 2.32% to RM61.10 million (FYE 2018: RM 62.55 million), mainly due to closure of non-performing boutiques and departmental store counters since 3rd quarter of FYE 2019 as part of SBG's on-going cost optimisation initiatives. Accordingly, SBG Group recorded a lower PAT for FYE 2019 of RM4.17 million (FYE 2018: RM4.25 million).

FYE 2020 vs. FYE 2019

SBG Group's revenue decreased by 44.39% to RM33.98 million (FYE 2019: RM 61.10 million), mainly due to:

- (i) full-year impact to revenue due to on-going closure of non-performing departmental store counters and boutiques;
- (ii) disruption to retail business arising from movement control measures implemented by the Malaysian government to curb COVID-19 pandemic; and
- (iii) weaker retail market and consumer spending.

INFORMATION ON SBG GROUP (CONT'D)

SBG Group recorded LAT of RM3.09 million for FYE 2020 (FYE 2019: PAT of RM4.17 million), mainly due to:

- (i) reduced profit margins in line with the decreased in revenue as mentioned above; and
- (ii) higher finance cost of RM0.57 million in FYE 2020 (FYE 2019: RM 0.11 million) due to increase in interests on lease liabilities following the adoption of Malaysian Financial Reporting Standards 16 – Leases during FYE 2020.

9M FPE 2021 vs 9M FPE 2020

For 9M FPE 2021, SBG Group recorded a lower revenue of RM22.01 million (9M FPE 2020: RM28.95 million), mainly due to on-going softening of retail market in Malaysia due to outbreak of COVID-19 pandemic. Despite this, SBG Group recorded a PAT of RM2.33 million during 9M FPE 2021 (9M FPE 2020: LAT of RM0.85 million), mainly due to on-going cost optimisation measures, complemented by rental rebates for boutiques and wages subsidies provided by the Malaysian government.