FOR RESTRICTED CIRCULATION ONLY

CRG INCORPORATED BERHAD

(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INFORMATION MEMORANDUM

PROPOSED LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL OF CRG INCORPORATED BERHAD ("CRG") ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER AND CONTINUING ADVISER

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"). IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN OUR COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

THIS INFORMATION MEMORANDUM IS PUBLISHED IN CONNECTION WITH THE LISTING BY WAY OF INTRODUCTION OF CRG ON THE LEAP MARKET OF BURSA SECURITIES AND TO PROVIDE INFORMATION ON OUR GROUP. IT DOES NOT CONSTITUTE AN OFFER OF, NOR WAS IT PUBLISHED TO INVITE OFFERS FOR, ORDINARY SHARES OR OTHER SECURITIES OF CRG. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO, THIS INFORMATION MEMORANDUM.

This Information Memorandum is dated 28 September 2018

IMPORTANT NOTICE

All defined terms used in this Information Memorandum are defined under "Definitions", unless otherwise stated.

RESPONSIBILITY STATEMENTS

THE BOARD AND PROMOTERS OF OUR COMPANY HAVE SEEN AND APPROVED THIS INFORMATION MEMORANDUM. OUR BOARD AND PROMOTERS, HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE, INFORMATION AND BELIEF, COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION AND STATEMENTS CONTAINED IN THIS INFORMATION MEMORANDUM, AND CONFIRM THAT THIS INFORMATION MEMORANDUM CONTAINS ALL RELEVANT INFORMATION WITH REGARD TO OUR GROUP WHICH IS MATERIAL IN THE CONTEXT OF OUR PROPOSED LISTING. AS AT THE DATE HEREOF, THE INFORMATION CONTAINED IN THIS DOCUMENT IS TRUE AND ACCURATE IN ALL MATERIAL RESPECT AND IS NOT MISLEADING. AS AT THE DATE HEREOF, THE OPINIONS AND INTENTIONS OF OUR COMPANY EXPRESSED HEREIN ARE HONESTLY HELD, AND THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER MATERIAL FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

TA SECURITIES, BEING THE APPROVED ADVISER AND CONTINUING ADVISER IN RELATION TO OUR PROPOSED LISTING, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR PROPOSED LISTING.

STATEMENTS OF DISCLAIMER

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LEAP MARKET LR FOR OUR PROPOSED LISTING.

THIS INFORMATION MEMORANDUM HAS BEEN PREPARED UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

A COPY OF THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SC.

THE SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS INFORMATION MEMORANDUM, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS INFORMATION MEMORANDUM. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP. INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR GROUP OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS IN OUR COMPANY. TA SECURITIES, AS OUR APPROVED ADVISER, HAS ASSESSED THE SUITABILITY OF OUR COMPANY FOR ADMISSION TO THE LEAP MARKET OF BURSA SECURITIES AS REQUIRED UNDER RULE 4.10 OF THE LEAP MARKET LR.

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET OF BURSA SECURITIES. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, OUR COMPANY AND OUR SHARES. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com.

THE LEAP MARKET OF BURSA SECURITIES HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS ("**HOLDERS**") AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. SOPHISTICATED INVESTORS AND HOLDERS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN OUR COMPANY AND SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT IN OUR COMPANY AND MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS AND HOLDERS SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS INFORMATION MEMORANDUM.

SOPHISTICATED INVESTORS AND HOLDERS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THIS INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR THE APPROVED ADVISER ON THE MERITS OF THE INVESTMENT IN OUR SHARES.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR GROUP. THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, OR SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES, NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS TO THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES.

THIS INFORMATION MEMORANDUM IS NOT A SUBSTITUTE FOR AND SHOULD NOT BE REGARDED AS AN INDEPENDENT EVALUATION AND ANALYSIS AND DOES NOT PURPORT TO BE ALL INCLUSIVE. EACH HOLDER AND SOPHISTICATED INVESTOR SHOULD PERFORM AND IS DEEMED TO HAVE MADE ITS OWN INDEPENDENT INVESTIGATION, ASSESS THE MERITS AND RISKS OF THE INVESTMENT AND ANALYSIS OF OUR GROUP AND ALL OTHER RELEVANT MATTERS.

THIS INFORMATION MEMORANDUM IS ISSUED FOR INFORMATION PURPOSES ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES WILL BE MADE ON THE BASIS OF THIS INFORMATION MEMORANDUM. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO THIS INFORMATION MEMORANDUM.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR TA SECURITIES SHALL DEEM FIT.

WE AND/OR TA SECURITIES DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE INVESTMENT IN OUR SHARES.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our Holders by electronic means to our Holders' registered email address last maintained with Bursa Depository. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to our Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to our Holders' registered Malaysian address last maintained with Bursa Depository, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following:

(i) ordinary mail;

(ii) electronic means to our Holders' registered email address;

(iii) advertisement in an English daily newspaper in Malaysia; and/or

(iv) announcement on Bursa Securities.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you agree and undertake to be bound by the following terms and conditions:

(i) This Information Memorandum is issued by our Company and distributed by us as well as TA Securities as our Approved Adviser. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy, upon request by Holders, free of charge. This Information Memorandum is distributed to Holders for information purposes only and upon the express understanding that such Holders will use it only for the purposes set forth below.

(ii) The information contained in this Information Memorandum, including any statement or fact or opinion is solely for information purposes only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities will be made on the basis of this Information Memorandum.

(iii) You are solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance and prospects, the rights and obligations attaching to our Shares, the merits of investing in our Shares, and the extent of the risk involved in doing so.

(iv) This Information Memorandum may include certain statements provided by us or on our behalf with respect to the anticipated future performance of our Group. These statements, although believed to be reasonable, are based on estimates and assumptions made by us that are subject to risks and uncertainties that may cause actual events and our future results to be materially different from that expected or indicated by such statements or estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by us or TA Securities that our plans and strategies as disclosed herein will be achieved.

(v) Any document in relation to our Proposed Listing published or issued from time to time after the date hereof shall be deemed to form part of this Information Memorandum.

(vi) You shall not copy, reproduce, distribute, summarise, excerpt from, publicly refer to or pass on any part of this Information Memorandum to any person at any time without the prior written consent of TA Securities. You shall at all times keep confidential all information contained herein or any other information relating to our Proposed Listing, whether written, oral or in a visual or an electronic form, transmitted or made available to you.

(vii) Neither the receipt of this Information Memorandum by any Holders nor any information made available in connection with our Proposed Listing is to be taken as constituting the giving of investment advice by TA Securities. TA Securities shall not advise you on the merits or risks of our Proposed Listing.

(viii) This Information Memorandum will not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No Holders in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the Holders without contravention of any relevant legal requirements. It is the sole responsibility of any Holders wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the law of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Shares or cash payment upon the sale of our Shares by the Holders, the repatriation of any money by the Holders out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such Holders shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and TA Securities shall be entitled to be fully indemnified by such Holders for any tax or payment as the recipient may be required to pay.

(ix) This Information Memorandum had not been made and will not be made to ensure that our Proposed Listing complies with the laws of any jurisdiction other than Malaysia. We and TA Securities, shall not accept any responsibility or liability in the event that any action taken by any recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such Holders shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and TA Securities fully indemnified for the payment of such taxes or payments.

PRESENTATION OF INFORMATION

All references to "our Company" and "CRG" in this Information Memorandum are to CRG Incorporated Berhad. All references to "our Group" and "CRG Group" in this Information Memorandum are to our Company and our subsidiaries taken as a whole. References to "we", "us", "our" and "ourselves" are to our Company or our Group, as the context requires. Unless the context otherwise requires, references to "Management" are to our Managing Director, Executive Director and key management personnel as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" section of this Information Memorandum. Words denoting the singular will, where applicable include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Information Memorandum are references to dates and times in Malaysia. Any reference in this Information Memorandum to any statutory legislation is a reference to that statutory legislation as for the time being amended, modified or re-enacted.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Providence Strategic Partners Sdn Bhd, an independent market researcher. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industry in which we operate. However, neither our Company nor our advisers have independently verified these data. Neither our Company nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Information Memorandum. Similarly, third party projections cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Our Company gives no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Information Memorandum.

You should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

For illustrative purposes only, unless otherwise stated, the exchange rate of IDR100:RM0.0279 and VND100:RM0.0178, being the middle rate quoted by Bank Negara Malaysia at 5.00 p.m. as at 18 September 2018, is used throughout this Information Memorandum.

IMPORTANT NOTICE *(CONT'D)*

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 6 and Section 10 of this Information Memorandum. We cannot give any assurance that the forward-looking statements made in the Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained in this Information Memorandum.

Any discrepancy in the figures included in this Information Memorandum between the amounts stated and the totals are due to rounding.

PRIVACY NOTICE

The Personal Data Protection Act 2010 ("**PDPA**") was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Listing only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be disclosed to our advisers who provide services to us. Save for the foregoing, your Personal Data will not be knowingly disclosed to any other third party.

Without prejudice to the terms and conditions of our Proposed Listing as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and upon payment of a prescribed fee, request in writing to access to, or correction of, your Personal Data or limit the processing of your Personal Data by submitting such request to the following:

Postal address	:	CRG Incorporated Berhad c/o Bina Management (M) Sdn Bhd Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan, Malaysia.

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of Personal Data in the manner described above. This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire issued share capital on the LEAP Market of Bursa Securities are set out below:

Events	**Tentative date**
Issuance of Information Memorandum	28 September 2018
Announcement of the Entitlement Date	Mid October 2018
Entitlement Date	Early November 2018
Distribution of CRG Shares to the Entitled Shareholders / Cash payout to the Entitled Shareholders who hold less than 100 Bonia Shares	Mid November 2018
Listing on the LEAP Market of Bursa Securities	End November 2018*

Note:
* Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principle for our Proposed Listing.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Information Memorandum and the accompanying appendices:

"9M FPE"	:	9-month financial period ended
"AAOF"	:	Albizia ASEAN Opportunities Fund
"Act"	:	Companies Act 2016
"AWAL"	:	Able Wealth Assets Ltd
"BHSB"	:	Bonia Holdings Sdn Bhd
"BIH"	:	Bonia International Holdings Pte Ltd
"BKPM"	:	Investment Coordination Board of Indonesia
"Board"	:	Board of Directors of our Company
"Bonia"	:	Bonia Corporation Berhad
"Bonia Group"	:	Bonia and its subsidiaries, collectively
"Bonia Share(s)"	:	Ordinary share(s) in Bonia
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate
"Capitalisation"	:	Capitalisation of part of the dividend declared by our Company and CBM
"CBH"	:	CB Holdings (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Bonia
"CBM"	:	CB Marketing Sdn Bhd, a wholly-owned subsidiary of Bonia
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Conversion"	:	Conversion of our Company into a public limited company
"CRB"	:	CR Boutique Sdn Bhd, a wholly-owned subsidiary of our Company
"CRF"	:	CRF Marketing Sdn Bhd, a wholly-owned subsidiary of our Company
"CRG" or "Company"	:	CRG Incorporated Berhad
"CRG Group" or "Group"	:	CRG and our subsidiaries, collectively
"CRG Share(s)" or "Share(s)"	:	Our ordinary share(s)
"CRI"	:	CRI Sdn Bhd, a wholly-owned subsidiary of our Company
"CRL"	:	CRL Marketing Sdn Bhd, a wholly-owned subsidiary of our Company

"CRR"	:	CRR Vietnam Company Limited, a wholly-owned subsidiary of our Company
"CRV"	:	CRV Sdn Bhd, a wholly-owned subsidiary of our Company
"CSS"	:	Chiang Sang Sem
"Demerger"	:	Capitalisation, Subdivision, Conversion and Dividend-in-Specie, collectively
"Director"	:	A natural person who holds a directorship in our Company and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
"Dividend-in-Specie"	:	Distribution of Bonia's entire shareholding in our Company by way of dividend-in-specie on a pro-rata distribution to the Entitled Shareholders, which shall be implemented upon receipt of approval-in-principle from Bursa Securities for our Proposed Listing
"e-commerce"	:	Electronic commerce
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Entitled Shareholders"	:	Shareholders of Bonia whose names appear in its Record of Depositors on the Entitlement Date
"Entitlement Date"	:	Being the date and time on which the shareholders of Bonia must be registered on its Record of Depositors in order to be entitled to the Dividend-in-Specie, which will be announced in due course by Bonia upon receipt of approval-in-principle from Bursa Securities for our Proposed Listing
"EPS"	:	Earnings per Share
"Exemption"	:	Exemption under Section 219 of the CMSA and Paragraph 4.13(3)(a) of the Rules for CSS and his PACs from the obligation to undertake a mandatory take-over offer to acquire the remaining CRG Shares not already held by them upon the completion of the Dividend-in-Specie, the approval of which was received vide the SC's letter dated 11 June 2018
"FPE"	:	Financial period ended / ending
"FTSB"	:	Freeway Team Sdn Bhd
"FYE"	:	Financial year ended / ending
"GP"	:	Gross profit
"IDR" or "Rp"	:	Indonesian Rupiah, being the lawful currency of Indonesia
"IMR Report"	:	Independent market research report on the industry overview on the women footwear and handbag markets in Malaysia and an overview of the electronic commerce market in South East Asia dated 28 September 2018 prepared by Providence Strategic Partners Sdn Bhd
"Information Memorandum"	:	This Information Memorandum dated 28 September 2018 in relation to our Proposed Listing
"Kafak"	:	Kafak International Company, an authorised distributor of Carlo Rino brand from Saudi Arabia
"KKSB"	:	Kontrak Kosmomaz Sdn Bhd
"LEAP Market LR"	:	LEAP Market Listing Requirements of Bursa Securities

"Listing Reference Price"	:	The reference price of our Shares upon our listing on the LEAP Market of Bursa Securities
"LPD"	:	18 September 2018, being the latest practicable date prior to the date of this Information Memorandum
"Management"	:	Managing Director, Executive Director and key management personnel of our Company, collectively
"MLTL"	:	Milingtonia Limited
"NA"	:	Net assets
"Official List"	:	The list specifying all securities listed on Bursa Securities
"PACs"	:	Parties acting in concert with CSS in accordance with Section 216(2) of the CMSA
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Promoters"	:	CSS, Dato' Sri Chiang Fong Yee, Chong See Moi, Yong Siew Moi, BHSB, FTSB, KKSB and AWAL, collectively
"Proposed Listing"	:	Proposed admission to the Official List and the listing of and quotation for our entire share capital of 805,651,400 Shares on the LEAP Market of Bursa Securities
"PTCMS"	:	PT CRI Mitra Sejati, a wholly-owned subsidiary of our Company
"Public"	:	All persons or members of the public but excluding the Directors and substantial shareholders of our Company and persons associated with them (as defined in the LEAP Market LR)
"Record of Depositors"	:	A record of securities holders provided by Bursa Depository under the rules of Bursa Depository
"RD&D"	:	Research, development and design
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singaporean Dollar, being the lawful currency of Singapore
"Sophisticated Investors"	:	Any persons who fall within any of the categories of investors set out in Part I of Schedule 6 or 7 of the CMSA
"Subdivision"	:	Subdivision of all the ordinary shares in issue in our Company into 805,651,400 CRG Shares
"TA Securities"	:	TA Securities Holdings Berhad
"USD" or "US$"	:	United States Dollar, being the lawful currency of the United States of America
"VND"	:	Vietnamese Dong, being the lawful currency of Vietnam

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Datuk Ng Peng Hong @ Ng Peng Hay *(Independent Non-Executive Chairman)* Dato' Sri Chiang Fong Yee *(Managing Director)* Ong Boon Huat *(Executive Director)*
COMPANY SECRETARY	:	Wong Yen Lee (MAICSA 7046106) c/o Innext Corporate Partners Sdn Bhd *(formerly known as Credence CorporateHouse Sdn Bhd)* No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan, Malaysia
REGISTERED OFFICE	:	No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan, Malaysia
HEAD / MANAGEMENT OFFICE	:	L2-05, 2nd Floor Ikon Connaught No. 160, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur Wilayah Persekutuan, Malaysia Website: www.carlorino.net Email address: ir@carlorino.net
AUDITORS	:	BDO (AF 0206) Chartered Accountants Level 8, BDO @ Menara CenTARa 360, Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur
SHARE REGISTRAR	:	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan, Malaysia
PRINCIPAL BANKERS	:	AmBank Islamic Berhad 22nd Floor, Bangunan Ambank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur
	:	Public Bank Berhad Jalan Sungai Besi Branch 12, Jalan Sungai Besi 57100 Kuala Lumpur

1. CORPORATE DIRECTORY *(CONT'D)*

DUE DILIGENCE SOLICITORS FOR OUR PROPOSED LISTING	:	*To our Company as to the laws of Malaysia* Olivia Lim & Co. 41-3 Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur
DUE DILIGENCE SOLICITORS FOR OUR FOREIGN SUBSIDIARIES	:	*For our foreign subsidiary as to the laws of Indonesia* Wibowo Hadiwijaya & Co. Menara Karya, 7th Floor, Unit B & C H.R Rasuna Said Block X-5, Kav. 1-2, Jakarta 12950 Indonesia
	:	*For our foreign subsidiary as to the laws of Vietnam* LMP Lawyers Unit 6, Level 15, A&B Tower 76A Le Lai Street, Ben Thanh Ward District 1, Ho Chi Minh City Vietnam
APPROVED ADVISER AND CONTINUING ADVISER	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd L-2-1, Plaza Damas No. 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur
LISTING SOUGHT	:	LEAP Market of Bursa Securities

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2. INFORMATION SUMMARY

2.1 Overview

Our Company is an investment holding company. Our subsidiaries are principally involved in the design, marketing and retailing of women footwear, handbags and accessories; and provision of management services.

Currently, our principal markets are in Malaysia, Indonesia and Vietnam. As at the LPD, we have 39 boutiques and outlets and 120 departmental store counters in Malaysia, as set out below:

State in Malaysia	No. of boutiques	No. of departmental store counters
Pulau Pinang	2	13
Kedah	1	7
Perak	3	6
Selangor	8	27
Wilayah Persekutuan Kuala Lumpur	7	27
Negeri Sembilan	-	4
Melaka	3	4
Johor	5	13
Pahang	4	3
Terengganu	1	-
Kelantan	2	4
Sabah	2	3
Sarawak	1	9
TOTAL	**39**	**120**

We have appointed authorised distributors / dealers in Vietnam, Indonesia, Saudi Arabia and Brunei.

Further details of our Group and business are set out in Sections 4 and 5 of this Information Memorandum, respectively.

2.2 Competitive strengths

We believe that our competitive strengths stated below are the factors that defined our past successes and future prospects:

(i) We have an established market reputation and positioning;
(ii) We have multi-channel sales network;
(iii) We undertake continuous RD&D efforts to keep up with latest trends and designs; and
(iv) We have an experienced key management team.

Further details of our competitive strengths are set out in Section 5.3 of this Information Memorandum.

2.3 Future plans

Our future plans involve the following:

(i) Increasing geographical footprint in South East Asia and the Middle East; and
(ii) Expanding our Carlo Rino product range.

Further details of our future plans are set out in Section 5.18 of this Information Memorandum.

2. INFORMATION SUMMARY *(CONT'D)*

2.4 Financial highlights

The summary of our financial information is as follows:

	<------------------Audited ------------>		Unaudited
	FYE 30 June 2016 RM'000	**FYE 30 June 2017 RM'000**	**9M FPE 31 March 2018 RM'000**
Revenue	112,752	95,315	77,475
GP	58,529	52,490	40,259
PBT	14,433	4,923	4,486
PAT	10,965	3,334	2,877
	As at 30 June 2016 RM'000	**As at 30 June 2017 RM'000**	**As at 31 March 2018 RM'000**
Cash and cash equivalents	12,575	16,564	14,779
Total assets	88,078	93,298	97,646
Total liabilities	23,149	25,000	27,039
Total equity	64,929	68,298	70,607

Further details on our financial information and management discussion and analysis of our financial are set out in Sections 9 and 10 of this Information Memorandum, respectively.

2.5 Share capital

As at the date of this Information Memorandum, our share capital stands at RM68,000,000 comprising 805,651,400 Shares.

Further details on our share capital are set out in Section 3.4 of this Information Memorandum.

2.6 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Information Memorandum, the risk factors in particular risks relating to our business and industry as set out in Section 6 of this Information Memorandum, which are summarised below:

(i) Risks relating to our business and industry which we operate in:

(a) We face competition from other industry players;
(b) Our business is subject to changes in consumer preferences and spending patterns;
(c) Our business is seasonal in nature and failure to respond appropriately or in a timely manner may adversely impact our financial performance;
(d) We are exposed to supplier risk and fluctuation in material prices;
(e) We may encounter counterfeit products;
(f) We are exposed to foreign exchange transaction risks;
(g) We may be adversely affected by factors beyond our control, which include political, economic and government policies;
(h) We rely on our Management;
(i) We rely on licensing arrangements with trademark owner for overseas markets;
(j) We are subject to operational risks; and
(k) Non-renewal or termination of our existing tenancies and concessionaire agreements for our business operations.

(ii) Risks relating to investment in our Shares:

(a) We may not be able to proceed with or experience a delay for our Proposed Listing;
(b) No prior trading for our Shares;
(c) Trading and performance of our Shares are subject to volatility; and
(d) Our Promoters can exercise significant control over our Company.

3. DETAILS OF OUR PROPOSED LISTING

3.1 Particulars of our Proposed Listing

The shareholders of Bonia had approved our Proposed Listing at its extraordinary general meeting on 25 May 2018. Our Proposed Listing will be implemented via listing by way of introduction and will not entail any fund-raising exercise upon admission to the LEAP Market of Bursa Securities.

Bonia will undertake the Demerger to create 2 separate and independent listed entities with our Company to be listed on the LEAP Market of Bursa Securities while Bonia is to remain listed on the Main Market of Bursa Securities. The Demerger involves a series of transactions as follows:

3.1.1 Capitalisation

To facilitate the Capitalisation, CRF and CRL declared RM7,000,000 and RM18,000,000 dividends, respectively, to our Company ("**Dividend by CRG's Subsidiaries**"). The Dividend by CRG's Subsidiaries was completed on 18 June 2018.

Upon completion of the Dividend by CRG's Subsidiaries, our Company declared RM48,000,000 dividend to Bonia ("**Dividend by CRG**"). The Dividend by CRG was settled through capitalisation via issuance of 48,000,000 new Shares at RM1.00 each to Bonia. It was completed on 21 June 2018.

Concurrently with the Dividend by CRG, CBM declared RM9,999,995 dividend to Bonia ("**Dividend by CBM**"). It was completed on 18 June 2018.

Both the Dividend by CRG and the Dividend by CBM are to facilitate the Dividend-in-Specie.

Following the completion of the Capitalisation, our issued share capital increased to RM68,000,000 comprising 68,000,000 Shares.

3.1.2 Subdivision

Following the completion of the Capitalisation, we subdivided our then existing 68,000,000 Shares into 805,651,400 Shares (which equals to the total number of issued shares in Bonia, excluding treasury shares in Bonia) to facilitate the Dividend-in-Specie. The Subdivision was completed on 29 June 2018.

Following the completion of the Subdivision, our issued share capital is RM68,000,000 comprising 805,651,400 Shares.

3.1.3 Conversion

Our Company was converted into a public limited company on 13 August 2018.

3.1.4 Dividend-in-Specie

Following the completion of the Capitalisation, Subdivision and Conversion, Bonia will distribute, via a dividend-in-specie, its entire shareholding in our Company and rights to our Shares to the Entitled Shareholders on the basis of 1 CRG Share for every 1 Bonia Share held on the Entitlement Date from its retained earnings. The Dividend-in-Specie will be implemented subsequent to receipt of approval-in-principle from Bursa Securities for our Proposed Listing.

For administrative purposes and to avoid certain Entitled Shareholders holding less than 1 board lot of our Shares (i.e. equivalent to 100 Shares), the Entitled Shareholders who hold less than 1 board lot of Bonia Shares will receive from Bonia cash in lieu of the actual number of our Shares that they would otherwise be entitled to receive under the Dividend-in-Specie.

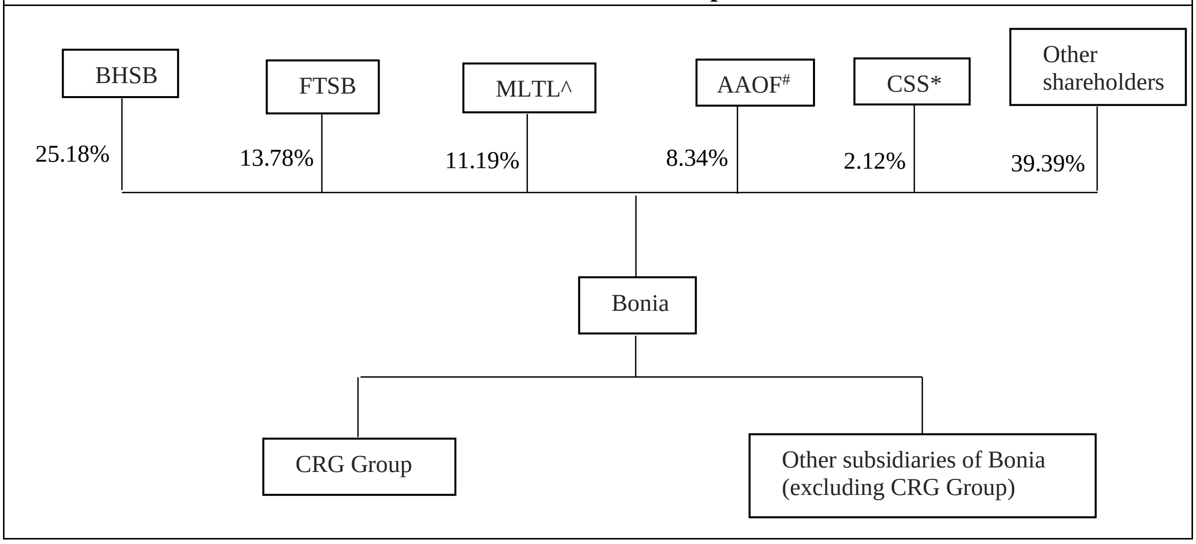
For information purposes, the entire odd lots of CRG Shares from the abovesaid Entitled Shareholders will be dealt with by the Board of Directors of Bonia at its absolute discretion whereby these CRG Shares will be disposed of by Bonia in return for equivalent cash consideration to be paid to the abovesaid Entitled Shareholders.

Our Shares to be distributed under the Dividend-in-Specie will be credited into the Entitled Shareholders' central depository system accounts (save for Entitled Shareholders who hold less than 1 board lot of Bonia Shares) prior to the Proposed Listing.

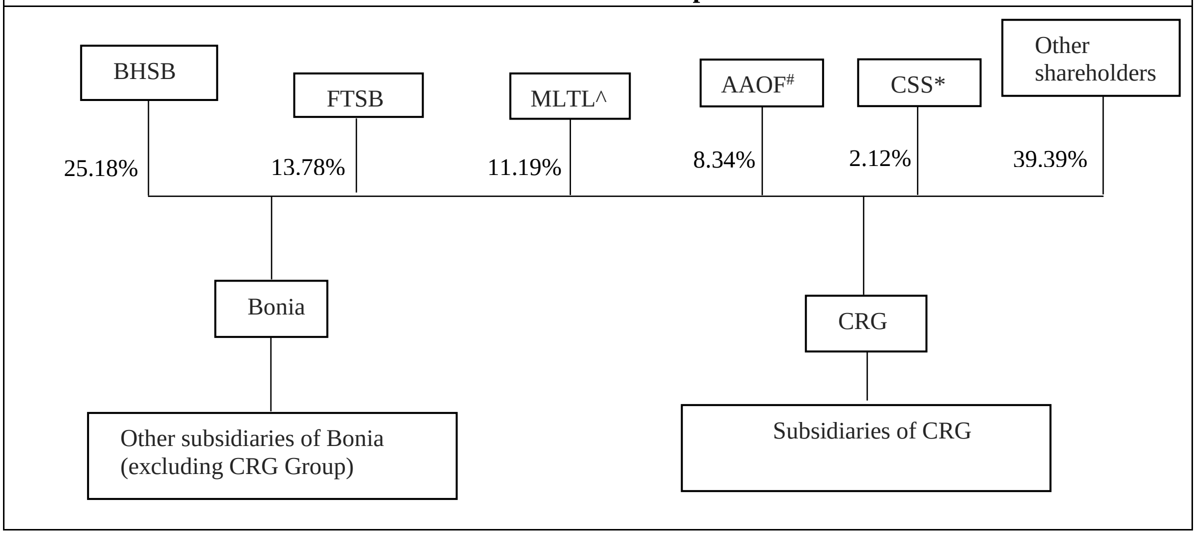
The completion of the Dividend-in-Specie will result in the demerger of our Group from Bonia Group, the Entitled Shareholders will directly hold such number of Shares in the same proportion as their shareholdings in Bonia as at the Entitlement Date except for the Entitled Shareholders who hold less than 1 board lot of Bonia Shares.

Based on Bonia's Register of Substantial Shareholders, Register of Directors' Shareholding and Record of Depositors as at 21 September 2018, the corporate structures of our Group before and after the Dividend-in-Specie are as follows:

Before the Dividend-in-Specie



After the Dividend-in-Specie[(1)]



Notes:

*	CSS's indirect interest in Bonia and our Company is and will be 46.81% by virtue of: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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 and our Company.
^	Held through Maybank Nominees (Asing) Sdn Bhd.
#	Held through CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd.
(1)	The shareholders' shareholdings in our Company are calculated based on 805,651,400 Shares.

Upon completion of the Dividend-in-Specie, the collective direct shareholdings of CSS and his PACs in our Company will increase from nil to 50.52%, thereby triggering an obligation to undertake a mandatory take-over offer to acquire the remaining Shares not already owned by them under Section 218(2) of the CMSA and Paragraph 4.01 of the Rules.

As CSS and his PACs have no intention to undertake a mandatory take-over offer, TA Securities had, on behalf of CSS and his PACs, obtained the SC's approval for the Exemption vide the SC's letter dated 11 June 2018.

3.2 Proposed Listing

Our Shares will be admitted to the Official List of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all our Shares have been credited into the respective central depository system accounts of the Entitled Shareholders (save for Entitled Shareholders who hold less than 1 board lot of Bonia Shares).

Upon our listing, any dealings in our Shares will be carried out in accordance with the Rules of Bursa Depository and the provisions of Securities Industry (Central Depositories) Act, 1991.

3.3 Purposes of our listing

The purposes of our listing are as follows:

(i) to reward the Entitled Shareholders and provide them with an opportunity to participate in the equity and growth of our Company via their direct shareholding in our Company;

(ii) to provide a platform for our Company to better focus on its targeted market segment and pursue of more tailored business strategies to achieve our growth;

(iii) to further enhance our Company's profile and visibility via our Proposed Listing and allow the investing community to better ascertain the merits, risks profile and prospects of our Group;

(iv) to enable us to tap into the capital market for future fund-raising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue;

(v) to gain recognition and enhance the stature of our Company with a listing status as well as increase market awareness of our products so as to assist us in expanding our customers base; and

(vi) to act as an initial step to prepare our Group for eventual transfer of listing to other markets of Bursa Securities.

3.4 Share capital

As at the LPD, our Company has an issued share capital of 805,651,400 Shares and a proposed market capitalisation of approximately RM68.48 million (based on the Listing Reference Price of RM0.085 per Share). The board lot size of our Shares upon our Proposed Listing will be standardised at 100 units per board lot.

As at the LPD, our Company has a single class of shares, being ordinary shares, all of which rank *pari passu* in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

Subject to any special rights attaching to any Shares which our Company may issue in the future, our shareholders shall, in proportion to the capital on our Shares held by them, be entitled to share in whole of the profits paid out by our Company in the form of dividends and other distributions. In the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital at the commencement of the liquidation, in accordance with our Constitution and/or the provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, attorney or any duly authorised representative. Every such shareholder present either in person, by proxy, attorney or any other duly authorised representative shall have 1 vote for each Share held.

As the LEAP Market of Bursa Securities is a qualified market which is meant mainly for Sophisticated Investors, we are required, under Rule 2.24(2) of the LEAP Market LR, to ensure that all our Shares to be issued and offered post-listing fall within Schedule 6 or 7 of the CMSA and are to our existing shareholders or Sophisticated Investors only ("**Qualified Market Restriction**"). For the avoidance of doubt, upon completion of our Proposed Listing, only Sophisticated Investors are allowed to buy and sell our Shares via Bursa Securities. On the other hand, our shareholders who are not Sophisticated Investors:

(i) shall not buy or purchase our Shares via Bursa Securities, unless subsequently he becomes a Sophisticated Investor;

(ii) will only be able to sell their respective Shares that they have received pursuant to the Dividend-in-Specie via Bursa Securities, after our Proposed Listing; and

(iii) will only be able to deal with our Shares to be offered or issued by our Company (e.g. via a rights issue exercise by our Company) via Bursa Securities, after our Proposed Listing.

Save for the Qualified Market Restriction, there are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

3.5 Basis of arriving at the Listing Reference Price

The Listing Reference Price was determined based on the NA of our Group as at 31 December 2017 of RM69,542,288 divided by our number of issued Shares of 805,651,400 Shares and rounded to the nearest minimum tick size of 0.5 sen for securities to be traded on Bursa Securities, i.e. RM0.085 per Share.

Prior to our Proposed Listing, there has been no trading market for our Shares within or outside of Malaysia. You should note that the market price of our Shares upon and subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You are reminded to consider the risk factors as set out in Section 6 of this Information Memorandum and form your own views on the valuation of our Shares.

3.6 Dividend policy

During the last 3 FYEs 30 June 2015 to 30 June 2017, other than a dividend of RM1.00 million which our Company paid in respect of FYE 30 June 2015, no dividend was paid in respect of FYEs 30 June 2016 and 30 June 2017.

To facilitate the Capitalisation, our Company has declared a dividend of RM48.00 million in respect of FYE 30 June 2018.

Presently, our Company does not have any formal dividend policy. Upon listing, our Board intends to reward our shareholders for participating in our growth, while maintaining an optimal capital structure and ensuring sufficient funds for our future growth.

Our ability to pay future dividend to our shareholders is subject to various factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our source of income depends on the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, financial performance, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

4. INFROMATION ON OUR GROUP

4.1 Incorporation and history

Our Company was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 23 November 2009 under the name CRG Incorporated Sdn Bhd and is deemed registered under the Act. On 13 August 2018, our Company was converted into a public limited company and assumed our present name to facilitate the listing of our Company on the LEAP Market of Bursa Securities.

Our Company is an investment holding company. Meanwhile, our subsidiaries are principally involved in the design, marketing and retailing of women footwear, handbags and accessories; and provision of management services. The brands which we carry are Carlo Rino and CR2 and our products are targeted at young working adults between the ages of 18 and 35.

The Carlo Rino brand has been in the market for the past 30 years. In 2008, the trademarks to the Carlo Rino brand in Malaysia were assigned to CRB, which was then a subsidiary of Bonia. CRB was subsequently acquired by our Company in 2010 via an internal restructuring exercise. In the same year, we opened our first flagship boutique for Carlo Rino in Fahrenheit 88, Kuala Lumpur.

In 2012, we were further licensed with the trademarks to the Carlo Rino brand, allowing us to have presence in Indonesia and Vietnam through dealers. In 2014, the trademarks to the CR2 brand were licensed to our subsidiaries i.e. CRF, CRL and CRV. This enables us to market our CR2 range of products within and outside of Malaysia.

In 2015, we launched our online platform (https://shop.carlorino.net) extending our sales channels. We began to market our products via third-party e-commerce marketplace, namely Zalora and Lazada in 2014 and 2016, respectively.

To further expand our presence in Indonesia and Vietnam, we incorporated PTCMS and CRR in 2016 to undertake the wholesale and marketing of Carlo Rino and CR2 range of products through authorised dealers. These subsidiaries were licensed with trademarks to the Carlo Rino and CR2 brands for a period of 5 years in 2016 and 2017, respectively. Since then, we have retail presence through 6 boutiques and 8 departmental store counters in these 2 countries through authorised dealers.

We made our foray into the Middle East when we appointed a distributor in Kuwait to market and sell our Carlo Rino range of products in 2015, and this distributorship arrangement was later mutually terminated with effect from 31 March 2018 due to lacklustre growth of sales in Kuwait. In 2017, we penetrated Saudi Arabia when we appointed Kafak as our authorised distributor for Carlo Rino brand. Kafak was granted the exclusive distributor rights to the Carlo Rino brand of products as well as operate and manage boutiques carrying Carlo Rino range of products in the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kingdom of Bahrain and Sultanate of Oman. Kafak has since launched a boutique in Saudi Arabia.

In 2018, we appointed a distributor in Brunei to undertake the marketing and sales of our Carlo Rino range of products via CRV.

In the same year, our Company entered into a master licensing agreement with BIH pursuant to which we have been granted with the sole and exclusive rights to use the trademarks of Carlo Rino outside of Malaysia and CR2 worldwide in connection with the manufacture, distribution, marketing and sales of women footwear, handbags and accessories. Such arrangements are valid for a tenure of 10 years.

As at the LPD, we have 39 boutiques and outlets and 120 departmental store counters in Malaysia. We have also appointed authorised distributors/dealers in Vietnam, Indonesia, Saudi Arabia and Brunei.

4. INFROMATION ON OUR GROUP *(CONT'D)*

4.2 Shareholding structure

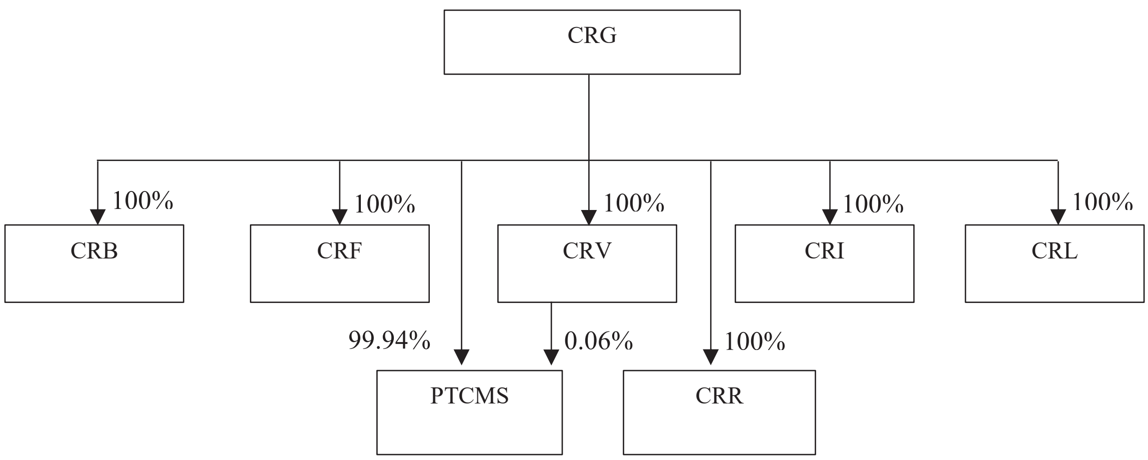
Our direct shareholding structure before and after the Dividend-in-Specie is as follows:

	Before the Dividend-in-Specie*		After the Dividend-in-Specie#	
	No. of Shares	**%**	**No. of Shares**	**%**
Bonia	805,651,400	100.00	-	-
Directors of our Company				
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Dato' Sri Chiang Fong Yee	-	-	5,250,000	0.65
Ong Boon Huat	-	-	-	-
Substantial shareholders of our Company				
CSS(1)	-	-	17,049,900	2.12
BHSB	-	-	202,875,868	25.18
FTSB	-	-	111,041,200	13.78
MLTL	-	-	90,189,040	11.19
AAOF	-	-	67,180,000	8.34
Associates of Directors or substantial shareholders of our Company(2)	-	-	70,384,236	8.74
Public shareholders	-	-	241,681,156	30.00
Total	**805,651,400**	**100.00**	**805,651,400**	**100.00**

Notes:
- * Based on CRG's Register of Member as at 21 September 2018.
- \# Based on Bonia's Register of Substantial Shareholders, Register of Directors' Shareholding and Record of Depositors as at 21 September 2018.
- (1) He will hold 46.81% indirect interest in our Company by virtue of: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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 our Company.
- (2) Being family members of Directors and substantial shareholders of our Company as defined under LEAP Market LR.

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

4.3 Group structure



4. INFROMATION ON OUR GROUP *(CONT'D)*

The details of our wholly-owned subsidiaries as at the LPD are as follows:

Name of company	Principal Activities	Share capital	Date of commencement of operation	Date and place of incorporation	Effective equity interest (%)
CRB	Retailing of women footwear, handbags and accessories	RM2,500,002	February 2007	27 July 2006, Malaysia	100%
CRF	Designing, promoting and marketing of women footwear	RM7,500,000	September 2006	28 July 2006, Malaysia	100%
CRL	Designing, promoting and marketing of women handbags and accessories	RM18,500,000	September 2006	28 July 2006, Malaysia	100%
CRI	Investment holding	RM2,500,002	December 2013	29 November 2011, Malaysia	100%
CRV	Marketing and distribution of fashionable goods and accessories, and provision of management services	RM4,400,000	September 2011	26 August 2011, Malaysia	100%
PTCMS	Wholesale import of fashionable goods and accessories	IDR 22,677,424,000	August 2016	11 April 2016, Indonesia	100%
CRR	Management consultancy activities and to implement the right of import, distribution, wholesales of goods	VND 1,125,000,000	March 2017	10 August 2016, Vietnam	100%

Our Company does not have any associated company as at the LPD.

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5. BUSINESS OVERVIEW

5.1 Principal activities and products

We are principally involved in the design, marketing and retailing of women footwear, handbags and accessories under the Carlo Rino and CR2 brands. Generally, our products target young working adults between the ages of 18 and 35.

Our principal activities can be segmented as follows:

(i) Design, marketing and retailing of women footwear under the Carlo Rino and CR2 brands

Our in-house RD&D and Sales and Marketing departments oversee our design, branding and marketing efforts. These efforts entail keeping abreast with lifestyle and fashion trends in the countries where we operate. It is important for us to keep abreast with constant changes in lifestyle and fashion trends in order to ensure our brands remain relevant to our target markets. Further, it is also crucial for us to understand local consumer needs and fashion trends in South East Asia and the Middle East as this would allow for the localisation of product designs.

The manufacturing of our women footwear is outsourced to external manufacturers, which are either appointed directly by our Group or via our local suppliers.

The range of women footwear that we market are as depicted below:

Brand	Product range	Sample Visual
Carlo Rino	High heel shoes	
	Moccasins and pumps	
	Platforms and wedges	
	Fashion sneakers	
	Casual flat shoes/ sandals	

5. BUSINESS OVERVIEW *(CONT'D)*

Brand	Product range	Sample Visual
CR2	Pumps	
	Casual flat shoes/ sandals	

(ii) Design, marketing and retailing of women handbags and accessories under the Carlo Rino and CR2 brands

Our women handbags and accessories are designed in-house by our RD&D department. The manufacturing of our women handbags and accessories is outsourced to external manufacturers, which are either appointed directly by our Group or via our local suppliers. Nevertheless, we had manufactured limited edition handbags under the Carlo Rino brand at our manufacturing facility located in Cheras, which ceased operations since July 2018. Moving forward, our Company will outsource the manufacturing of limited edition handbags to external manufacturers.

The table below illustrates the range of women handbags and accessories that we market:

Brand	Products	Sample visual
Carlo Rino	Handbags	
	Accessories	

Brand	Products	Sample visual
CR2	Handbags	
	Accessories	

5.2 Revenue model

We derive our revenues via the following means:

(i) Retail sales

We set up and manage our boutiques in shopping malls for our Carlo Rino and CR2 brands, as well as premium outlets for Carlo Rino brand. Displayed products in these boutiques and outlets are sold directly to consumers. Currently, the revenue from e-commerce activities is classified as part of retail sales.

(ii) Consignment sales

We place our Carlo Rino and/or CR2 range of products in departmental stores such as AEON, Isetan, Parkson and SOGO on a consignment basis. Sales from end consumers generated through departmental store counters will be invoiced on a monthly basis. We are charged with a trade margin by these departmental stores based on the sales value of products sold.

(iii) Distributor/dealer sales

We sell our Carlo Rino range of products on a wholesale basis to our authorised distributors/dealers mainly in Vietnam, Indonesia, Saudi Arabia and Brunei.

5.3 Our competitive strengths

We believe that our competitive strengths stated below are the factors that defined our past successes and will be instrumental for our future growth:

(i) We have an established market reputation and positioning

We have been actively involved in the design, marketing and retailing of women footwear, handbags and accessories for over 8 years. The Carlo Rino brand itself is an established brand which has been in the market for the past 30 years.

Since our inception, our marketing strategies and product designs have been focused on young working adults between the ages of 18 and 35. We thus embrace a brand image and concept for our Carlo Rino brand that is 'youthful, vibrant, colourful and bold'.

In addition, we ensure our retail presence through boutiques, outlets and departmental store counters are strategically located in upcoming and prime locations. In Malaysia, some of these retail locations are Fahrenheit 88, Genting Highlands Premium Outlets, Johor Premium Outlets, Kuala Lumpur International Airport 2 (KLIA 2), Mahkota Parade, Mid Valley Megamall, Mitsui Outlet Park KLIA, Pavilion Elite and Sunway Pyramid.

We believe that this has been the foundation for building our reputation as a fashionable women footwear, handbags and accessories brand in Malaysia, South East Asia and the Middle East.

(ii) We have multi-channel sales network

Our Carlo Rino range of products are sold through boutiques, outlets, departmental store counters, authorised distributors/dealers and e-commerce marketplaces. Meanwhile, our CR2 range of products are sold through departmental store counters, boutiques and e-commerce marketplaces.

Over the years, we have established our own sales and marketing team (independent from Bonia's sales and marketing team) and they are involved directly in, *inter alia*, sales channel management. We maintain close rapport with leasing teams of various shopping malls, departmental stores and outlets to identify upcoming retail space, conduct surveys to assess foot traffic in these shopping malls and department stores to scout promising retail space as well as negotiate tenancy and concessionaire agreement terms with counterparties for our operations.

We, through our wholly-owned subsidiary, CRB, operate and manage our boutiques and outlets as well as consign our products to departmental stores throughout Malaysia. As at the LPD, we have 39 boutiques and outlets and 120 departmental store counters in Malaysia. We have also appointed authorised distributors/dealers to operate retail locations in overseas markets (namely Vietnam, Indonesia, Saudi Arabia and Brunei). Through our authorised distributors/dealers, we have retail presence through 7 boutiques and 10 departmental store counters in overseas markets as at the LPD.

In order to ensure a consistent brand image, the authorised distributors/dealers operate these retail boutiques in accordance with our requirements. We work closely with these authorised distributors/dealers on site selection, store renovation, retail operations and staff training to ensure that the retail and customer touch points are well managed.

The said multi-channel sales network has assisted in the growth of our business and will continue to provide the platform for our Group's growth.

(iii) We undertake continuous RD&D efforts to keep up with latest trends and designs

Women footwear, handbags and accessories are subject to changes in fashion trends. In line with market practices, we launch 2 to 4 season collections in a year. Thus, we recognise RD&D to be crucial in ensuring our Group's competitiveness.

As at the LPD, our Group's RD&D department comprises a team of 9 personnel and is led by our Managing Director. This department is tasked to create new designs and collections that are in line with the latest fashion trends. In doing so, the RD&D department constantly monitors new design trends based on local and international consumer preferences and spending habits.

(iv) We have an experienced key management team

We are led by an experienced and committed team of key management personnel headed by our Managing Director and Executive Director. Our key management team possesses extensive experience in the key functions of our Group including corporate management, marketing, brand management and finance. All our key management personnel have over 10 years of experience in their respective fields. Refer to Sections 8.3 and 8.4 of this Information Memorandum for detailed profiles of these personnel.

Their experience, drive and passion for our business have been instrumental to our Group's vision and growth strategies.

5.4 Principal markets

For the past 2 FYEs 30 June 2016 and 30 June 2017 as well as 9M FPE 31 March 2018, our revenues are primarily derived from Malaysia. We have also sold our products to other countries in South East Asia and the Middle East.

Our Group's revenues by principal market for FYE 30 June 2016, FYE 30 June 2017 and 9M FPE 31 March 2018 are as follows:

Principal markets	**FYE 30 June 2016**		**FYE 30 June 2017**		**9M FPE 31 March 2018**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	110,047	97.60	93,320	97.91	75,057	96.88
Vietnam	919	0.82	237	0.25	1,446	1.86
Indonesia	341	0.30	210	0.22	643	0.83
Kuwait	1,137	1.01	1,191	1.25	231	0.30
Others*(1)*	308	0.27	357	0.37	98	0.13
Total	**112,752**	**100.00**	**95,315**	**100.00**	**77,475**	**100.00**

Note:
(1) Comprising Brunei, Cambodia, Myanmar, Singapore and Saudi Arabia.

5.5 Location of operations

As at the LPD, our headquarters is located at 2nd Floor, Ikon Connaught, Cheras. Meanwhile, we have 2 warehouses located in Cheras.

Our manufacturing facility (which used to manufacture limited-edition handbags under Carlo Rino brand) was previously located at Jalan Orkid Desa, Cheras, which ceased its operations since July 2018. We decided to discontinue our manufacturing activities recently as it is more cost efficient to outsource to external manufacturers to manufacture our products and to re-deploy our resources for sales and marketing initiatives. These external manufacturers, who are either appointed directly by our Group or via our local suppliers, comprise local and foreign manufacturers.

Further, we also have 39 boutiques and outlets and 120 departmental store counters in Malaysia as at the LPD. Refer to Section 5.14 of this Information Memorandum for further details on properties owned and rented by our Group.

5.6 Process flow

In general, our process flow for the manufacturing of women footwear, handbags and accessories can be summarised as follows:

RD&D

↓

Prototype sampling and sourcing of materials and external manufacturers

↓

Manufacturing

↓

Retail and distribution

5. BUSINESS OVERVIEW *(CONT'D)*

(i) RD&D

Our RD&D team will conduct a preliminary study on the markets where we operate to identify the latest fashion and season trends as well as local consumer preferences and spending habits. In accordance with the research findings, our RD&D team will design products that cater to our branding perspective. We typically launch 2 to 4 season collections in a year.

(ii) Prototype sampling and sourcing of materials and external manufacturers

Upon finalisation of our product design, our RD&D team will send the designs and request a quotation from external manufacturers, which are sourced through local suppliers (which shall be responsible to, amongst others, source for materials and manufacturer for our products) and/or directly by our Group. In order to ensure the quality of products manufactured, we carefully select these external manufacturers based on their track record, experience and pricing.

The respective external manufacturer will then manufacture prototypes based on our design specifications. With the prototypes, our RD&D team will be able to determine and finalise, amongst others, the:

- product materials and dimensions;
- size, position and details of artworks, labels or tags; and
- specific colour codes.

The sourcing of materials for women footwear are carried out by our external manufacturers. In the case of handbags, our purchasing team will source materials from selected suppliers and these materials will be delivered to the external manufacturers.

(iii) Manufacturing

The manufacturing of women footwear, handbags and accessories will be carried out by external manufacturers based on the finalised prototype design. The external manufacturers will ship the finished products to our warehouses in Cheras, Malaysia.

(iv) Retail and distribution

The finished products that arrive at our warehouses will undergo visual inspection on a random sampling basis, as set out in Section 5.7 of this Information Memorandum.

Products that have been inspected and packaged will then be delivered to our respective boutiques, outlets, departmental store counters and authorised distributors/dealers. Further details on the inspection that are carried out in our boutiques, outlets and departmental store counters are set out in Section 5.7 of this Information Memorandum.

5.7 Quality assurance and control procedures

Our quality assurance and control team is led by our Warehouse Manager and comprises 7 personnel.

We place strong emphasis on quality management to accredit the quality of our products. We carry out inspections on finished products received from our external manufacturers.

The following are the quality assurance and control procedures which we undertake:

Visual inspection

Upon receipt of products at our warehouse, our quality assurance and control team performs inspections on products on a random sampling basis to:

- identify any visible defects; and
- ensure products adhere to our design specifications or are as per finalised prototype.

Defects or non-conformances will be rectified by our appointed external manufacturers within a period specified by us. Meanwhile, products with defects and/or non-conformance which cannot be rectified will be rejected and replaced by the respective external manufacturer.

Independent performance test

As and when required by our authorised distributors/dealers, our women footwear and handbags undergo performance testing by independent laboratories, namely Bureau Veritas Singapore Pte. Ltd., which is located in Singapore. The test serves as an independent quality validation of our products and this helps to strengthen our reputation as a quality women footwear and handbag brand. We send a sample of a new product range to the independent laboratory for performance testing.

These tests examine, amongst others, material durability; slip resistance; flex resistance; tear strength and abrasion; and water resistant on footwear.

5.8 Sales and marketing strategies

We have 21 personnel in departments led by our Assistant General Manager, Senior Merchandising Manager and Senior Advertising and Promotion Manager, to undertake the functions of brand development and management, advertising and promotional activities, product pricing and sales channel management.

Our marketing strategies are focused on young working adults between the ages of 18 and 35. We thus embrace a 'youthful, vibrant, colourful and bold' product concept and brand image for our Carlo Rino brand.

In order to create brand awareness and reinforce our brand positioning, we employ the following key marketing strategies:

(i) Loyalty programs

We offer loyalty memberships program to consumers of Carlo Rino range of products at our boutiques. Our members are entitled to in-store discounts and promotions, as well as offers in other non-competing outlets (such as food and beverage outlets and beauty centers). Our members are also invited to view our product launches and will receive information on new products.

(ii) Fashion events

We organise product launches for our Carlo Rino range of products for our members to create awareness of our new collections and product ranges as well as build their brand loyalty.

In addition, our Carlo Rino range of products have also been featured in fashion shows organised by other parties such as fashion magazines (e.g. Harper's Bazaar and Cleo), fashion design schools and universities (e.g. Limkokwing University of Creative Technology and UCSI University), shopping malls, as well as beauty pageant organisers. These events allow us to showcase our Carlo Rino range of products to create awareness of our new collections and product ranges as well as build our brand presence in the market.

Our marketing team also constantly studies country-specific festive celebrations and launches marketing events in the respective countries.

(iii) Sponsorships

We have sponsored concerts of international artists and music bands. In doing so, our advertisements are displayed not only on the event day but also in conjunction with the promotional activities of these concerts. We believe this has allowed us to build our Carlo Rino brand affiliation amongst our target market.

(iv) Social media platforms

We maintain a profile on social media platforms such as Facebook, Twitter and Instagram to reach out to our target market of young working adults between the ages of 18 and 35 for both Carlo Rino and CR2 brands.

We engage key opinion leaders (i.e. online personalities who are regarded as experts in a related field) to feature our products in their online videos or social media profiles on YouTube, Instagram and Twitter.

We believe that social media platforms are increasingly used as a medium to promote and disseminate information about our products and interact with our customers. As such, we also create videos and online content that are interactive as well as informative of our new product launches and promotions.

(v) Magazines and newspapers

We advertise our Carlo Rino and CR2 range of products in various fashion magazines (such as Harper's Bazaar, Female, Cleo and Nuyou) and newspapers (such as The Star, Harian Metro and Sin Chew Daily) to enhance public awareness of our brands and products. We believe that these advertisements will allow us to reach our target customers and assist us to build our Carlo Rino and CR2 brand presence in the market.

(vi) International trade fair and exhibition

We participate in international trade fair and exhibition such as the Hong Kong International Franchising Show in Hong Kong to attract prospective distributors and business associates. In addition, this event keeps us abreast with market trends and consumer preferences.

5.9 Interruptions to business

We have not experienced any interruption to our business which had a significant effect on our operations during the past 12 months preceding the LPD.

5.10 Seasonality

Our business is subject to seasonal demand. The demand for our products is higher during festive seasons such as Hari Raya, Christmas, New Year and Chinese New Year. This trend was observed in the past 2 financial years.

5.11 Major customers

Due to the nature of our products (i.e. fashionable goods for mass consumer market) and our business model, our customers are end-consumers of our products. As such, we do not have any single customer contributing a significant portion to our revenue.

While sales from customers generated through departmental store counters are invoiced on a monthly basis, departmental stores are deemed as intermediaries as we are charged with a trade margin (refer to Section 5.2 of this Information Memorandum for further details).

5.12 Major suppliers

We generally outsource the manufacturing of our products to external manufacturers, which can be directly sourced by us or local suppliers. These external manufacturers are carefully selected based on their track record, experience and pricing in order to ensure the quality of products manufactured.

The 5 major suppliers of our Group for the FYE 30 June 2016, FYE 30 June 2017 and 9M FPE 31 March 2018 respectively are as follows:

Supplier	**Type of products / services purchased**	**FYE 30 June**		**9M FPE 31 March**	**Length of business relationship (years)***
		2016	**2017**	**2018**	
Asiatic Straits Sdn Bhd^	Management of procurement and manufacturing of women footwear, handbags and accessories for Carlo Rino brand	75.7%	57.0%	62.5%	11
Multi Perfection Sdn Bhd^	Management of procurement and manufacturing of women footwear, handbags and accessories for CR2 brand	2.4%	15.8%	13.7%	2
Coco Fashion Sdn Bhd	Manufacturing of handbags and accessories for Carlo Rino and CR2 brands	7.9%	9.2%	3.9%	11
LMY Heritage Sdn Bhd	Management of procurement and manufacturing of women footwear for Carlo Rino and CR2 brands	-	0.1%	5.6%	1
MKP Collection	Manufacturing of women footwear for Carlo Rino and CR2 brands	-	0.8%	3.4%	1
Total		**86.0%**	**82.9%**	**89.1%**	

Notes:
* Being the length of business relationship as at the LPD.
^ Asiatic Straits Sdn Bhd and Multi Perfection Sdn Bhd are inter-related companies owned by a family.

A bulk of our product manufacturing activities are handled by Asiatic Straits Sdn Bhd and Multi Perfection Sdn Bhd to attain competitive pricing, product quality consistency and better logistics management, and they have provided satisfactory customer service to our Group thus far. Nonetheless, we are not materially dependent on any of these suppliers as we are able to source similar services from other suppliers. None of these major suppliers are related to the Promoters, Directors, substantial shareholders or key management of our Group.

5. BUSINESS OVERVIEW *(CONT'D)*

5.13 Employees

A summary of our Group's total work force as at 30 June 2017 as well as at the LPD is set out below:

Category / Department	No. of employees	
	As at 30 June 2017	**As at the LPD**
Directors and key management personnel	9	10
Business Development	5	6
Finance, Accounts, Human Resources and Administration	16	17
Warehouse	42	43
RD&D and Merchandising	24	24
Operations, Sales and Marketing, and Advertising and Promotion	234	220
Project Department	3	3
Information Technology and Electronic Data Processing Department	9	9
Total	**342**	**332**

Location	No. of employees	
	As at 30 June 2017	**As at the LPD**
Malaysia	333	320
Vietnam	6	6
Indonesia	3	6
Total	**342**	**332**

None of our employees belong to any trade union. As at the LPD, there has not been any labour and/or industrial dispute taken against our Group.

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5.14 Properties

(i) Properties owned by our Group

Below are the details of properties owned by our Group as at the LPD:

Landowner / Property owner	Details of the land	Postal address	Description of the premises	Existing use / category of land use	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Express condition	Tenure
CRG[1]	GRN 320522 Lot 34554 (*formerly known as HS(D) No. 131905 PT No. 49975*), Pekan Cheras, Daerah Ulu Langat, State of Selangor	- Level Aras 1 & Aras 1 Atas - Level Aras 1 Rendah Atas - Levels 2, 3, 4, 5 and 6 - 92 units of carpark bays, all located at Block C, Jalan Cheras Zen 1A, Taman Platinum Cheras, 43200 Cheras, Selangor Darul Ehsan.	Block C, 6 levels of office building together with 92 units of carpark bays	<u>Existing use</u> Warehouse <u>Category of land use</u> Building	28 January 2015	Commercial building	Freehold
CRI	Pajakan Negeri 10175, Lot 31574, Mukim Petaling, Daerah Kuala Lumpur	No. 2A, Jalan Orkid Desa, Desa Tun Razak, 56000 Kuala Lumpur.	3-storey semi-detached factory	<u>Existing use</u> Warehouse <u>Category of land use</u> Industry / Industrial	17 March 2011	Building erected shall be used for industry approved by the authority	Leasehold, 99 years

Note:
(1) The strata title for each of the units are still pending to be issued by the relevant authority and currently it is registered under a master title under the developer, namely Platinum Starhill Sdn Bhd.

5. BUSINESS OVERVIEW *(CONT'D)*

(ii) Properties rented by our Group

We tenant all the retail space we use for our boutiques, outlets and department store counters.

As at the LPD, we operate 39 boutiques and outlets in Malaysia, all of which are rented by our Group. We generally enter into 1 to 3 years' tenancy agreements for our boutiques and outlets. Retail space for our department store counters are based on a concession agreement with the respective department stores whereby we are charged a trade margin, which is determined based on the sale value of products sold at the departmental store.

Other than the above, as at the LPD, we have rented the following properties:

Landlord	Tenant	Details of demised premises	Description of the premises	Existing use	Monthly rental	Tenure
Luxury Parade Sdn Bhd	CRL	3rd, 5th and 9th Floors, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, 56100 Kuala Lumpur	8-storey office tower with 1 penthouse	Office	RM11,070	From 1 July 2018 to 30 September 2018 with additional 3 months subject to mutual agreement*.
	CRV	3rd, 4th, 5th and 6th Floors, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, 56100 Kuala Lumpur		Office	RM33,799	From 1 July 2018 to 30 September 2018 with additional 3 months subject to mutual agreement*.
	CRF	3rd, 5th and 9th Floors, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, 56100 Kuala Lumpur		Office	RM3,291	From 1 July 2018 to 30 September 2018 with additional 3 months subject to mutual agreement*.
	CRB	3rd Floor, Asmah Tower, Lot 18112, Jalan Cerdas, Taman Connaught, 56100 Kuala Lumpur		Office	RM1,628	From 1 July 2018 to 30 September 2018 with additional 3 months subject to mutual agreement*.
Wong Kok Lieong	CRL	B-02-10, Block B, Pangsapuri Kempas, Jalan Cheras Hartamas, Taman Cheras Hartamas, 43200 Cheras, Selangor	Residential apartment	Staff quarters / hostel	RM850	Term 1 year commencing from 1 December 2017 to 30 November 2018. Option to renew: 1 year from 1 December 2018 to 30 November 2019.

5. BUSINESS OVERVIEW *(CONT'D)*

Landlord	Tenant	Details of demised premises	Description of the premises	Existing use	Monthly rental	Tenure
Muhammad Nizzam Bin Sharol @ Sharul	CRF	B-03-05, Block B, Pangsapuri Kempas, Jalan Cheras Hartamas, Taman Cheras Hartamas, 43200 Selangor	Residential apartment	Staff quarters / hostel	RM850	<u>Term</u> 1 year commencing from 1 December 2017 to 30 November 2018#. <u>Option to renew:</u> 1 year from 1 December 2018 to 30 November 2019.
Lee Lip Wooi	CRB	No.13L, Block D, Mawar Apartment, Jalan Jati 2, Gohtong Jaya, 69000, Genting Highland, Pahang	Residential apartment	Staff quarters / hostel	RM3,600	From 1 March 2018 to 28 February 2019.
Pasti Anggun Sdn Bhd	CRV	Second Floor, Ikon Connaught, No. 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur	4-storey office tower with 4-storey retail space	Office / headquarters	RM47,197.50	<u>Term</u> 2 years commencing from 1 August 2018 to 31 July 2020. <u>Option to renew:</u> 1 term of 2 years upon expiry of the term.
PT Active World	PTCMS	Block D23 and D25, Ruko Cordoba, Jalan Marina Indah, Bukit Golf Mediterania, Pantai Indah Kapuk, Jakarta Utara, Indonesia	3-storey shop-office	Office	Rp3,541,666.67 (equivalent to RM988.13)	<u>Term</u> 1 year from 1 January 2018 to 31 December 2018.
Lim Fie Ha, Monica Valentina Harianto and Jessica Valentina Harianto	PTCMS	Rukun Exclusive Mediterania Block B Nomor 37, Hak Guna Bangunan Nomor 1020/ Kamal Muara, Daerah Khusus Ibukota Jakarta, Kotamadya Jakarta Utara, Indonesia	3-½-storey office building	Office	Rp6,041,666.67 (equivalent to RM1,685.63)	<u>Term</u> From 21 May 2018 to 21 June 2020.

Landlord	Tenant	Details of demised premises	Description of the premises	Existing use	Monthly rental	Tenure
Petrolimex Sai Gon Transportation and Service Joint Stock Company	CRR	3rd Floor, PTS Sai Gon Office Building, 118 Huynh Tan Phat, Tan Thuan Tay Ward, District 7, Ho Chi Minh City	10 floors and 1 basement office and roof ladder building	Office	VND16,957,500 (equivalent to RM3,018.44)	Term 3 years commencing from 1 May 2017 to 30 April 2020.

As at the LPD, our Board confirm that our Group has complied with all the relevant laws, rules and regulations imposed by relevant authorities in respect of the properties occupied by our Group.

Save for Luxury Parade Sdn Bhd and PT Active World (which are direct and indirect subsidiaries of Bonia respectively), none of the landlords as disclosed above are related to Promoters, Directors, substantial shareholders and key management of our Group.

Notes:
* This tenancy will expire and lapse on 30 September 2018.
# This tenancy will be terminated on 30 September 2018.

5.15 Major approvals, licences and permits

Our Group has obtained all the relevant major approvals, licences and permits required for our business and operations. As at the LPD, we hold the following major approvals, licences and permits in relation to our business and operations:

Licence no. / Reference no.	Issuing authority / Licensor	Licensee	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Business Licence DBKL.JPPP/KM01/050 3/09/2018	Kuala Lumpur City Hall (Licensing and Petty Traders Management Department)	CRV	Management office at Lot No. L2-05, 2nd Floor, Ikon Connaught	7 September 2018	6 September 2019	Nil.	-

5. BUSINESS OVERVIEW *(CONT'D)*

Licence no. / Reference no.	Issuing authority / Licensor	Licensee	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Business Licence 1000565203	Kuala Lumpur City Hall (Licensing and Petty Traders Management Department)	CRI	Store / warehouse at Jalan Orkid Desa	5 January 2018	21 December 2018	Nil.	-
Licence for Trades, Businesses and Industries MPKJ/CL/3/120/2018	Kajang Municipal Council (Majlis Perbandaran Kajang)	CRG	Warehouse at Platinum Cheras for storage of women accessories, footwear and handbags	31 July 2018	30 July 2019	Nil.	-
Foreign Investment Principle Licence *(Izin Prinsip Penanaman Modal Asing)* No. 732/1/IP/PMA/2016	BKPM	PTCMS	To conduct the business of wholesale trading in the form of importation activity for the trade items of clothes (including but not limited to shirt, trouser, suit, jacket, blouse, skirt, underwear, and gown), clothing apparel (including but not limited to tie, belt, shawl, handkerchief, hat, glove, and socks), towel and blanket; footwear including the shoes and sandal; watch; and bag, handbag, wallet, luggage and backpack with the capacity of US$2,500,000.00	23 March 2016	None[1]	(i) The Licensee shall not be allowed to conduct the retail trading and main distributor activity; (ii) If the Licensee shall conduct the main distributor activity, the Licensee must apply for the addition of the new business activity and shall decrease the foreign shareholders composition in maximum of 33%; and	Complied. Noted.

Licence no. / Reference no.	Issuing authority / Licensor	Licensee	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
						(iii) The Licensee to make a report to BKPM every 3 months starting from the issuance of the Foreign Investment Principle Licence.	Complied.[2]
Foreign Investment Principle Licence *(Izin Prinsip Penanaman Modal Asing)* No. 2387/1/IP//PMA/2017	BKPM	PTCMS	Approval on the increase of the capital structures and shares of PTCMS	4 July 2017	None[1]	None.	Not applicable.
Trading Business Licence *(Izin Usaha Perdagangan)* Decree No. 808/1/IU/PMA/2016[3]	BKPM	PTCMS	Trading Business	27 June 2016	None	The licensee to submit a Report of Investment Activity (*Laporan Kegiatan Penanaman Modal*) to BKPM every 6 months starting from the issuance of the Trading Business Licence.	Complied.

5. BUSINESS OVERVIEW *(CONT'D)*

Licence no. / Reference no.	Issuing authority / Licensor	Licensee	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Trading Business Licence *(Izin Usaha Perdagangan)* Decree No. 1137/1/IU/PMA/2017	BKPM	PTCMS	Trading Business	29 August 2017	None	The licensee to submit a Report of Investment Activity (*Laporan Kegiatan Penanaman Modal*) to BKPM every 6 months starting from the issuance of the Trading Business Licence.	Complied.
Import Licence Certificate No. 090312467-B	Ministry of Trade	PTCMS	To import the items of clothes, clothing apparel, towel and blanket, footwear, cosmetics, watch, wallet, luggage and backpack	30 June 2016	Valid as long as the licensee is still conducting its business and to be re-registered in 2021 (every 5 years)	The licensee to report the import activity realisation for every 3 months to BKPM.	Complied.
Business Licence No. 0313957911-KD	People's Committee of Ho Chi Minh City	CRR	To conduct the activities of sale and purchase of goods	16 November 2016	18 July 2066	This certificate is obtained to import and conduct the wholesale of goods having HS Code 4202; 4203; 6109; 6203; 6205; 6115; 6117; 6401; 6402; 6403; 6404; and 6405 as required by Vietnamese laws.	Complied.
Investment Registration Certificate Certificate no. 877480017	Department of Planning and Investment of Ho Chi Minh City	CRG	To record the investment project of the foreign investor.	18 July 2016	50 years from the date of the issuance of the Investment Registration Certificate	This certificate must be obtained prior to registering the establishment of a company in Vietnam.	Complied.

Licence no. / Reference no.	Issuing authority / Licensor	Licensee	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Enterprise Registration Certificate Certificate No. 0313957911	Department of Planning and Investment of Ho Chi Minh City	CRR	To evidence the legal establishment and recording the business registration information.	10 August 2016	None	This certificate must be obtained to legally record the business registration information of a company in Vietnam.	Complied.

Notes:
(1) Foreign Investment Principle Licence must be followed by a trading business licence and such licence was obtained via Trading Business Licence (Izin Usaha Perdagangan) Decree No. 1137/1/IU/PMA/2017.
(2) Upon PTCMS obtaining the Trading Business Licence (Izin Usaha Perdagangan) Decree No. 1137/1/IU/PMA/2017, the obligation to report to BKPM under the Foreign Investment Principle Licence (Izin Prinsip Penanaman Modal Asing) is no longer applicable and revoked.
(3) Trading Business Licence (Izin Usaha Perdagangan) Decree No. 808/1/IU/PMA/2016 was amended and follow-up by Trading Business Licence (Izin Usaha Perdagangan) Decree No. 1137/1/IU/PMA/2017.

Other than the above mentioned licences, our Group also holds other licences for our 39 boutiques and outlets which include licences for billboards, signages, businesses and music issued by the relevant authorities.

5.16 Major brand names, patents, trademarks and other intellectual property rights

(i) Major brand names, patents and trademarks owned or held by our Group

As at the LPD, we hold or own the following major brand names, patents, trademarks or other intellectual property rights which are active and in use in Malaysia:

No.	Trademark Details	Registered Owner	Country of registration	Issuing authority	Registration Date / Expiry date
1.	CR CARLO RINO • Trademark no.: 05011947 • Class: 25[(a)]	CRB	Malaysia	Intellectual Property Corporation Malaysia ("**MyIPO**")	Registration Date: 20 July 2005 Expiry Date: 20 July 2025

5. BUSINESS OVERVIEW *(CONT'D)*

No.	Trademark Details	Registered Owner	Country of registration	Issuing authority	Registration Date / Expiry date
2.	CR CARLO RINO • Trademark no.: 05011946 • Class: 18[(b)]	CRB	Malaysia	MyIPO	Registration Date: 20 July 2005 Expiry Date: 20 July 2025
3.	CARLO RINO • Trademark no.: 05007849 • Class: 18[(c)]	CRB	Malaysia	MyIPO	Registration Date: 18 May 2005 Expiry Date: 18 May 2025
4.	CARLO RINO • Trademark no.: 05007850 • Class: 35[(d)]	CRB	Malaysia	MyIPO	Registration Date: 18 May 2005 Expiry Date: 18 May 2025
5.	CARLO RINO • Trademark no.: 01000402 • Class: 25[(e)]	CRB	Malaysia	MyIPO	Registration Date: 11 January 2001 Expiry Date: 11 January 2021
6.	• Trademark no.: 08002265 • Class: 25[(e)]	CRB	Malaysia	MyIPO	Registration Date: 5 February 2008 Expiry Date: 5 February 2028

5. BUSINESS OVERVIEW *(CONT'D)*

No.	Trademark Details	Registered Owner	Country of registration	Issuing authority	Registration Date / Expiry date
7.	• Trademark no.: 08002266 • Class: 18[f]	CRB	Malaysia	MyIPO	Registration Date: 5 February 2008 Expiry Date: 5 February 2028
8.	CARLO RINO • Trademark no.: 90002163 • Class: 25[g]	CRB	Malaysia	MyIPO	Registration Date: 31 March 1990 Expiry Date: 31 March 2027
9.	CARLO RINO • Trademark no.: 90002164 • Class: 18[h]	CRB	Malaysia	MyIPO	Registration Date: 31 March 1990 Expiry Date: 31 March 2027
10.	CR • Trademark no.: 2010011741 • Class: 18[i]	CRB	Malaysia	MyIPO	Registration Date: 30 June 2010 Expiry Date: 30 June 2020
11.	CR • Trademark no.: 201011742 • Class: 25[e]	CRB	Malaysia	MyIPO	Registration Date: 30 June 2010 Expiry Date: 30 June 2020

The above trademarks have been registered with the Registrar of Trademarks, Intellectual Property Corporation of Malaysia.

5. BUSINESS OVERVIEW *(CONT'D)*

Notes:

(a) Articles of clothing, footwear and headgear, knitwear and ready-made clothing, jerseys and sports jersey, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing, scarves and belts (clothing).

(b) Leather and imitation of leather and goods made of these materials, ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dressing cases with and without contents, trunks and small leather goods, key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphone holders, pen holders, tag holders and organizers holders strip.

(c) Leather and imitation of leather and goods made of these materials ladies' bags and men's bags, handbags, pocket wallets, belts, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dresses cases with and without content, trunks and small leather goods, key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphone holders, pen holders, tag holders, organizers holder strip and cigarette case.

(d) Advertising and promotional services, dissemination of advertising and promotional materials; direct mail advertising, market research, marketing services, services relating to the bringing together, for the benefit of others of a variety of goods (excluding the transport thereof) enabling others to conveniently view and purchase those goods; distribution of samples; shop window dressing; organization, operation and supervision of sales and promotional incentives schemes; information, advise and assistance relating to all the aforementioned services; compilation of information into computer database; document reproduction and photocopying business management and administration services relating to printed matter; organization of exhibition for commercial or advertising purposes; management and all services related thereto; word processing and all services related thereto; professional consultations relating to franchising and relating consultancy services relating to branding of goods; retail services.

(e) Articles of clothing, footwear and headgear belts, (clothing) knitwear and ready-made clothing, jersey and sport jersey, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing.

(f) Leather and imitation of leather, and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts (shoulder), cultural bags, duffel bags, suitcases, briefcases, luggage, cases of leather or leatherboard, trunks, key cases, key holders, coin pouch.

(g) Articles of clothing, footwear, headgear.

(h) Leather and imitation of leather and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, traveling bags, cultural bags, duffel bags, purses, wallets, suitcases, briefcases, luggage, key cases, keyholders, dressing cases with and without contents and trunks and small leather goods.

(i) Leather and imitations of leather and goods, made of these materials and not included in other class; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts (shoulder), cultural bags, duffel bags, suitcases, briefcases, luggage, cases of leather or leatherboard, trunks, key cases, key holders, coin pouch.

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5. BUSINESS OVERVIEW *(CONT'D)*

(ii) Major brand names, patents and trademarks licensed to our Group

Our Group also has been licensed to use trademarks under the licensing agreements with BIH. The major trademarks licensed to us which are active and in use are as follows:

No.	Trademark Details	Registered Owner/ Licensor	Licensee	Registration Date / Expiry date
1.	CARLO RINO and CR2	BIH	CRV, CRG, CRF, CRL, CRR and PTCMS^	Kindly refer to Note^ for details of the licensing agreements and the tenure of the licensed trademarks
2.	CR2 • Trademark no.: 2015011877 • Class: 35[(a)]			Registration Date: 19 November 2015 Expiry Date: 19 November 2025
3.	CR2 • Trademark no.: 08010380 • Class: 25[(b)]			Registration Date: 28 May 2008 Expiry Date: 28 May 2028
4.	CR2 • Trademark no.: 08010381 • Class: 18[(c)]			Registration Date: 28 May 2008 Expiry Date: 28 May 2028
5.	CR2 • Trademark no.: 04007195 • Class: 18[(d)]			Registration Date: 27 May 2004 Expiry Date: 27 May 2024

5. BUSINESS OVERVIEW *(CONT'D)*

No.	Trademark Details	Registered Owner/ Licensor	Licensee	Registration Date / Expiry date
6.	• Trademark no.: 04007196 • Class: 25[(e)]			Registration Date: 27 May 2004 Expiry Date: 27 May 2024
7.	• Trademark no.: 03016439 • Class: 18[(f)]			Registration Date: 5 December 2003 Expiry Date: 5 December 2023

Notes:

^ Licensed through the following licensing agreements made between BIH and our Group:
- (i) CRV dated 1 April 2017 (expiring on 31 March 2020);
- (ii) CRG dated 4 May 2018 (expiring on 31 March 2028);
- (iii) PTCMS dated 1 August 2016 (expiring on 31 July 2021);
- (iv) CRR dated 1 April 2017 (expiring on 31 March 2022);
- (v) CRL dated 1 March 2014 (expiring on 28 February 2019); and
- (vi) CRF dated 1 March 2014 (expiring on 28 February 2019).

(a) Retail services in connection with handbags, wallets, briefcases, attache cases, purses, traveling bags, luggage, suitcases, holders for keys, cheque-book holders, passport holders, document holders, visiting-card holders, all made from leather or imitation leather, parasols and walking sticks, clothing, dresses, skirts, blouse, trousers, jacket, T-shirts, scarves, Bermuda shorts, belts, shoes, timepieces, eyewear, pens, perfume and cosmetics.

(b) Belts (clothing); clothing; tips for footwear, neckties; pants; sandals; shoes; socks; stockings; suits; sweaters; tee-shirts; trousers; underwear; lining of leather for shoes.

(c) Leather and imitation of leather and goods made of these materials and not included in other classes; bags (envelops, pouches) of leather for packing, leather shoulders belts, handbags, suitcases, travelling bags, pocket wallets.

(d) Bags (envelops, pouches) of leather for packaging, leather shoulder belts handbags, linings of leather for shoes, suitcases, traveling bags, packet wallets.

(e) Belts, clothing, tips for footwear neckties pants sandals shoes socks stockings suits sweaters tee shirts trousers underwear.

(f) Bag (envelops, pouches) of leather for packaging, leather shoulder belts handbags, linings of leather for shoes, suitcases, traveling bags, packet wallets.

5. BUSINESS OVERVIEW *(CONT'D)*

5.17 Salient terms of licensing agreements

The salient terms of licensing agreements between our Group and BIH are as follows:

No.	Agreements	Contract Period	Salient Terms
1.	Licensing letter dated 1 March 2014 from BIH to CRF in respect of "CR2" trademark[(1)]	5 years from 1 March 2014 to 28 February 2019	• BIH is rightful owner of the licensed trademarks. • BIH grants a non-exclusive, royalty free right and licence to use the licensed trademarks to CRF in connection with manufacture, marketing, distribution and sale of handbags, wallet/ purse, small pocket items, lady shoes and accessories, luggage and travelling accessories in Malaysia for the Contract Period.
2.	Licensing letter dated 1 March 2014 from BIH to CRL in respect of "CR2" trademark[(1)]	5 years from 1 March 2014 to 28 February 2019	• Same terms and conditions as above for the Contract Period.
3.	Licensing letter dated 1 April 2017 from BIH to CRR in respect of "CARLO RINO" and "CR2" trademarks[(1)]	5 years from 1 April 2017 to 31 March 2022	• Same terms and conditions as above in regard to licensed products in Vietnam only for the Contract Period.
4.	Licensing letter dated 1 August 2016 from BIH to PTCMS in respect of "CARLO RINO" and "CR2" trademarks[(1)]	5 years from 1 August 2016 to 31 July 2021	• Same terms and conditions as above in regard to licensed products in Indonesia only for the Contract Period.
5.	Licensing Agreement dated 1 April 2017 between BIH and CRV in respect of "CARLO RINO" and "CR2" trademarks[(1)]	3 years from 1 April 2017 to 31 March 2020	• A non-exclusive right of the licensed trademarks for "CARLO RINO" and "CR2" in connection with manufacture, marketing, distribution and sale of the following products within the territories set out herein: a) handbags, wallet/purse and small packet items; b) ladies shoes and accessories; and c) luggage and traveling accessories. • The licence granted is limited to the following territories: (a) for "CARLO RINO" shall be limited to Asia (excluding Malaysia), Middle East and South America only; and

5. BUSINESS OVERVIEW *(CONT'D)*

No.	Agreements	Contract Period	Salient Terms
			(b) for "CR2" shall be limited to Asia, Middle East and South America. • The licensor shall have the right to terminate this licensing agreement if CRV commits a breach and such breach shall not be corrected by CRV within 30 days after such is served. • CRV shall pay a fixed licence fee or a royalty fee (payable on half-yearly basis) based on the amount of invoiced sales generated, whichever is higher, in each year throughout the Contract Period[3].
6.	Master Licence Agreement dated 4 May 2018 between BIH and CRG in respect of "CARLO RINO" and "CR2" trademarks[2], [4]	10 years from 1 April 2018 to 31 March 2028	• BIH grants CRG the sole and exclusive rights to use the licensed trademarks in the manufacture, marketing, distribution and sale of the licensed products (as defined below) in the licensed territory (as set out herein). • <u>Licensed territory and licensed products</u> - For "CARLO RINO": (i) worldwide but excluding Malaysia in respect of handbags and accessories, shoes and apparel and (ii) worldwide (including Malaysia) in respect of cosmetics and timepieces. - For "CR2": worldwide in respect of cosmetics, timepieces, handbags and accessories and shoes and apparel. • CRG shall pay a licence fee or a royalty fee (payable on monthly basis) based on the total revenue derived from sale generated, whichever is higher, in each year throughout the Contract Period[3]. • BIH further grants CRG the right to grant sub-licences to one or more sub-licensees provided that CRG is not in default. • CRG must obtain the written approval of BIH if the sub-licensee is a not a related corporation of BIH or CRG. • <u>Termination</u> BIH may terminate the agreement, inter alia, by giving written notice to CRG, in the event that CRG commits a breach or fails to perform any of the terms under the agreement or such breach is not corrected by CRG to the satisfaction of BIH within 30 days from the written notice from BIH.

Notes:
(1) Prior to the Demerger, the terms to these licensing letters were negotiated on a non-exclusive basis to allow flexibility to companies within then Bonia Group to use the trademarks from BIH.
(2) To facilitate future long-term growth potential of our Group post Proposed Listing, our Company has negotiated with BIH wherein the licensing arrangement shall be on exclusive basis and granted rights to us to appoint sub-licensees to expand our Group's operations.
(3) Please refer to Section 8.6.1 of this Information Memorandum on the value of royalty payments to BIH during the financial year/period under review.
(4) The terms of existing licensing letters between BIH and companies within our Group are not affected by this Master Licence Agreement. The terms under the Master Licence Agreement shall replace the terms of existing licensing letters upon expiration of the contract period under the respective licensing letters.

For the avoidance of doubt, we wish to highlight that our Group relies on the licensing arrangements with BIH for our business activities. Refer to Section 6.1.9 of this Information Memorandum on further details on potential risk exposure to our Group.

BIH was incorporated in Singapore on 12 January 1990 as an exempt private company limited by shares under Singapore Companies Act 1967. It is principally an investment holding company and trade mark owner, and involved in the wholesale of bags, luggage and travel accessories.

As at the LPD, BIH has an issued share capital of SGD100,000 comprising 100,000 ordinary shares. The directors and shareholder of BIH (all being Malaysians) as at the LPD are as follows:

		Direct		Indirect	
Name	**Designation**	**No. of shares**	**%**	**No. of shares**	**%**
Dato' Sri Chiang Fong Seng^	Director	-	-	-	-
CSS	Director and shareholder	100,000	100.0	-	-

Note:
^ A son of CSS and brother of Dato' Sri Chiang Fong Yee.

5.18 Business strategies and future plans

Our future plans are as follows:

(i) Increasing geographical footprint in South East Asia and the Middle East

At present, we have online presence through our own online platform (https://shop.carlorino.net) and third-party e-commerce marketplaces such as Zalora and Lazada.

According to the IMR Report, the e-commerce market in South East Asia, as measured by e-commerce sales, increased almost 2-fold from approximately USD5.5 billion in 2015 to an estimated USD10.9 billion in 2017. Moving forward, the e-commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.

Recognising the potential of the e-commerce market, we plan to develop a strong online presence for our Carlo Rino brand in South East Asia over the next 5 years. In order to do so, we plan to utilise digital media marketing such as search engine optimisation (SEO) to attract consumers to our online marketplace. We also intend to increase our exposure through digital marketing platforms to garner more traffic to our online marketplace.

In addition, we have granted Kafak the exclusive rights to use the Carlo Rino brand as well as operate and manage boutiques carrying the Carlo Rino range of products in the Middle East for a period of 5 years, with a 5-year renewable period. Through this distributorship arrangement, we intend to expand our retail presence to other countries in the Middle East, including the United Arab Emirates, Qatar and Bahrain.

(ii) Expanding our Carlo Rino product range

We intend to extend our Carlo Rino range of products to include accessories and fashion related collections such as watches and fragrances to complement the existing range of products. At present, we have a limited range of accessories which include wallets and handbag accessories such as tassels and chains.

We are in the midst of undertaking research on the market for accessories and fashion related collections. We intend to launch various accessory product ranges over the next 5 years.

The on-going development of new products is necessary for our Group to expand our market presence and remain competitive.

5.19 Prospects of our Group

The women footwear market is the largest footwear segment in Malaysia, comprising 51.4% of the country's total footwear sales in 2017. In terms of retail sales value, the women footwear market grew from approximately RM2.2 billion in 2013 to approximately RM3.1 billion in 2017 in Malaysia at a CAGR of 8.6%. Moving forward, the women footwear market in Malaysia is forecast to grow at a healthy CAGR of 8.7% between 2018 and 2020, to reach RM3.9 billion in 2020.

Meanwhile, the market for handbags in Malaysia have increased over the past 5 years, from RM1.6 billion in 2013 to RM2.2 billion in 2017, at a CAGR of 8.5%. Moving forward, the total handbag market in Malaysia is forecast to grow by a further CAGR of 8.9% between 2018 and 2020 to reach RM2.8 billion in 2020. In particular, the segment in which our Group operates in, namely the mass consumer and high street handbag brand segment, grew from RM606.2 million in 2013 to RM838.2 million in 2017, at a CAGR of 8.4%. The mass consumer and high street handbag brand segment in Malaysia is expected to grow by a CAGR of 8.7% between 2018 and 2020 to reach RM1,076.8 million in 2020.

The growth in these 2 markets are expected to be attributable to the following:

(i) greater spending power and higher women participation in the total workforce in Malaysia, which is expected to drive demand for women footwear and handbags in the country;

(ii) constant demand for new women footwear and handbags due to a need to keep up with changing fashion trends and increased demand during festivities;

(iii) attractiveness of e-commerce and availability of numerous e-commerce marketplaces which will drive the demand for online shopping and contribute to the growth in women footwear and handbag sales; and

(iv) favourable Government initiatives that are expected to propel the retail market with the increase in number and type of retail stores in Malaysia. This will thus provide a platform for women footwear and handbag retailers to market their products and encourage demand from both local consumers and tourists.

Further, the e-commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.

(Source: IMR Report)

Our Board is of the view that we will continue to enjoy favourable prospects in the long run due to our active involvement in the design, marketing and retailing of women footwear, handbags and accessories for over 8 years.

Recognising the potential of the e-commerce market, we intend to expand into the South East Asia market through building a strong online presence for our Carlo Rino brand, as set out in Section 5.18 of this Information Memorandum.

By leveraging on our strengths as highlighted in Section 5.3 of this Information Memorandum, our Group believes that we will be able to capture future growth opportunities presented by the growing industry we operate in. We believe we are well-positioned to undertake our strategies identified in Section 5.18 of this Information Memorandum. This will place us in a position to be able to ensure our long-term growth and sustainability in the industry.

(Source: Our Management)

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6. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS INFORMATION MEMORANDUM, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

6.1 Risks relating to our business and industry which we operate in

6.1.1 We face competition from other industry players

Our Group faces competition from other footwear and handbag retailers, be it existing competitors or new competitors seeking to penetrate markets that our Group operates in. There can be no assurance that our Group's performance will not be affected by competition and that we 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 our Group's operations and financial results.

Notwithstanding the above, our Group's management believes that our competitive strengths, marketing strategies and experienced key management team will enable us to remain competitive in the future.

6.1.2 Our business is subject to changes in consumer preferences and spending patterns

Our Group's business is dependent on consumer spending patterns which could be affected by numerous factors including, inter alia, the state of the economy, fluctuation of income levels, consumer preferences and brand loyalty.

Consumers' demands and preferences are ever changing and greatly dependent on the designs of the goods and accessories of our RD&D team. Inability of our RD&D team to identify the customers' needs and expectations may result in our Group losing out on sales opportunities to compete with other fashion brands in the market. Hence, our RD&D team and sales personnel are always keeping close tabs on the latest consumers' fashion preferences and expectations to ensure our Group's products are sought after by consumers in the market. In addition, our Group will take all reasonable steps to ensure quality assurance and control procedures are continuously implemented for our Group's products to meet customers' expectation.

6.1.3 Our business is seasonal in nature and failure to respond appropriately or in a timely manner may adversely impact our financial performance

Fashion industry is seasonal in nature. During major festivals or peak sales periods, 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 the loss of revenue opportunity.

Nonetheless, our Group will continue to monitor and appropriately estimate the market demand for our products to react swiftly to either capitalise or counter any increase or decrease in demand.

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6.1.4 We are exposed to supplier risk and fluctuation in material prices

The principal materials used in the production of our Group's handbag and accessories include leather, microfibre, jacquard and satin which are mainly sourced from overseas suppliers. As such, we are subject to supplier risk where the suppliers may fail or delay in delivering their commitments to us and any significant fluctuation in the material cost may also affect our Group's business, financial conditions and results of operations.

In mitigation of the abovementioned risks, our Group assesses and screens potential suppliers to ensure that they have the capability to supply such materials timely and at a reasonable cost. Further, our Group is also not dependent on any particular supplier or particular material.

6.1.5 We may encounter counterfeit products

Our Group currently holds Carlo Rino and CR2 under our brand portfolio. Notwithstanding this, there can be no guarantee that third parties will not make and sell an inferior replica of our Group's products via counterfeit products.

To avoid any imitation and infringement, our Group would need to take necessary steps and actions to safeguard our trademark rights. If no legal action is taken on a timely basis by our Group, there is a possibility that imitation of our Group's products may be widely distributed and sold in the markets. This may consequently reduce demand for our products, which will in turn adversely affect our business and performance and undermine our marketing efforts in building brand recognition.

In addition, customers who inadvertently purchase these counterfeit products from third parties may be disgruntled by, amongst others, the inferior quality of such products, and may then spread negative word-of-mouth that will tarnish the reputation of our Group and our brand. Nevertheless, our Group has retail presence through boutiques, outlets and departmental store counters; as well as our Group's online platform and third party e-commerce platforms, allowing customers to purchase authentic Carlo Rino and CR2 range of products. Hence, this would reduce the likelihood of inadvertent purchases of counterfeit products sold under the Carlo Rino and CR2 brands.

6.1.6 We are exposed to foreign exchange transaction risks

As we operate in foreign markets and purchase materials from foreign suppliers, some of our sales and purchases are denominated in VND, IDR and USD. As such, any future significant depreciation of the RM against these foreign currencies may have a negative impact on our Group's reported operating profit.

In order to mitigate this risk, our Group maintains foreign currency accounts for VND, IDR and USD as we sell through authorised distributors/dealers in the Middle East, Vietnam and Indonesia. As such, any adverse impact of exchange rates for payment in foreign currencies is partially offset by invoicing in the respective foreign currency.

6.1.7 We may be adversely affected by factors beyond our control, which include political, economic and government policies

We currently have presence in Malaysia, Vietnam, Indonesia, Saudi Arabia and Brunei. Like all other business entities, adverse developments in political, economic and government policies in Malaysia and other countries which we operate in may materially and adversely affect the results and business prospects of our Group. Amongst the political, economic and government policies are changes in inflation rates, taxation rates and policies, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' initiatives and policies such as licencing and environmental regulations.

Our Company strives to continue to take measures such as cost control and operating procedures, increasing value added services range, expanding customer and market base and prudent financial management to mitigate such risk. However, there can be no assurance that adverse political, economic and government policies will not materially affect our business in the future.

6.1.8 We rely on our Management

Our future success depends to a significant extent upon the continued efforts, abilities, experience and networking of our Management. The loss of the services of any of these individuals may have an adverse effect on us.

We recognise the importance of attracting and retaining our Directors and key management as well as rewarding our performing personnel accordingly to retain their services with our Group. We train and groom the younger members of our management team to gradually take on more responsibilities. In addition, our Managing Director is also our Promoter and shareholder post Dividend-in-Specie and this has provided added motivation and incentive for him to ensure further expansion of our business in the future.

6.1.9 We rely on licensing arrangements with trademark owner for overseas markets

We have entered into licensing arrangements with BIH pursuant to which we are granted with the rights to use the trademarks for the Carlo Rino and CR2 range of products in overseas markets.

Such arrangements valid for tenure ranging from 3 to 10 years. Pursuant to these arrangements, the trademark owner may, at its sole and absolute right, refuse to renew or terminate our rights. Any non-renewal or termination of the licensing arrangement could have an adverse impact on our business and operating results.

6.1.10 We are subject to operational risks

We are susceptible to various operational risks which may cause significant losses or damage to our products, office and warehouses. These risks include, but are not limited to, accidents, outbreaks of fire or floods, energy crisis or other natural calamities. Should this occur, our business operations may be disrupted and affected.

As we are aware of the adverse consequences of these operational risks, we seek to limit these risks by ensuring our premises are equipped with fire-fighting equipment. We also ensure that our office and warehouses meet all the stipulated safety requirements by relevant local authorities.

In addition, we have taken up property insurance covering our office and warehouses. However, there is no assurance that this coverage is sufficient to cover all potential losses and indemnify us against all possible liabilities arising from our operations.

There are also other risks such as natural disasters, riots, general strikes, acts of terrorism and other risks that cannot be reasonably insured against. Nevertheless, we wish to highlight that our operations have not been affected by any such events thus far.

6.1.11 Non-renewal or termination of our existing tenancies and concessionaire agreements for our business operations

Presently, our boutiques and outlets are rented from third parties with tenancy terms ranging from 1 to 3 years whilst our concessionaire arrangements with departmental stores are renewable on yearly basis. Our Group's ability to renew existing tenancies and concessionaire agreements on commercially reasonable terms is crucial to our operations and profitability.

If any of the tenancies or concessionaire agreements are terminated or not renewed or if we are unable to secure new alternative tenancies at reasonable rates and strategic locations, our business operations would be disrupted and our financial performance may be adversely affected.

6.2 Risks relating to investment in our Shares

6.2.1 We may not be able to proceed with or experience a delay for our Proposed Listing

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or may experience a delay in our Proposed Listing due to any unforeseen circumstances beyond our control before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the LEAP Market LR for our successful listing on the LEAP Market of Bursa Securities.

6.2.2 No prior trading for our Shares

There was no public trading market for our Shares prior to our Proposed Listing. The listing of and quotation for our Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There can be no assurance that our Listing Reference Price will correspond to the price at which our Shares will be traded on the LEAP Market of Bursa Securities upon or subsequent to our Proposed Listing. Further, there can be no assurance that an active trading market for our 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 our Shares could be adversely affected and investors may have difficulty in realising their investment in our Shares. Any investment in our Shares should be viewed as long-term investment.

6.2.3 Trading and performance of our Shares are subject to volatility

Upon completion of our Proposed Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or the industry in which our Group is operating. These factors include, but are not limited to, the variations in the results of our 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, the investors' sentiments and the 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 our Shares.

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

6.2.4 Our Promoters can exercise significant control over our Company

Upon listing, our Promoters will collectively hold approximately 48.05% of our issued share capital. As a result, these shareholders have voting control over our Company and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/or by the relevant authorities.

PROVIDENCE
STRATEGIC PARTNERS

PROVIDENCE STRATEGIC PARTNERS SDN BHD
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T: +603 7725 2288

28 SEP 2018

The Board of Directors

CRG INCORPORATED BERHAD
L2-05, 2nd Floor, Ikon Connaught,
No. 160, Jalan Cerdas, Taman Connaught, Cheras
56000 Kuala Lumpur
Malaysia

Dear Sirs,

Industry Overview on the Women Footwear and Handbag Markets in Malaysia and Electronic commerce ("E-commerce") Market in South East Asia ("SEA") in conjunction with the listing of CRG INCORPORATED BERHAD on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia")

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview Report on the Women Footwear and Handbag Markets in Malaysia and E-commerce Market in SEA for inclusion in the Information Memorandum of CRG Incorporated Berhad ("**CRG**").

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

1 RESEARCH OBJECTIVE AND SCOPE

This Industry Overview report has been prepared in conjunction with the listing of CRG on the LEAP Market of Bursa Malaysia Securities Berhad. The objective of this Industry Overview report is to provide an independent view of the industries in which CRG and its subsidiaries (collectively referred to as "**CRG Group**") operate and offer a clear understanding of industry and market dynamics.

CRG Group designs, markets and retails women footwear and handbags. At present, its sales are primarily derived from Malaysia. CRG Group intends to expand its presence in SEA through e-commerce.

The scope of work for this Industry Overview report will address the following 3 industries:

(i) Women Footwear Market in Malaysia, which is the market in which CRG Group operates in;

(ii) Handbag Market in Malaysia, which is the market in which CRG Group operates in; and

(iii) Overview of the E-commerce Market in SEA, in line with CRG Group's plans to grow its presence in SEA through e-commerce.

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2 WOMEN FOOTWEAR MARKET IN MALAYSIA

DEFINITION AND SEGMENTATION

Footwear are articles of clothing worn on the feet and are traditionally worn to provide protection. It can be made of various materials such as leather, rubber, plastic or textile. The types and characteristics of footwear generally vary amongst men, women and children. As such, footwear can generally be categorised into:

- **Women footwear** – which refers to footwear designed specifically for women, and includes sandals and slippers, sneakers, high-heels, wedges, pumps, loafers and moccasins;
- **Men footwear** – which refers to footwear designed specifically for men, and includes sneakers, loafer and brogues; and
- **Children footwear** – which refers to footwear designed to suit the needs and sizes of children, and this includes sneakers and slippers.

CRG Group designs, markets and retails women footwear. As such, the footwear category that is of interest in this report is the women footwear segment.

The women footwear segment typically includes a vast variety of types to meet women's fashion, sports, work and orthopedic needs.

Segmentation of the footwear market

Note:
Denotes the market in which CRG Group is principally involved in.

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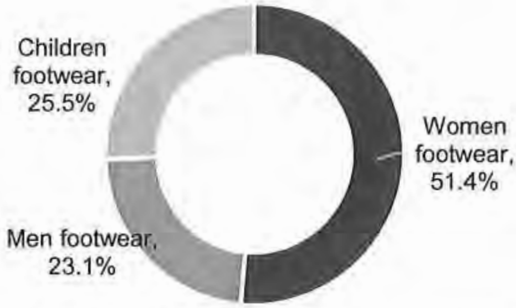
MARKET PERFORMANCE, SIZE AND GROWTH

The women footwear market is the largest footwear segment in Malaysia, comprising 51.4% of the country's total footwear sales in 2017. It is a rather dynamic market with constant changes in design trends. Women footwear brands typically change their design theme 2 - 4 times a year. As women are relatively more fashion conscious than men and children, this encourages the sales of women footwear throughout the year.

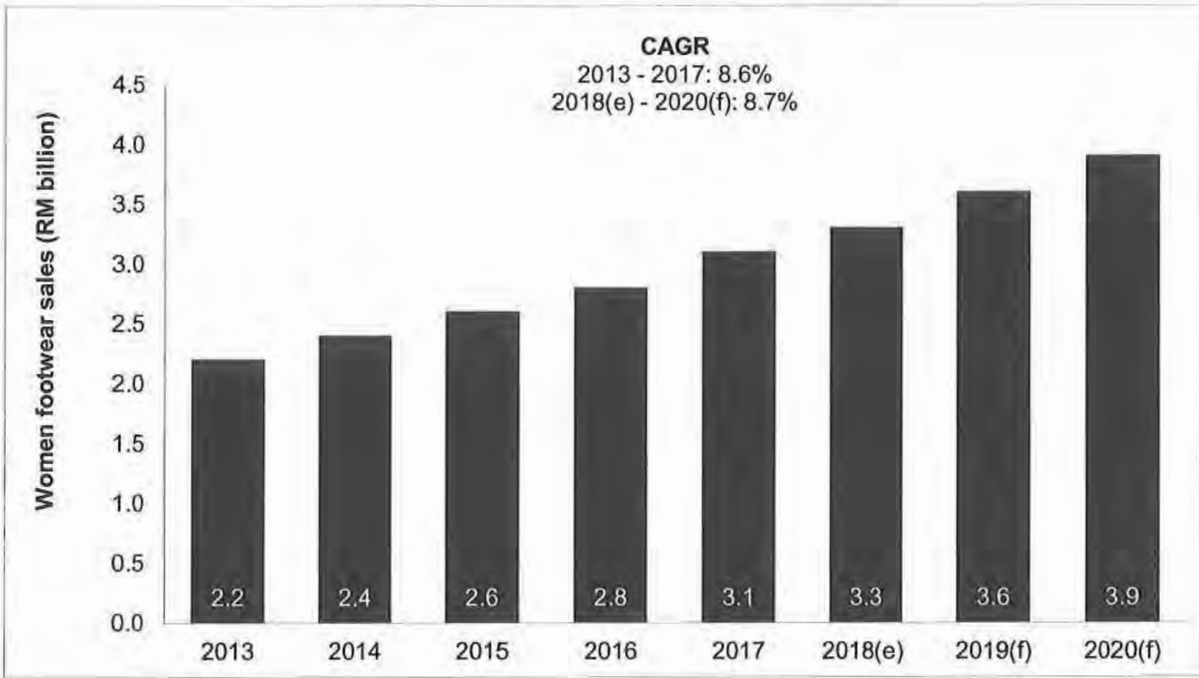
Footwear market segment in Malaysia in 2017



The women footwear market size, measured by retail sales value, increased from approximately RM2.2 billion in 2013 to approximately RM3.1 billion in 2017 in Malaysia, registering a compounded annual growth rate ("**CAGR**") of 8.6%. The market performance was largely driven by economic trends, such as disposable income, consumer confidence and consumer spending. In addition, demand for footwear is also influenced by demographic trends, consumer preference as well as media influence.

Moving forward, the women footwear market size in Malaysia is expected to grow to reach RM3.9 billion in 2020, growing at a CAGR of 8.7% between 2018 and 2020.

Women footwear market size in Malaysia



3 HANDBAG MARKET IN MALAYSIA

DEFINITION AND SEGMENTATION

A handbag is typically used to carry and store personal items that are used on a daily basis. The handbag market can be categorised in terms of pricing and brand equity. These categories include:

Mass consumer and high street handbag brands	High-end handbag brands	Luxury handbag brands
Examples include: • CR2 • Alain Delon • Crocodile • Carlo Rino • Nose • Vincci • Guess	Examples include: • Bonia • Coach • Michael Kors • Longchamp	Examples include: • Burberry • Chanel • Dior • Hermès • Louis Vuitton • Prada

Note:
CRG Group is involved in the design, marketing and retailing of handbags. CRG Group's handbag brands, namely Carlo Rino and CR2, are in the mass consumer and high street handbag brand segment.

The mass consumer and high street handbag brand segment comprises affordable fashionable handbags. Products in this segment, though they may be manufactured using good quality materials, are manufactured and retailed in large volumes. Handbag brands that fall under this segment include CR2, Alain Delon, Crocodile, Carlo Rino, Nose, Vincci and Guess.

Meanwhile, the high-end handbag segment ranges from local brand such as Bonia, to foreign brands such as Coach, Michael Kors and Longchamp. This segment typically commands a higher price range as compared to the mass consumer and high street handbag brand segment but is relatively more affordable than the luxury handbag segment.

The luxury handbag segment generally comprises designer handbags, and are typically perceived by consumers to exude exclusivity, status and prestige. Luxury handbag brands typically market their products at premium prices. Examples of luxury handbag brands include Burberry, Chanel, Dior, Hermès, Louis Vuitton and Prada.

Segmentation of the handbag market

Note:
Denotes the markets in which CRG Group is principally involved in.

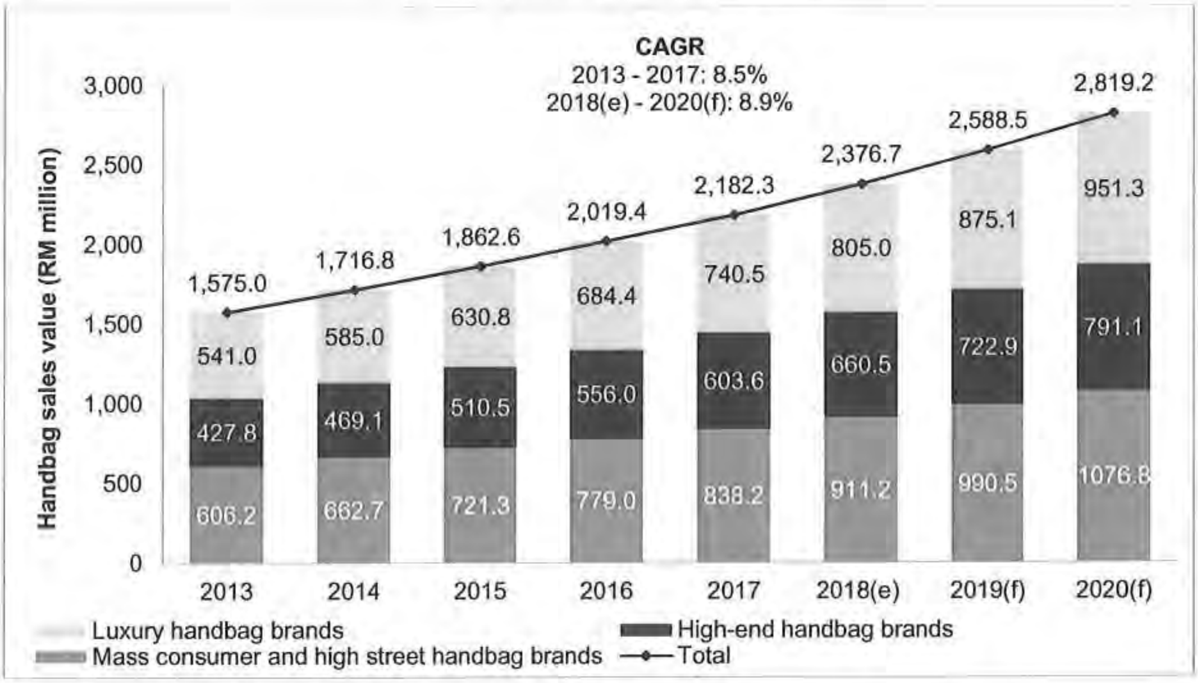
MARKET PERFORMANCE, SIZE AND GROWTH

The market size for the total handbag market in Malaysia, based on retail sales value, increased from approximately RM1.6 billion in 2013 to approximately RM2.2 billion in 2017, at a CAGR of 8.5%.

The mass consumer and high street handbag brand segment, which is the segment that Carlo Rino and CR2 operates in, registered growth from RM606.2 million in 2013 to RM838.2 million in 2017. This segment recorded a CAGR of 8.4% during the period. Meanwhile, the high-end handbag brand segment grew at a CAGR of 9.0%, from RM427.8 million to RM603.6 million during the same period. The luxury handbag brand segment grew from RM541.0 million in 2013 to RM740.5 million in 2017, at a CAGR of 8.2%.

Moving forward, PROVIDENCE forecasts the total handbag market in Malaysia to grow by a further CAGR of 8.9% between 2018 and 2020 to reach RM2.8 billion in 2020. The mass consumer and high street handbag brand segment is expected to grow to reach RM1,076.8 million in 2020, growing at a CAGR of 8.7% between 2018 and 2020.

Handbag market size in Malaysia



4 KEY GROWTH DRIVERS

The following are key growth drivers affecting both the women footwear and handbag markets in Malaysia:

Greater spending power in the country will drive the growth of the women footwear and handbag markets

Malaysia is in a developing economy with aspirations to achieve developed status by the year 2020. Gross domestic production per capita increased by 24.1% from approximately RM33,713.7 in 2013 to RM41,827.3 in 2017, while purchasing power parity per capita income increased by 22.2% from approximately USD23,630.7 to USD28,870.8 during the same period.

Meanwhile, the labour market remained favourable as continued expansion in economic activity in the country supported demand for labour. In 2017, employment recorded a growth of 2.5%, representing a net addition of approximately 360,000 jobs from the previous year while the unemployment rate remained low at 3.3% (2016: 3.6%).[1] Total employment increased by 10.6%, from 13.2 million in 2013 to 14.6 million in 2017. Furthermore, women's participation in the workforce has increased from 46.8% in 2010 to 54.7% in 2017 of the total workforce size in Malaysia.[2]

This increase in employment signifies potential growth for the women footwear and handbag markets in Malaysia as employment provides individuals with a sense of financial security, thus encouraging them to increase expenditure in the retail sector. In addition, higher female participation in the workforce indicates greater spending power of the female population in the country, thus benefiting the women footwear and handbag market in Malaysia.

With greater spending power, consumers in Malaysia would also be more aware of fashion styles, place more importance on keeping up with the latest trends and may develop an affinity to brands. Accordingly, this will drive demand for the women footwear and handbags in Malaysia.

Constant demand for new women footwear and handbags due to changing fashion trends and festivities

The women footwear and handbag markets in Malaysia are driven by the dynamic nature of fashion trends. Consumers are generally receptive to the frequently changing fashion trends, resulting in relatively shorter product lifecycles for women footwear and handbags.

In addition, there are many festivities in a year in Malaysia such as Hari Raya, Chinese New Year, Christmas and New Year, during which promotional activities are heightened. These festivities typically have considerable impact on the demand for women footwear and handbags as consumers purchase products to celebrate the festive period or to buy as gifts.

As a result, new collections are constantly introduced to the market, and these new collections have been a driving factor for women footwear and handbag sales.

Attractiveness of e-commerce will contribute to growth in women footwear and handbag sales

Over the years, there has been a growing number of internet users. Malaysia's internet adoption, represented by the percentage of internet users in the country, increased from 57.1% in 2013 to 84.5% in 2017.[3] Users are adopting the internet for, amongst others, shopping, gaming as well as social media. With the internet, many of these activities can be carried out conveniently and easily. Further, as the

[1] Source: Department of Statistics Malaysia
[2] Source: Department of Statistics Malaysia
[3] Source: Malaysian Communications and Multimedia Commission

number of available e-commerce marketplaces (such as Zalora and Lazada) grows, users have more options to access a wider range of products and are not restricted to physical stores.

In addition, the proliferation of mobile devices such as smartphones and tablets will drive demand for e-commerce. In Malaysia, consumers are generally comfortable with purchasing products and services through their mobile devices, as shown by an increase in percentage of mobile internet users in Malaysia. Mobile internet adoption in the country has almost doubled, from 17.6 million mobile broadband subscriptions in 2014 to 35.3 million mobile broadband subscriptions in 2017.[4]

Thus, the increase in e-commerce sales is expected to contribute to increased retail sales, consequently leading to a growth in women footwear and handbag sales.

Government-driven initiatives to propel the retail market will contribute to the growth in women footwear and handbag markets

The retail and wholesale sector is a major contributor to Malaysia's gross national income ("**GNI**") and thus has been identified as 1 of the 12 key economic focus areas under the Economic Transformation Programme ("**ETP**"). The ETP (2011-2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020.

Examples of retail sector projects[5] identified under the ETP include:

- Increasing the number of large format stores
- Making Malaysia duty-free
- Organising unified Malaysia sales
- Transforming Kuala Lumpur International Airport into a retail hub
- Developing Big Box Boulevards to house large-scale retailers in a single location for the convenience of customers.

PROVIDENCE expects these Government initiatives to develop the retail sector, consequently leading to an increase in number and type of retail stores available in the country. This will thus provide a platform for women footwear and handbag retailers to market their products and encourage demand from both local consumers and tourists.

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[4] Source: Malaysian Communications and Multimedia Commission
[5] Source: ETP

5 COMPETITIVE OVERVIEW

The competitive landscape of both the women footwear and handbag markets in Malaysia comprises local and foreign industry players. As these 2 markets are complementary, some industry players are involved in the retailing of both women footwear and handbags.

The barriers to entry for both the women footwear and handbag markets in Malaysia are low, resulting in a fragmented industry. This report thus focuses on comparable industry players to CRG Group, in terms of product price range.

Some of these identified industry players are as detailed below[1]:

Brand name	Company name	Local or foreign company	Product offerings		
			Women footwear	Handbags	Others[2]
Christy Ng	Christy Ng Sdn Bhd	Local	✓	✓	-
Dr.Cardin Signature	Guan Seng Group	Local	✓	✓	✓
Nose	Nose (Malaysia) Sdn Bhd	Local	✓	✓	-
Opera	Opera Marketing Sdn Bhd	Local	✓	-	-
Primavera	La Primavera Sdn Bhd	Local	✓	✓	-
Sachs	Red6 Labels Sdn Bhd	Local	✓	✓	-
Vincci	Padini Holdings Berhad	Local	✓	✓	✓
Aldo	The Aldo Group Inc	Foreign	✓	✓	✓
Charles & Keith	Anaika Sdn Bhd	Foreign	✓	✓	✓
Daphne	Daphne Marketing Co Ltd	Foreign	✓	✓	✓
Guess	FJ Benjamin (M) Sdn Bhd[3]	Foreign	✓	✓	✓
Pedro	Anaika Sdn Bhd	Foreign	✓	✓	✓

Notes:
1. The abovementioned list comprises identified industry players which market and sell women footwear at a price range of RM300 and below, and handbags at a price range of RM500 and below.
2. Others include accessories.
3. FJ Benjamin (M) Sdn Bhd is a retailer and distributor for several brands, including Guess, Marc Jacobs, Superdry and others.

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6 Overview of the E-commerce Market in SEA

The e-commerce market in SEA is at a nascent stage. The e-commerce market in SEA, as measured by e-commerce sales, increased almost 2-fold from approximately USD5.5 billion (RM21.5 billion[6]) in 2015 to an estimated USD10.9 billion (RM46.9 billion[7]) in 2017. Moving forward, the e-commerce market in SEA is forecast to continue growing to USD29.4 billion (RM126.4 billion[8]) in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.

The e-commerce market in SEA has grown over the years, as a result of:

(i) increase in number of e-commerce marketplace as international e-commerce industry players such as Alibaba Group Holding Limited and Tencent Holdings Limited expand into the SEA market and invest in local e-commerce industry players. The e-commerce market is thus expected to develop in line with the growing competition intensity amongst e-commerce industry players, as consumers are presented with a larger number of marketplaces to perform e-commerce transactions. Examples of e-commerce marketplaces in SEA include Lazada, Shopee and Tokopedia;

(ii) improvement in logistics and shipping infrastructure which will:

- widen the logistics network enabling e-commerce industry players to reach consumers in rural and remote markets; and
- reduce the cost and time taken to deliver purchased products to consumers, thus allowing consumers to purchase and receive their products in timely manner without incurring high delivery costs;

(iii) growing number of mobile internet users in SEA indicating a growing market for e-commerce marketplaces to tap upon. As an illustration, mobile broadband penetration rate in Asia Pacific has increased from 7.4% in 2010 to 52.2% in 2017; and

(iv) various Government-driven plans and initiatives that aim to boost the e-commerce industry, such as:

Country	Plans / Initiatives	Targets	Impact
Malaysia	• National e-commerce Strategic Roadmap ("**NeSR**") • Digital Free Trade Zone ("**DFTZ**"), the world's first free trade zone for digital services outside of the People's Republic of China	• NeSR aims to double e-commerce growth from 10.8% in 2016 to 20.8% in 2020 • With the DFTZ in place, Malaysia aspires to be positioned as the regional e-commerce hub in SEA	• Increased efficiency of product delivery as border clearance lead-time is reduced • Increased confidence in the use of online payments for e-commerce transactions • Growing number of e-commerce platforms • Increased cross-border e-commerce transactions

[6] Historical statistical data in 2015 was converted from USD to RM based on the average annual exchange rate for 2015, at USD1 = RM3.9073
[7] Historical statistical data in 2017 was converted from USD to RM based on the average annual exchange rate for 2017, at USD1 = RM4.3008
[8] Forecast statistical data in 2020 was converted from USD to RM based on the average annual exchange rate for 2017, at USD1 = RM4.3008

Country	Plans / Initiatives	Targets	Impact
Indonesia	• E-commerce Roadmap for 2017-2019	• Reduced taxation on e-commerce start-ups • Strengthen logistics infrastructure through growing the number of logistics service providers • Enhance consumer protection	• Growing number of e-commerce platforms • Increased efficiency of product delivery • Increased confidence in performing cross-border transactions through the requirement to utilise the national payment gateway and comprehensive legal framework for e-commerce businesses.
Vietnam	• Vietnam E-commerce Development Master Plan 2016 - 2020	• 30% of the population participating in e-commerce transactions at an average of USD350 per shopper annually • Annual growth of 20% in the business to consumer ("B2C") market • Promotes cross-border e-commerce development • Business to business ("B2B") transactions account for 20-30% of imports-export turnover by 2020	• Growing number of e-commerce platforms • Increased e-commerce transactions • Increased confidence through development of e-commerce legislations and developing infrastructure to improve security of transactions

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8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 Promoters

8.1.1 Profile

The profiles of our Promoters are as follows:

(i) **Dato' Sri Chiang Fong Yee** | Malaysian | aged 41
Promoter, Managing Director and key management

Dato' Sri Chiang Fong Yee was appointed to our Board on 23 November 2009 and was subsequently appointed as our Managing Director on 16 August 2018. He also sits on the Board of Directors of our subsidiaries.

He graduated with a Bachelor's Degree in Marketing and Statistics from Middlesex University, United Kingdom in 2001.

His involvement in the fashion industry spans roles from hands-on support to senior executive positions in the Bonia Group. Prior to his appointment as the Alternate Director to CSS in Bonia in 2004, he was a Marketing Executive and later an Assistant Business Development Manager of CBM from 2000 to 2004 primarily responsible for marketing functions of the Bonia Group.

He currently spearheads our Group's business direction and overall strategies and policies to drive the growth and innovation of Carlo Rino and CR2 products. He plays an integral role in developing our Group's business strategy with the rest of the management team and focuses on our Group's expansion and growth, market entry, sustainability, profitability and operational efficiency.

He is the eldest son of CSS. He is a Non-Independent and Non-Executive Director of Bonia as well as a director and shareholder of FTSB (a substantial shareholder of our Company).

(ii) **CSS** | Malaysian | aged 65
Promoter and substantial shareholder

CSS was our Director from 23 November 2009 to 16 August 2018.

He is the Founder cum Executive Director of Bonia as well as director of Bonia's subsidiaries. His involvement in the leather industry spans a period of over 40 years. He possesses in-depth knowledge, skills and expertise in all aspects of the leatherwear trade. He is responsible for the overall business development and formulating the Bonia Group's strategic plans and policies. He travels regularly around Europe and Asia to get the latest updates on fashion trends and technological changes in the leatherwear and fashion accessories industry.

He is the father of Dato' Sri Chiang Fong Yee and a director and shareholder of BHSB and FTSB, both are our substantial shareholders.

(iii) **Chong See Moi** | Malaysian | aged 65
Promoter

Chong See Moi is the spouse of CSS and the mother of Dato' Sri Chiang Fong Yee. She does not hold any position in our Group.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(iv) Yong Siew Moi | Malaysian | aged 61
Promoter

Yong Siew Moi is the spouse and personal assistant of CSS. She does not hold any position in our Group.

(v) BHSB
Promoter and substantial shareholder

BHSB, an investment holding company, was incorporated in Malaysia as a private limited company on 15 June 1990, under the Companies Act 1965 and is deemed registered under the Act, under the name of Game Master Sdn Bhd. BHSB subsequently adopted its present name on 28 June 1991.

As at the LPD, BHSB has an issued share capital of RM6,120,002 comprising 6,120,002 ordinary shares. The directors and shareholders of BHSB (all being Malaysians) as at the LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
CSS	Director/ Shareholder	3,649,174	59.63	-	-
Chiang Sang Bon	Director/ Shareholder	732,687	11.97	-	-
Datuk Chiang Heng Kieng	Director/ Shareholder	702,453	11.48	-	-
Chiang Heng Pang	Shareholder	637,459	10.42	-	-
Chiang Boon Tian	Shareholder	398,229	6.50	-	-

(vi) FTSB
Promoter and substantial shareholder

FTSB, an investment holding company, was incorporated in Malaysia as a private limited company on 6 July 2012, under the Companies Act 1965 and is deemed registered under the Act, under its present name.

As at the LPD, FTSB has an issued share capital of RM250,000 comprising 250,000 ordinary shares. The directors and shareholders of FTSB as at the LPD are as follows:

Name	Designation	Nationality / Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
CSS	Director/ Shareholder	Malaysian	-	-	250,000[(1)]	100.00
Dato' Sri Chiang Fong Yee	Director/ Shareholder	Malaysian	5,000	2.00	-	-
Dato' Sri Chiang Fong Tat	Shareholder	Malaysian	5,000	2.00	-	-
Chiang May Ling	Shareholder	Malaysian	5,000	2.00	-	-
Chiang Family Holdings Ltd	Shareholder	Labuan	235,000	94.00	-	-
CSS Trust Co. Ltd	Shareholder	Labuan	-	-	235,000[(2)]	94.00

Notes:
(1) Deemed interested by virtue of his shareholding in Chiang Family Holdings Ltd through CSS Trust Co. Ltd pursuant to Section 8 of the Act and his children's direct interests in FTSB.
(2) Deemed interested by virtue of its shareholding in Chiang Family Holdings Ltd pursuant to Section 8 of the Act.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(vii) KKSB
Promoter and shareholder

KKSB, an investment holding company, was incorporated in Malaysia as a private limited company on 16 December 2004, under the Companies Act 1965 and is deemed registered under the Act, under its present name.

As at the LPD, KKSB has an issued share capital of RM50,000 comprising 50,000 ordinary shares. The directors and shareholders of KKSB (all being Malaysians) as at the LPD are as follows:

		Direct		**Indirect**	
Name	**Designation**	**No. of shares**	**%**	**No. of shares**	**%**
CSS	Director/ Shareholder	29,813	59.63	-	-
Chiang Heng Pang	Director/ Shareholder	5,208	10.42	-	-
Chiang Boon Tian	Director/ Shareholder	3,254	6.50	-	-
Chiang Sang Bon	Shareholder	5,986	11.97	-	-
Datuk Chiang Heng Kieng	Shareholder	5,739	11.48	-	-

(viii) AWAL
Promoter and shareholder

AWAL was incorporated in the British Virgin Islands as a limited liability company on 25 August 2011, under the BVI Business Companies Act 2004. AWAL is a private investment company incorporated under a trust established pursuant to a Deed of Settlement dated 14 September 2011 (executed between HSBC International Trustee Limited and CSS) and administered by HSBC International Trustee Limited, who is the trustee for the trust, for the benefit of CSS and his family members.

As at the LPD, AWAL has an issued share capital of USD1 comprising 1 share. The director and shareholders of AWAL as at the LPD are as follows:

			Direct		**Indirect**	
Name	**Designation**	**Nationality / Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Lion Management International Ltd[(1)]	Director	British Virgin Islands	-	-	-	-
HSBC International Trustee Limited	Shareholder	Singapore	1	100.00	-	-
CSS	Shareholder	Malaysian	-	-	1[(2)]	100.00

Notes:
(1) A professional corporate director provided by HSBC International Trustee Limited to act as director for AWAL.
(2) His share in AWAL is held in trust by HSBC International Trustee Limited.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.1.2 Shareholdings

The shareholdings of our Promoters in our Company before and after the Dividend-in-Specie are as follows:

	Before Dividend-in-Specie*				After Dividend-in-Specie#			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Sri Chiang Fong Yee	-	-	-	-	5,250,000	0.65	-	-
CSS	-	-	805,651,400(1)	100.00	17,049,900	2.12	377,109,704(2)	46.81
Chong See Moi	-	-	-	-	3,950,600	0.49	25,069,300(3)	3.11
Yong Siew Moi	-	-	-	-	2,550,000	0.32	21,277,700(3)	2.64
BHSB	-	-	805,651,400(4)	100.00	202,875,868	25.18	-	-
FTSB	-	-	-	-	111,041,200	13.78	-	-
KKSB	-	-	-	-	22,333,736	2.77	-	-
AWAL	-	-	-	-	22,111,100	2.74	-	-

Notes:

* Based on CRG's Register of Member as at 21 September 2018.

\# Based on Bonia's Register of Substantial Shareholders, Register of Directors' Shareholding and Record of Depositors as at 21 September 2018.

(1) Deemed interested by virtue of his shareholding in Bonia via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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.

(2) Deemed interested by virtue of his shareholding in our Company via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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 our Company.

(3) Deemed interested by virtue of her spouse and children's direct interests in our Company.

(4) Deemed interested by virtue of its substantial shareholding in Bonia.

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8.2 Substantial shareholders

8.2.1 Profile

The profiles of our substantial shareholders are as follows:

(i) CSS

The profile of CSS is set out in Section 8.1.1(ii) of this Information Memorandum.

(ii) BHSB

The profile of BHSB is set out in Section 8.1.1(v) of this Information Memorandum.

(iii) FTSB

The profile of FTSB is set out in Section 8.1.1(vi) of this Information Memorandum.

(iv) MLTL

MLTL, an investment holding company, was incorporated in British Virgin Islands on 1 December 2011 under BVI Business Companies Act 2004.

As at the LPD, MLTL has an issued share capital of USD2 comprising 2 shares. The director and shareholder of MLTL as at the LPD are as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality/ Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Yoong Tai Mai	Director	Malaysian	-	-	-	-
Creador I, LLC[1]	Shareholder	British Virgin Islands	2	100.00	-	-

Note:
(1) A limited liability company incorporated to hold equity investment in selected investee companies on behalf of the fund – Creador I, LLC.

(v) AAOF

AAOF is a Cayman Island incorporated and regulated mutual fund investing in listed companies in ASEAN. The investors of AAOF mainly comprise institutional investors from United States of America, Europe and Asia. The investors in AAOF hold non-voting redeemable participating shares in AAOF.

As at 31 August 2018, AAOF has a paid-up capital of USD0.01 ordinary share and net assets attributable to holders of non-voting redeemable participating shares of USD377,850,801.

Currently, AAOF is managed by Albizia Capital Pte Ltd ("**ACPL**") which was incorporated under the laws of Singapore on 7 May 2009 as an exempt private company limited by shares. The principal activities of ACPL are fund management activities which are regulated by the Monetary Authority of Singapore and ACPL is a Capital Markets Services (Fund Management) licence holder.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2.2 Shareholdings

The shareholdings of our substantial shareholders in our Company before and after the Dividend-in-Specie are as follows:

	Before Dividend-in-Specie*				After Dividend-in-Specie#			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CSS	-	-	805,651,400(1)	100.00	17,049,900	2.12	377,109,704(2)	46.81
BHSB	-	-	805,651,400(3)	100.00	202,875,868	25.18	-	-
FTSB	-	-	-	-	111,041,200	13.78	-	-
MLTL	-	-	-	-	90,189,040	11.19	-	-
AAOF	-	-	-	-	67,180,000	8.34	-	-

Notes:

* Based on CRG's Register of Member as at 21 September 2018.

\# Based on Bonia's Register of Substantial Shareholders, Register of Directors' Shareholding and Record of Depositors as at 21 September 2018.

(1) Deemed interested by virtue of his shareholding in Bonia via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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.

(2) Deemed interested by virtue of his shareholding in our Company via: (i) shares held through his substantial shareholdings in BHSB, FTSB and KKSB; (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 our Company.

(3) Deemed interested by virtue of its substantial shareholding in Bonia.

8.3 Directors

8.3.1 Profile

The profiles of our Directors are as follows:

(i) Datuk Ng Peng Hong @ Ng Peng Hay | Malaysian | aged 66

Datuk Ng Peng Hong @ Ng Peng Hay was appointed to our Board on 16 August 2018 as our Independent Non-Executive Chairman.

Upon completion of his secondary education in 1969, he was involved in the running of his family business. He was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993.

He has been appointed as the Investment Co-ordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by His Excellency, the Governor of Melaka in 1992. In 1998, Taipei Investors' Association in Malaysia appointed him as an Honorary Adviser and the Taiwanese Government awarded him the Economics Medal on 17 July 1999.

He is a director of Wellcall Holdings Berhad, Sinmah Capital Berhad and iCapital.Biz Berhad. He is also a Chairman of Koperasi Jayadiri Malaysia Berhad.

(ii) Dato' Sri Chiang Fong Yee | Malaysian | aged 41

The profile of Dato' Sri Chiang Fong Yee is set out in Section 8.1.1(i) of this Information Memorandum.

(iii) Ong Boon Huat | Malaysian | aged 49

Ong Boon Huat was appointed as our Executive Director on 16 August 2018 and is currently overseeing all accounting, finance and treasury functions of our Group.

He is an Associate member of the Association of International Accountants, United Kingdom since 1997 and was admitted as a Fellow Member in 2016. He is also a Certified Member of the Financial Planning Association of Malaysia since 2003.

He started his career in 1990 as a Clerk cum Teller with Development & Commercial Bank Berhad. He resigned and joined Tanjong PLC in 1992 as Accounts Assistant and was later promoted to Accounts Supervisor where he was responsible for keeping full set of accounts, management reporting, budgeting and forecasting for the Tanjong PLC group of companies until 1995. In 1995, he joined Bonia as Corporate Finance Executive assisting the compliance aspect of the newly listed Bonia Group on Bursa Securities until 1998.

In 1999, he was with Airtime Management & Programming Sdn Bhd as the Finance & Administrative Executive where he was responsible for the day to day office administration of terrestrial radio division.

Subsequently, he re-joined Bonia in 2000 as Accounting Manager where he was responsible for Bonia Group's consolidation and management reporting and was promoted to Senior Corporate Finance Manager where he managed Bonia Group's Finance Department and was also involved in Bonia Group's corporate finance and planning functions.

8.3.2 Shareholdings

None of our Directors hold any Shares in our Company as at the LPD. Refer to Section 8.1.2 of this Information Memorandum for the shareholding of Dato' Sri Chiang Fong Yee in our Company before and after the Dividend-in-Specie.

8.3.3 Further information on our Directors

None of our Directors:

(i) are undischarged bankrupts nor are they subject to any proceedings under bankruptcy laws;

(ii) have ever been charged with, convicted for or compounded for any offence under securities laws, corporation laws or any other laws involving bribery, fraud or dishonesty in a court of law;

(iii) have ever had any action taken against them for any breach for the listing requirements or rules issued by Bursa Securities, for the past 5 years; and

(iv) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past 5 years.

8.4 Key management

8.4.1 Profile

The profiles of our key management are as follows:

(i) Dato' Sri Chiang Fong Yee

The profile of Dato' Sri Chiang Fong Yee is set out in Section 8.1.1(i) of this Information Memorandum.

(ii) Ong Boon Huat

The profile of Ong Boon Huat is set out in Section 8.3.1(iii) of this Information Memorandum.

(iii) Lim Eng Boh | Malaysian | aged 50

Lim Eng Boh is our Group's Assistant General Manager.

He has over 20 years of general management, sales, and marketing experience in retail sector.

After completing his secondary education, he began working in the field of administration in 1987 with Syarikat Eng Seng. In 1991, he resigned and joined Ataly Industries Sdn Bhd as a Production and Shipping Supervisor where he was responsible for coordinating movement of products from production to warehouse and to shipping. Thereafter, he worked as a Sales Executive in Teo Guan Lee Sdn Bhd from 1999 until 2002.

In 2002, he joined our Group as an Assistant Manager, Marketing where he handled outright purchase customers. Subsequently, he was promoted to Manager, Marketing in 2010 and Senior Manager, Marketing in 2011. He assumed his present role as Assistant General Manager of our Group in 2014 where he was entrusted with the development and implementation of marketing strategies as well as branding for Carlo Rino and CR2 products.

His spouse is the cousin of our Managing Director.

(iv) Chan Pooi Yee | Malaysian | aged 39

Chan Pooi Yee is our Group's Senior Manager, Advertising and Promotions.

She graduated with a Bachelor of Arts (majoring in Media Studies) from the University of Malaya in 2002.

She began her career in 2002 with Body Fashion (M) Sdn Bhd with its core brands such as Triumph, Sloggi, Valisere, Bee Dees and AMO as a Senior Marketing Assistant where she was responsible for Bee Dees Club membership program, conducting workshops in schools and colleges and being the Editor for the Bee Dees Club Newsletter. In 2006, she was promoted to the Public Relations Executive of the company to represent Triumph, Sloggi, Valisere and AMO to be the brand ambassador for all communications related events, workshops activities with partners and media for the brands' benefit and membership growth. She had done various interviews with media and created events for public and media to gain brand recognition. In 2008, she was further promoted as the company's Public Relations Manager and had created design competitions at international level in Beijing, China in 2008 and Milan, Italy in 2009 as part of the Triumph rebranding activities.

In 2009, she left the company and joined Armani Context Sdn Bhd, a subsidiary of Bonia, as Manager, Advertising and Promotions where she was responsible for the Carlo Rino brand on media planning, creating events for membership growth and branding activities. Subsequently, she was promoted to Senior Manager, Advertising and Promotions of our Group in 2018 where she is in charge of media, public relations and communications for our Group. She has extensive experience in the media, public relations and communications industry with a track record of completed public relation campaigns planned and executed by her.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(v) Seh Chi Khang | Malaysian | aged 39

Seh Chi Khang is our Group's Senior Manager, Business Development.

While he undertook his tertiary education at Nilai College Malaysia (now known as Nilai University), he began his career in 2002 with Citibank Berhad as a Sales Executive where he was assigned to handle mortgage sales. In 2004, he left Citibank Berhad and joined KSH Electrical Sdn Bhd as a Sales and Purchase Manager where he headed the company's sales and purchasing functions until 2007. From 2007 until 2014, he was with Viss Franchise Sdn Bhd as an Assistant General Manager where he was primarily responsible for overseeing the company's overall operation structure.

In 2014, he joined our Group as a Manager, Business Development, bringing with him to us both his executive management and hands-on experience in sales, marketing, business development, and operations. Subsequently, he assumed his current role as the Senior Manager, Business Development overseeing the Export and E-commerce divisions in our Group.

(vi) Lee Yoke Mei | Malaysian | aged 42

Lee Yoke Mei is our Senior Manager, Merchandising.

She obtained an Advance Certificate in Marketing from Stamford College in 1996.

She started her career in 1997 with To-Day Telecommunication Sdn Bhd as an Administrative Assistant. Later, from 1998 until 2000, she was with Friday Communication Sdn Bhd as a Sales Coordinator where she was tasked to handle administration of sales compiled by sales division.

She joined our Group in 2000 and held various executive positions from Marketing Support Assistant to Marketing Support Coordinator in 2004, Marketing Support Executive in 2006, Senior Merchandising Executive in 2008, Assistant Manager, Merchandising in 2009 and Manager, Merchandising in 2011, where she was primarily in charge of planning and developing merchandising strategies. In 2016, she was further promoted to Senior Manager, Merchandising of our Group where she focuses on the research and development planning as well as product distribution of women footwear for Carlo Rino and CR2.

(vii) Lee Chwee Kin | Malaysian | aged 43

Lee Chwee Kin is our Senior Group Accountant. She is a member of the Malaysian Institute of Accountants since 2003.

She graduated with a Bachelor of Commerce from University of Technology, Sydney in 1999. Soon after her graduation, she worked as an Audit Assistant for Robert Teo, Kuan & Co. until 2001. Thereafter, she spent 3 years in Lim Hoon Nam & Co. as a Audit Senior directly responsible for the statutory audits of companies in various industries. She then co-founded Lee & Lee Allied Associates Sdn Bhd in 2004 where she led a team in carrying out accounting and consultancy services until 2008.

She joined CBH as an Assistant Accountant where she was responsible for the financial reporting and budgeting in 2008. In 2010, she joined our Company as an Accountant. Subsequently, she was promoted to Group Accountant in 2014 and Senior Group Accountant in 2016 where she is primarily responsible for the Accounting and Finance division of our Group.

8.4.2 Shareholdings

None of the aforesaid key management personnel holds any Shares in our Company as at the LPD. Refer to Section 8.1.2 of this Information Memorandum for the shareholding of Dato' Sri Chiang Fong Yee in our Company before and after the Dividend-in-Specie.

8.5 Interest outside our Group at present and past 3 years

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management do not have any other directorships in other corporations or any principal business activities outside our Group for the past 3 years up to the LPD:

(i) Dato' Sri Chiang Fong Yee(1)

Companies	Principal activities	Nature of involvement
Present directorships / shareholdings:		
Bonia Group		
Bonia	Investment holding and management company	Non-Independent Non-Executive Director and shareholder (0.65% direct interest)
Shareholder of Bonia		
FTSB	Investment holding	Non-Executive Director and shareholder (2.00% direct interest)
Other companies		
A & S Distribution Sdn Bhd	Marketing of electrical and electronic appliance and household product	Shareholder (10.00% direct interest)
Ayurvedium Sdn Bhd	Provision of medical spa service	Shareholder (10.00% direct interest)
CB Ventures Sdn Bhd	Investment holding	Shareholder (0.10% direct interest)
Hot Gadgets Distribution Sdn Bhd	Marketing of audiovisual equipment, sound system with accessories	Shareholder (10.00% direct interest)
Potensi Maju Sdn Bhd	Investment holding	Non-Executive Director and shareholder (5.00% direct interest)
Swee Holdings Sdn Bhd	Rubber tree cultivation, sales of natural rubber latex, land management and properties investment	Non-Executive Director and shareholder (12.50% direct interest)
Past directorships / shareholdings:		
Apex Marble Sdn Bhd	Dormant	Director(2)
Armani Context Sdn Bhd	Interior design, advertising and promotion	Director(2)
Ataly Industries Sdn Bhd	Property investment	Director(2)
CBH	Property investment and management services	Director(2)
Future Classic Sdn Bhd	Dormant	Director(2)
Kin Sheng International Trading Co. Limited	Deregistered and dissolved	Director(2)

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Companies	Principal activities	Nature of involvement
Past directorships / shareholdings (cont'd):		
Mcore Sdn Bhd	Dormant	Director(2)
Podium Retail Sdn Bhd	Marketing and distribution of fashionable goods, accessories and beauty products	Director(2)
SCRL Pte Ltd	Marketing, wholesale agent, retail of footwear and leather goods	Director(2)
Vista Assets Sdn Bhd	Dormant	Director(2)
Secret Furnitures Sdn Bhd	Dissolved	Director and shareholder (33.33% direct interest)

(ii) CSS

Companies	Principal activities	Nature of involvement
Present directorships / shareholdings:		
Bonia Group		
Bonia	Investment holding and management company	Founder cum Executive Director and shareholder (2.12% direct interest)
Active Franchise Pte Ltd	General wholesale trade including general exporters and importers	Executive Director
Apex Marble Sdn Bhd	Dormant	Executive Director
Armani Context Sdn Bhd	Interior design, advertising and promotion	Executive Director
Banyan Sutera Sdn Bhd	Marketing and distribution of fashionable goods	Executive Director
BCB Properties Sdn Bhd	Dormant	Executive Director
CB Franchising Sdn Bhd	Retailing of leather goods and apparels	Executive Director
Future Classic Sdn Bhd	Dormant	Executive Director
Jeco (Pte) Limited	Leasing of non-financial intangible asset	Executive Director
Jetbest Enterprise Pte Ltd	Marketing, wholesale agent, retail of footwear and leather goods	Executive Director
Lianbee-Jeco (M) Sdn Bhd	Trading in leather products including handbags, wallets, footwear and leather goods of all kinds	Executive Director
Lianbee-Jeco Pte Ltd	Import and export of leather goods and general merchandise	Executive Director
Luxury Parade Sdn Bhd	Property investment	Executive Director
SBG Holdings Sdn Bhd	Investment holding and management services	Executive Director
SBLS Pte Ltd	Marketing, wholesale agent, retail of footwear and leather goods	Executive Director
Shareholders of Bonia		
BHSB	Investment holding	Executive Director and shareholder (59.63% direct interest)
FTSB	Investment holding	Executive Director and shareholder (94.00% indirect interest)

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Companies	Principal activities	Nature of involvement
Present directorships / shareholdings (cont'd):		
KKSB	Investment holding	Executive Director and shareholder (59.63% direct interest)
Other companies		
Bina Syabas Development Sdn Bhd	Proprietor of an entertainment and recreation club	Shareholder (4.50% direct interest)
BIH	Investment holding, trademark owners and proprietary owners	Executive Director and shareholder (100.00% direct interest)
Continental Choice Sdn Bhd	Letting of real property and investment holding	Executive Director and shareholder (62.50% direct interest)
Global Meet Sdn Bhd	Investment holding	Executive Director and shareholder (90.00% direct interest)
Highrise Redstar Sdn Bhd	Investment holding	Shareholder (10.00% direct interest)
Hotel Sentral Melaka Sdn Bhd	Operation of hotel	Shareholder (10.00% direct interest)
Ji Long Ventures Sdn Bhd	Investment holding	Non-Executive Director and shareholder (20.00% direct interest)
Kesangka Emas (M) Sdn Bhd	Investment holding	Shareholder (20.00% direct interest)
Kobe Gyu Takumi Sdn Bhd	Restaurant and food supply	Shareholder (5.56% direct interest)
Li Luo Ventures Sdn Bhd	Dormant	Shareholder (30.00% direct interest)
Lucrative Skyline Sdn Bhd	Property development	Shareholder (9.09% direct interest)
Palm Valley Development Sdn Bhd	Property development	Shareholder (40.00% direct interest)
Pavilion Mentor Sdn Bhd	Investment holding	Shareholder (20.00% direct interest)
Potensi Maju Sdn Bhd	Investment holding	Executive Director and shareholder (90.00% direct interest)
Purnama Sejahtera Sdn Bhd	Investment holding	Shareholder (45.00% direct interest)
Sejahtera Legasi Sdn Bhd	Export and import of other general purpose machinery, stock, share and bond brokers, and investment holding	Shareholder (0.45% direct interest)
Splendid Starhill Sdn Bhd	Investment holding	Shareholder (75.00% direct interest)
Swee Holdings Sdn Bhd	Rubber tree cultivation, sales of natural rubber latex, land management and properties investment	Shareholder (12.50% direct interest)
Takumi F&B Sdn Bhd	Engaged in operating restaurant and trading of foods, general trading and investment holding	Shareholder (10.00% direct interest)
Triple Treat (M) Sdn Bhd	Property holding and investment	Shareholder (20.00% direct interest)

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Companies	Principal activities	Nature of involvement
Present directorships / shareholdings (cont'd):		
Two Towers Property Sdn Bhd	Investment holding	Executive Director and shareholder (100.00% direct interest)
Past directorships / shareholding:		
Active Footwear Pte Ltd	Struck off	Director
De Marts Marketing Sdn Bhd	Designing, promoting, and marketing of fashionable ladies footwear	Director(2)
Eclat World Sdn Bhd	Designing, promoting, and marketing of fashionable men's footwear	Director(2)
Kin Sheng Group Limited(3)	Investment holding	Director
Prime Gains Sdn Bhd	Dissolved	Director and shareholder (25.00% direct interest)
VR Directions Sdn Bhd	Marketing and distributions of men's apparel and accessories and ladies apparel	Director(2)

(iii) Chong See Moi

Companies	Principal activities	Nature of involvement
Present directorships / shareholdings:		
Bonia Group		
Bonia	Investment holding and management company	Shareholder (0.49% direct interest)
Other companies		
CB Ventures Sdn Bhd	Investment holding	Shareholder (99.8% direct interest)
Continental Choice Sdn Bhd	Letting of real property and investment holding	Executive Director and shareholder (37.50% direct interest)
Past directorships / shareholdings:		
CBM	Designing, promoting and marketing of fashionable leather goods	Director(2)
Global Meet Sdn Bhd	Investment holding	Director(2) and shareholder (10.00% direct interest)
MColours & Design Sdn Bhd	Dissolved	Director(2)

(iv) Yong Siew Moi

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (0.32% direct interest)

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(v) BHSB

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (25.18% direct interest)
Other companies		
Future Diversity Sdn Bhd	Property investment	Shareholder (100.00% direct interest)
Pelita Kreatif Sdn Bhd	Investment holding	Shareholder (100.00% direct interest)
Past shareholding:		
Ramanda Sdn Bhd	Dissolved	Shareholder (100.00% direct interest)

(vi) FTSB

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (13.78% direct interest)

(vii) KKSB

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (2.77% direct interest)

(viii) AWAL

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (2.74% direct interest)

(ix) MLTL

Companies	Principal activities	Nature of involvement
Present shareholding:		
Bonia	Investment holding and management company	Shareholder (11.19% direct interest)
Other companies		
PT BFI Finance Indonesia Tbk	A multi-finance company in Indonesia that focuses on the financing of cars and motorcycles	Shareholder (<5.00% direct interest)

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(x) AAOF

AAOF has interest outside our Group by virtue of its investment in listed companies in ASEAN.

Bursa Securities had, vide its letter dated 20 July 2018, granted our Company a waiver from compliance with Appendix 3A, item (l)(ii) of the LEAP Market LR in respect of disclosure on the details of AAOF's interest outside of our Group at present and past 3 years.

(xi) Datuk Ng Peng Hong @ Ng Peng Hay

Companies	**Principal activities**	**Nature of involvement**
Present directorships / shareholdings:		
Other companies		
Avic Tech Corporation Sdn Bhd	To carry on the business of research, design and development and mixed made integrated circuits	Shareholder (2.50% direct interest)
Cheng Ho Multi Culture Trade & Investment Services Berhad	Investment holding and trading of properties	Non-Executive Director
iCapital.Biz Berhad	Investment in a diversified portfolio of quoted securities	Chairman / Independent Non-Executive Director
Kojadi Ewallet Sdn Bhd	Dormant	Non-Executive Director
Koperasi Jayadiri Malaysia Berhad ("**KOJADI**")	Granting of study loans and business loans to its members, investment in shares, landed properties and others, participation in Economic Transformation Programme	Member and Chairman of the KOJADI
Percaya Ikhlas Sdn Bhd	Letting of properties	Non-Executive Director
Sinmah Capital Berhad	Investment holding and provision of management services	Non-Independent Non-Executive Director
Wellcall Holdings Berhad	Investment holding	Group Independent Non-Executive Chairman
Wellcall Hose (M) Sdn Bhd	Manufacturing of rubber hose and related products	Non-Executive Director
Past directorships:		
Aman Hijau Sdn Bhd	Dissolved	Director
Bonia	Investment holding and management company	Senior Independent Non-Executive Director(2)
Cosmal Enterprise Sdn Bhd	Property development	Director(2)
Kojadi Assets Management Sdn Bhd	Dormant	Director(2)
Kojadi Management Services Sdn Bhd	Dormant	Director(2)
Realtemas Realty Sdn Bhd	Property development	Director(2)
Sinmah Builders Sdn Bhd	Building and general contracting provision of management services	Director(2)
Sinmah Development Sdn Bhd	Property development and investment holding	Director(2)
Sinmah Breeders Sdn Bhd	Poultry breeding and hatchery operation	Director(2)
Yasuka (M) Sdn Bhd	Dissolved	Director

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(xii) Ong Boon Huat

Companies	Principal activities	Nature of involvement
Past directorship:		
Bonia Group CBH	Property investment and management services	Director(2)

(xiii) Seh Chi Khang

Companies	Principal activities	Nature of involvement
Present shareholding:		
Other companies Chiang Su Trading Sdn Bhd	Dormant	Shareholder (90.00% direct interest)
Past directorship:		
Other companies Chiang Su Trading Sdn Bhd	Dormant	Director(2)

Notes:
(1) Dato' Sri Chiang Fong Yee is not involved in the day-to-day operations of the abovementioned corporations and accordingly, his involvements in the abovementioned corporations do not affect his commitment and responsibilities to our Group.
(2) Resigned as a director of the company.
(3) Pending approval from Hong Kong Registry for deregistration of the company.

8.6 Related party transactions

Under the LEAP Market LR, a 'related party transaction' is a transaction entered into by a listed corporation or its subsidiaries which involves the interest, direct or indirect, of a related party. A 'related party' of a listed corporation is:

(i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company; or

(ii) a major shareholder means a person who has an interest or interests in 1 or more voting shares in a corporation and the nominal amount of that shares or the aggregate of the nominal amounts of those shares is:

(a) 10% of the aggregate of the number of all the voting shares in the corporation;

(b) 5% or more of the aggregate of the number of all the voting shares in the corporation where such person is the largest shareholder of the corporation;

and includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a major shareholder of the listed corporation or any other corporation which is its subsidiary or holding company; or

(iii) a person connected with such director or major shareholder.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.6.1 Existing and proposed related party transactions

Save as disclosed below, our Board confirms that there are no existing or proposed related party transactions entered or to be entered into between our Company and our Directors, major shareholders and/or persons connected with them:

Transacting subsidiary within our Group	Transacting related parties	Nature of relationship	Nature of transaction	Actual transaction value		
				FYE 30 June 2017	FYE 30 June 2018	1 July 2018 up to the LPD
CRG	CBH	CSS, BHSB, FTSB and MLTL are Bonia's and our major shareholders	Provision of corporate services to CRG. *(Services were discontinued on 31 December 2017)*	RM2,149,000	RM1,266,000	-
CRV	CBH		Provision of corporate services to CRV.[1]	-	RM1,541,000	-
CRV	CBH		Provision of software services, support and maintenance to CRV.[2]	RM23,760	RM1,760	-
CRL	CBH		Provision of software services, support and maintenance to CRL.[2]	RM23,760	RM1,760	-
CRF	CBH		Provision of software services, support and maintenance to CRF.[2]	RM23,760	RM1,760	-
CRB	CBH		Provision of software services, support and maintenance to CRB.[2]	RM23,760	RM1,760	-
CRL	CBH		Provision of photocopying machines rental, services and maintenance.[3]	RM63,888	RM48,015	-
CRF	CBH		Provision of photocopying machines rental, services and maintenance.[3]	RM6,331	RM640	-
CRV	CBH		Provision of photocopying machines rental, services and maintenance.[3]	-	RM8,680	-
CRG	CBH		Provision of photocopying machines rental, services and maintenance.[3]	RM6,834	RM6,504	-
CRB	LBJR Marketing Sdn Bhd		Purchase of counter fixtures.	RM15,783	-	-
CRL	LBJR Marketing Sdn Bhd		Purchase of counter fixtures.	RM41,281	-	-
CRV	CBH		Purchase of office equipment.	-	RM3,573	-
CRL	Luxury Parade Sdn Bhd		Rental fees paid in respect of tenancy of office space at Asmah Tower which was used as corporate office of our Group.	RM114,276	RM132,840	RM33,210
CRV				-	RM202,794	RM101,397
CRF				RM91,355	RM39,492	RM9,873
CRB				RM21,090	RM19,536	RM4,884

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Transacting subsidiary within our Group	Transacting related parties	Nature of relationship	Nature of transaction	Actual transaction value		
				FYE 30 June 2017	**FYE 30 June 2018**	**1 July 2018 up to the LPD**
CRG	Luxury Parade Sdn Bhd	CSS, BHSB, FTSB and MLTL are Bonia's and our major shareholders.	Rental fees paid in respect of tenancy of office space at Asmah Tower which is used as corporate office of our Group. *(Tenancy was terminated on 31 December 2017)*	RM293,308	RM202,794	-
			Joint securities management for the security services for entire Block C comprising 6 levels of office building together with 92 units of carpark bays.	RM81,984	RM81,984	RM13,664
CRL	SCRL Pte Ltd		Rental fees paid/payable for a showroom in Singapore. *(Tenancy was terminated on 1 July 2017)*	RM551,866	-	-
PTCMS	PT Active World		Rental fees paid/payable in respect of tenancy of office space at Block D23 and D25, Ruko Cordoba, Jalan Marina Indah, Bukit Golf Mediterania, Pantai Indah Kapuk, Jakarta Utara, Indonesia.	Rp31,500,000 (equivalent to RM8,788.50)	Rp34,749,996 (equivalent to RM9,695.25)	Rp10,624,998 (equivalent to RM2,964.37)
CRG	BIH	CSS is our major shareholder and BIH's sole shareholder.	Royalties payment made by way of calculating based on the percentage of transacted sales for the trademarks granted for territories outside Malaysia.(4)	-	RM30,294	-
CRV	BIH		Royalties payment made by way of calculating based on the percentage of transacted sales for the trademarks granted for territories outside Malaysia. (5)	RM50,278	RM21,695	RM2,225
CRF	BIH		Non-exclusive, royalty-free right and licence to use the licensed trademark in Malaysia. (6)	-	-	-
CRL	BIH		Non-exclusive, royalty-free right and licence to use the licensed trademark in Malaysia. (6)	-	-	-
PTCMS	BIH		Non-exclusive, royalty-free right and licence to use the licensed trademark in Indonesia. (6)	-	-	-
CRR	BIH		Non-exclusive, royalty-free right and licence to use the licensed trademark in Vietnam. (6)	-	-	-

Notes:

(1) CBH provided corporate finance services, directorate services, as well as logistic and warehouse management services to CRV. These services were discontinued on 1 July 2018. Subsequent to the termination of the arrangement, we have undertaken the following measures:
  - (i) appointed Mr. Ong Boon Huat (our Executive Director) to oversee the accounting, finance and treasury functions of our Group (refer to Section 8.3.1(iii) of this Information Memorandum for his profile);
  - (ii) appointed a Warehouse Manager to oversee the warehouse and logistic functions of our Group; and
  - (iii) appointed external company secretary to provide corporate secretarial services to our Group.

(2) These services were discontinued on 1 July 2018. As at the LPD, we have obtained confirmation from the service provider that it shall continue to provide software services, support and maintenance to our Group.

(3) As at the LPD, our Group has signed leasing arrangements with the supplier of the photocopier machines.

(4) Refer to Section 5.17, item 6 of this Information Memorandum for further details on the licensing arrangement.

(5) Refer to Section 5.17, item 5 of this Information Memorandum for further details on the licensing arrangement.

(6) Refer to Section 5.17, items 1 to 4 of this Information Memorandum for further details on the licensing arrangement.

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

8.6.2 Interest in similar businesses and other conflict of interest

AAOF is a mutual fund managed by Albizia Capital Pte Ltd ("**ACPL**") which may have invested in companies which carry a trade similar to that of our Group in accordance with the investment objectives of the fund. Due to ACPL holds equity interests in investee companies for investment purpose only, it is not expected to involve actively in the daily management of its investee companies or to exert significant influence over the operations of any of its investee companies. In view that AAOF is merely a financial investor of our Company which will hold 8.34% equity interest and not deemed as a major shareholder of our Company post Dividend-in-Specie, with no board representation nor assumes any role over the daily operation of our Group, AAOF is also not expected to exert any influence over our Group's business and operation decisions. Further, our Group has procedures in place to perform background check on our customers and suppliers to identify or track any potential conflict of interest in relation to business dealings with any related parties. Hence, our Board is of the view that AAOF's investment activities in any investee companies are not expected to give rise to conflict of interest situations with our Group's business.

Meanwhile, our Board is of the opinion that there is no conflict of interest between Bonia Group and our Group, after considering the following:

- the Bonia Group targets upper-middle to high income consumer market segment for both male and female consumers whereas our Group targets young female working adults between the ages of 18 and 35 with affordable women footwear, handbags and accessories. Both Bonia Group (after the Demerger) and our Group shall pursue distinctive business strategies and focus on a different market segment; and

- our Group is independent from Bonia Group wherein we have our own management team (led by our Managing Director to oversee key functions of our Group (e.g. corporate management, marketing, brand management and finance)); sales and marketing team to pursue advertising and promotional activities, brand development and sales channel management; Merchandising and Operation teams to liaise directly with suppliers over product specification, logistic, selection of manufacturers and payments; and RD&D to identify fashion trends and design our products.

Based on the above evaluations, our Board is of the view that none of our Directors, Promoters, substantial shareholders and key management has any direct or indirect interest in other corporations carrying on business with target market segment similar to that of our Company as at the LPD, which would likely give rise to a situation of conflict of interest with our Group's business.

8.6.3 Other transaction

Save as disclosed in Section 8.6.1 of this Information Memorandum, there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 30 June 2017 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Company to or for the benefit of related parties during the FYE 30 June 2017 up to the LPD.

8.7 Moratorium

In compliance with Rule 3.07 of the LEAP Market LR, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

(i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our admission to the Official List; and

(ii) upon expiry of the period of 12 months stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another 36 months.

Where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the period stipulated above.

Bursa Securities had, vide its letter dated 4 June 2018, approved the following:

(i) waiver from compliance with Rule 1.01 of the LEAP Market LR to exclude Chiang Sang Bon, Chiang Heng Pang, Chiang Boon Tian, Datuk Chiang Heng Kieng, Lau Yun Hwa, Dato' Sri Chiang Fong Tat, Datin Sri Tan Loo Yin, Dato' Sri Chiang Fong Seng, Chiang May Ling, Datin Lim Teng Hong and Chiang Sang Ling from being promoters for our Proposed Listing; and

(ii) waiver from compliance with Rule 3.07(2) of the LEAP Market LR to allow individual shareholders of BHSB, KKSB and FTSB (i.e. Chiang Sang Bon, Chiang Heng Pang, Datuk Chiang Heng Kieng, Chiang Boon Tian, Dato' Sri Chiang Fong Tat and Chiang May Ling) to sell their shares in the respective companies to other existing shareholders of the same company during the moratorium period.

In view of the above, the moratorium shall be imposed as follows:

	Shares under moratorium for the first 12 months upon listing		**Shares under moratorium for the subsequent 36 months**	
Promoters	**No. of Shares**	**%**	**No. of Shares**	**%**
CSS	17,049,900	2.12	-	-
Chong See Moi	3,950,600	0.49	-	-
Yong Siew Moi	2,550,000	0.32	-	-
Dato' Sri Chiang Fong Yee	5,250,000	0.65	4,181,226	0.53
BHSB	202,875,868	25.18	202,875,868	25.18
FTSB	111,041,200	13.78	111,041,200	13.78
KKSB	22,333,736	2.77	22,333,736	2.77
AWAL	22,111,100	2.74	22,111,100	2.74
Total	**387,162,404**	**48.05**	**362,543,130**	**45.00**

The moratorium, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings to ensure that our share registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

9. FINANCIAL INFORMATION

9.1 Statements of profit and loss and other comprehensive income

The following table sets out the statements of profit and loss and other comprehensive income of our Group for FYE 30 June 2016, FYE 30 June 2017, 9M FPE 31 March 2017 and 9M FPE 31 March 2018.

	Audited		Unaudited	
	FYE 30 June 2016 RM'000	**FYE 30 June 2017 RM'000**	**9M FPE 31 March 2017 RM'000**	**9M FPE 31 March 2018 RM'000**
Revenue	112,752	95,315	69,312	77,475
Cost of sales	(54,223)	(42,825)	(30,297)	(37,216)
GP	58,529	52,490	39,015	40,259
Other income	1,269	991	856	485
Selling and distribution expenses	(28,370)	(29,019)	(21,449)	(22,334)
General and administrative expenses	(15,767)	(18,479)	(13,760)	(13,024)
Profit from operations	15,661	5,983	4,662	5,386
Finance costs	(1,228)	(1,060)	(788)	(900)
PBT	14,433	4,923	3,874	4,486
Taxation	(3,468)	(1,589)	(1,286)	(1,609)
PAT	**10,965**	**3,334**	**2,588**	**2,877**
Other Comprehensive income, net of tax				
Items that maybe reclassified subsequently to profit and loss				
Foreign currency translations	43	35	189	(568)
Total other comprehensive income / (loss), net of tax	43	35	189	(568)
Total comprehensive income	11,008	3,369	2,777	2,309
Profit attributable to owner of parent	10,965	3,334	2,588	2,877
Total comprehensive income attributable to owner of the parents	11,008	3,369	2,777	2,309
EBITDA	18,251	9,059	6,981	7,177
Basic EPS (RM)[(1)]	0.55	0.17	0.13	0.14
GP margin (%)	51.91	55.07	56.29	51.96
PBT margin (%)	12.80	5.16	5.59	5.79
PAT margin (%)	9.72	3.50	3.73	3.71
Effective tax rate (%)	24.03	32.28	33.20	35.87

Note:
(1) Computed based on PAT divided by 20,000,000 CRG Shares, being the then number of CRG Shares in issue.

9. FINANCIAL INFORMATION *(CONT'D)*

9.2 Statements of financial position

The following table sets out the statements of financial position of our Group as at 30 June 2016, 30 June 2017, 31 March 2017 and 31 March 2018.

	Audited		Unaudited	
	As at 30 June		As at 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	33,484	33,656	33,204	32,963
Goodwill	20	20	20	20
Deferred tax assets	540	703	448	494
Total non-current assets	**34,044**	**34,379**	**33,672**	**33,477**
CURRENT ASSETS				
Inventories	19,088	18,243	16,726	23,645
Trade and other receivables	21,689	22,237	22,361	23,576
Current tax assets	682	1,875	1,960	2,169
Cash and bank balances	12,575	16,564	18,138	14,779
Total current assets	**54,034**	**58,919**	**59,185**	**64,169**
TOTAL ASSETS	**88,078**	**93,298**	**92,857**	**97,646**
EQUITY				
Share capital	20,000	20,000	20,000	20,000
Reserves	44,929	48,298	47,706	50,607
TOTAL EQUITY	**64,929**	**68,298**	**67,706**	**70,607**
LIABILITIES				
NON-CURRENT LIABILITIES				
Borrowings	16,635	15,914	16,077	15,335
Provision for restoration costs	601	586	601	586
Total non-current liabilities	**17,236**	**16,500**	**16,678**	**15,921**
CURRENT LIABILITIES				
Trade and other payables	4,906	7,612	7,724	5,542
Borrowings	683	684	694	5,242
Provision for restoration costs	-	52	-	52
Current tax liabilities	324	152	55	282
Total current liabilities	**5,913**	**8,500**	**8,473**	**11,118**
TOTAL LIABILITIES	**23,149**	**25,000**	**25,151**	**27,039**
TOTAL EQUITY AND LIABILITIES	**88,078**	**93,298**	**92,857**	**97,646**
No. of Shares in issue ('000)	20,000	20,000	20,000	20,000
NA per Share (RM)	3.25	3.41	3.39	3.53

9.3 Pro forma statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Company based on the financial statements of our Company as at 30 June 2017 to show the events subsequent to 30 June 2017 (i.e. the Demerger).

	(Audited) As at 30 June 2017 (RM'000)	(I) After the Demerger (RM'000)	(II) After (I) and our Proposed Listing (RM'000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	33,656	33,656	33,656
Goodwill	20	20	20
Deferred tax assets	703	703	703
Total non-current assets	**34,379**	**34,379**	**34,379**
CURRENT ASSETS			
Inventories	18,243	18,243	18,243
Trade and other receivables	22,237	22,237	22,237
Current tax assets	1,875	1,875	1,875
Cash and bank balances	16,564	16,564	15,614
Total current assets	**58,919**	**58,919**	**57,969**
TOTAL ASSETS	**93,298**	**93,298**	**92,348**
EQUITY			
Share capital	20,000	68,000	68,000
Exchange translation reserve	297	297	297
Retained earnings / (Accumulated losses)	48,001	1	(949)(1)
TOTAL EQUITY	**68,298**	**68,298**	**67,348**
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	15,914	15,914	15,914
Provision for restoration costs	586	586	586
Total non-current liabilities	**16,500**	**16,500**	**16,500**
CURRENT LIABILITIES			
Trade and other payables	7,612	7,612	7,612
Borrowings	684	684	684
Provision for restoration costs	52	52	52
Current tax liabilities	152	152	152
Total current liabilities	**8,500**	**8,500**	**8,500**
TOTAL LIABILITIES	**25,000**	**25,000**	**25,000**
TOTAL EQUITY AND LIABILITIES	**93,298**	**93,298**	**92,348**
No. of Shares in issue ('000)	20,000	805,651	805,651
NA per Share (sen)(2)	341.49	8.48	8.36

9. FINANCIAL INFORMATION *(CONT'D)*

Notes:
(1) Inclusive of the estimated expenses of approximately RM950,000 in relation to our Proposed Listing which are expected to be funded via internally generated funds and profits from FYE 30 June 2018.
(2) Computed based on NA divided by number of Shares in issue.

9.4 Statements of cash flows

The following table sets out our statements of cash flows for FYE 30 June 2016, FYE 30 June 2017, 9M FPE 31 March 2017 and 9M FPE 31 March 2018.

	Audited		**Unaudited**	
	FYE 30 June 2016 RM'000	**FYE 30 June 2017 RM'000**	**9M FPE 31 March 2017 RM'000**	**9M FPE 31 March 2018 RM'000**
Cash flows from operating activities				
PBT	14,433	4,923	3,874	4,486
Adjustments for:				
Depreciation of property, plant and equipment	2,961	3,482	2,594	2,148
(Gain)/ Loss on disposal of property, plant and equipment	(5)	2	1	(2)
Gain on deregistration of a subsidiary	-	-	-	(69)
Impairment losses on amount owing from a related company	203	-	-	-
Interest expenses	858	702	552	616
Interest income	(1)	(48)	(39)	(73)
Property, plant and equipment written off	72	7	5	15
Reversal of impairment losses on amount owing from a related company	-	(203)	(203)	-
Unrealised (gain) / loss on foreign exchange	(108)	171	(325)	562
Unwinding of discount on provision for restoration costs	15	48	-	-
Operating profit before working capital changes	*18,428*	*9,084*	*6,459*	*7,683*
Changes in working capital:				
(Increase)/ Decrease in inventories	(4,521)	845	2,362	(5,402)
Increase in receivables	(249)	(557)	(257)	(1,591)
Increase / (Decrease) in payables	76	2,087	2,430	(1,413)
Cash generated from / (used in) operations	*13,734*	*11,459*	*10,994*	*(723)*
Tax paid	(4,179)	(3,189)	(2,742)	(1,582)
Tax refund	225	71	-	18
Net cash generated from / (used in) operating activities	**9,780**	**8,341**	**8,252**	**(2,287)**

9. FINANCIAL INFORMATION *(CONT'D)*

	Audited		Unaudited	
	FYE 30 June 2016 RM'000	**FYE 30 June 2017 RM'000**	**9M FPE 31 March 2017 RM'000**	**9M FPE 31 March 2018 RM'000**
Cash flows from investing activities				
Repayments to holding company	(1,979)	-	-	-
(Repayments to)/ Advanced from related companies	(1,003)	218	341	(585)
Repayments from / (Advances to) related companies	676	202	(3)	5
Interest received	1	48	39	73
Proceeds from disposal of property, plant and equipment	57	19	5	2
Purchase of property, plant and equipment	(3,215)	(3,544)	(2,325)	(1,474)
Net cash used in investing activities	**(5,463)**	**(3,057)**	**(1,943)**	**(1,979)**
Cash flows from financing activities				
Interest paid	(858)	(702)	(552)	(616)
(Repayments) / drawdown of bankers' acceptances	(582)	-	-	4,534
Repayments of hire purchase and lease creditors	(60)	(31)	(31)	-
Repayments of term loans	(639)	(735)	(516)	(556)
Drawdown of term loans	47	47	-	-
Net cash (used in)/ from financing activities	**(2,092)**	**(1,421)**	**(1,099)**	**3,362**
Net increase / (decrease) in cash and cash equivalents	**2,225**	**3,863**	**5,210**	**(904)**
Effects of exchange rate changes on cash and cash equivalents	23	126	353	(881)
Cash and cash equivalents at beginning of financial year/ period	10,327	12,575	12,575	16,564
Cash and cash equivalents at the end of financial year / period	**12,575**	**16,564**	**18,138**	**14,779**

10. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the historical financial information as set out in Section 9 of this Information Memorandum.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled "Risk Factors" set out in Section 6 of this Information Memorandum.

10.1 Overview

We are principally involved in the design, marketing and retailing of women footwear, handbags and accessories under the Carlo Rino and CR2 brands.

10.2 Revenue

Our Group's revenue for the financial years/periods under review are analysed as follows:

(i) By product group

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Handbags[(1)]	70,311	62.36	56,140	58.90	41,557	59.96	47,608	61.45
Women footwear	31,327	27.78	27,033	28.36	19,640	28.33	20,919	27.00
Accessories	11,114	9.86	12,142	12.74	8,115	11.71	8,948	11.55
Total	**112,752**	**100.00**	**95,315**	**100.00**	**69,312**	**100.00**	**77,475**	**100.00**

Note:
(1) Including sales of materials for handbags (which were sourced by our Group) to external manufacturers.

(ii) By brand

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Carlo Rino	98,791	87.62	81,873	85.90	59,785	86.25	64,502	83.26
CR2	13,950	12.37	12,732	13.36	8,953	12.92	12,755	16.46
G. Davin[(1)]	11	0.01	710	0.74	574	0.83	218	0.28
Total	**112,752**	**100.00**	**95,315**	**100.00**	**69,312**	**100.00**	**77,475**	**100.00**

Note:
(1) Being products which we acquired from the Bonia Group and once all the products acquired are sold, we will not have further dealing with G. Davin products. It is not a major brand which we rely on as the contribution to revenue was negligible relatively to other brands which we market.

(iii) By geographical location

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	110,047	97.60	93,320	97.91	67,920	97.99	75,057	96.88
Vietnam	919	0.82	237	0.25	-	-	1,446	1.86
Indonesia	341	0.30	210	0.22	92	0.13	643	0.83
Kuwait[(1)]	1,137	1.01	1,191	1.25	1,048	1.51	231	0.30
Others[*]	308	0.27	357	0.37	252	0.37	98	0.13
Total	**112,752**	**100.00**	**95,315**	**100.00**	**69,312**	**100.00**	**77,475**	**100.00**

Notes:
* Comprising Brunei, Cambodia, Myanmar, Singapore and Saudi Arabia.
(1) The distributorship arrangement with Kuwait distributor was mutually terminated with effect from 31 March 2018.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

(iv) By business segment

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boutique	50,273	44.59	46,049	48.31	33,760	48.71	37,144	47.94
Departmental store	51,796	45.94	41,539	43.58	30,382	43.83	30,737	39.67
E-commerce	670	0.59	1,887	1.98	1,263	1.82	3,544	4.58
Distributor/ Dealer	5,554	4.93	3,249	3.41	2,501	3.61	4,259	5.50
	108,293	**96.05**	**92,724**	**97.28**	**67,906**	**97.97**	**75,684**	**97.69**
Outright sales of materials	4,459	3.95	2,591	2.72	1,406	2.03	1,791	2.31
Total	**112,752**	**100.00**	**95,315**	**100.00**	**69,312**	**100.00**	**77,475**	**100.00**

FYE 30 June 2017 as compared to FYE 30 June 2016

Our revenue decreased by RM17.43 million or 15.46% to RM95.32 million in FYE 30 June 2017 (FYE 30 June 2016: RM112.75 million) mainly due to:

(i) low consumer confidence level overall in Malaysia which led to weaker consumer spending, as demonstrated by lower revenue from handbags and women footwear of Carlo Rino brand, being a higher priced product group;

(ii) management's business strategy of reducing sales discounts for both brands of all product types as well as the launching of new collections with higher profit margins, which contributed positively to our profit margins but did not yield a desired surge in sales volume;

(iii) the decline of sales through distributors/dealers from RM5.55 million in FYE 30 June 2016 to RM3.25 million in FYE 30 June 2017 mainly due to reduce in outright sales to distributors resulting from the softening retail markets in which these distributors operate; and

(iv) the closure of 2 underperforming boutiques and 12 departmental store counters during 2017 due to the softening retail market in Malaysia.

Despite the above, management had assessed the weaker market conditions and had realigned our business strategies to counter the negative impact encountered. More focus was placed on the e-commerce space to expand our reach into consumers who prefer shopping online, resulting in an increase in revenue from e-commerce segment by 182.09% to RM1.89 million in FYE 30 June 2017 (FYE 30 June 2016: RM0.67 million). Apart from that, management continued its efforts to survey markets and identify strategic locations, malls and/or departmental stores for the setting up of new boutiques and/or departmental store counters. Management also tailored our sales discount strategy and product collection according to the latest market demands in view of generating more sales.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our revenue increased by RM8.17 million or 11.79% to RM77.48 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM69.31 million) mainly due to:

(i) newly opened boutiques and outlets such as Genting Highlands Premium Outlet, Design Village, Paradigm Mall Johor Bahru and Setia City Mall;

(ii) sales discount strategy and launches of new collections to boost sales in addition to the generally improved consumer spending in Malaysia, resulting in an increase in sales for both Carlo Rino and CR2 brands; and

(iii) higher revenue generated from the e-commerce segment, with an increase from RM1.26 million in the 9M FPE 31 March 2017 to RM3.54 million in 9M FPE 31 March 2018 by RM2.28 million or 180.95%, as a result of focus from the management team to tap into the online market.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

10.3 Cost of sales

Our cost of sales consists of cost of finished goods, cost of materials for sale and packaging material cost.

The table below sets forth the breakdown of our costs of sales for the financial years/periods under review:

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cost of finished goods	49,902	92.03	40,285	94.07	28,791	95.03	35,394	95.10
Cost of materials for sale	4,103	7.57	2,209	5.16	1,176	3.88	1,692	4.55
Packaging material cost	218	0.40	331	0.77	330	1.09	130	0.35
Total	**54,223**	**100.00**	**42,825**	**100.00**	**30,297**	**100.00**	**37,216**	**100.00**

Our cost of sales for the financial years/periods under review are analysed as follows:

(i) By product group

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Handbags	33,887	62.50	25,988	60.68	18,655	61.57	22,682	60.95
Women footwear	15,362	28.33	12,741	29.75	8,547	28.21	10,995	29.54
Accessories	4,974	9.17	4,096	9.57	3,095	10.22	3,539	9.51
Total	**54,223**	**100.00**	**42,825**	**100.00**	**30,297**	**100.00**	**37,216**	**100.00**

(ii) By brand

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Carlo Rino	45,845	84.55	35,356	82.56	25,045	82.66	30,154	81.02
CR2	8,371	15.44	7,047	16.45	4,907	16.20	6,907	18.56
G. Davin	7	0.01	422	0.99	345	1.14	155	0.42
Total	**54,223**	**100.00**	**42,825**	**100.00**	**30,297**	**100.00**	**37,216**	**100.00**

(iii) By geographical location

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	52,439	96.71	41,751	97.49	29,581	97.64	35,471	95.31
Vietnam	752	1.39	181	0.42	-	-	1,104	2.97
Indonesia	284	0.52	130	0.30	54	0.17	456	1.22
Kuwait	521	0.96	538	1.26	499	1.65	119	0.32
Others*	227	0.42	225	0.53	163	0.54	66	0.18
Total	**54,223**	**100.00**	**42,825**	**100.00**	**30,297**	**100.00**	**37,216**	**100.00**

Note:

* Comprising Brunei, Cambodia, Myanmar, Singapore and Saudi Arabia.

(iv) By business segment

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Boutique	19,284	35.56	17,214	40.20	12,557	41.44	14,900	40.04
Departmental store	26,354	48.60	20,351	47.52	14,387	47.49	15,317	41.16
E-commerce	286	0.53	972	2.27	600	1.98	2,075	5.57
Distributor/ Dealer	4,196	7.74	2,079	4.85	1,577	5.21	3,232	8.68
	50,120	**92.43**	**40,616**	**94.84**	**29,121**	**96.12**	**35,524**	**95.45**
Outright sales of materials	4,103	7.57	2,209	5.16	1,176	3.88	1,692	4.55
Total	**54,223**	**100.00**	**42,825**	**100.00**	**30,297**	**100.00**	**37,216**	**100.00**

FYE 30 June 2017 as compared to FYE 30 June 2016

In tandem with decrease in sales, our cost of finished goods and costs of materials for sale have decreased, resulting in a decrease in our total cost of sales by RM11.40 million or 21.03% to RM42.82 million in FYE 30 June 2017 (FYE 30 June 2016: RM54.22 million). In line with RM16.92 million decrease in revenue contribution from Carlo Rino brand in FYE 30 June 2017, the cost of sales for Carlo Rino's range of products decreased by RM10.49 million or 22.88% from RM45.85 million in FYE 30 June 2016 to RM35.36 million in the FYE 30 June 2017.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our cost of sales for both Carlo Rino and CR2 range of products increased by RM7.11 million or 23.74% to RM37.06 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM29.95 million) mainly due to the increase in cost of finished goods, which is in tandem with the increase in sales, with RM8.52 million or 12.39% increase in revenue contribution from both Carlo Rino and CR2 brands in 9M FPE 31 March 2018.

10.4 GP and GP margin

Our GP and GP margin for the financial years/period under review are analysed as follows:

(i) By product group

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
GP	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Handbags	36,424	62.23	30,152	57.44	22,902	58.70	24,926	61.91
Women footwear	15,965	27.28	14,292	27.23	11,093	28.43	9,924	24.65
Accessories	6,140	10.49	8,046	15.33	5,020	12.87	5,409	13.44
Total	**58,529**	**100.00**	**52,490**	**100.00**	**39,015**	**100.00**	**40,259**	**100.00**

	FYE 30 June		9M FPE 31 March	
	2016	2017	2017	2018
GP margin	**%**	**%**	**%**	**%**
Handbags	51.80	53.71	55.11	52.36
Women footwear	50.96	52.87	56.48	47.44
Accessories	55.25	66.27	61.86	60.45
Overall	**51.91**	**55.07**	**56.29**	**51.96**

(ii) By brand

GP	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Carlo Rino	52,946	90.46	46,517	88.62	34,740	89.04	34,348	85.32
CR2	5,579	9.53	5,685	10.83	4,046	10.37	5,848	14.52
G. Davin	4	0.01	288	0.55	229	0.59	63	0.16
Total	**58,529**	**100.00**	**52,490**	**100.00**	**39,015**	**100.00**	**40,259**	**100.00**

GP margin	FYE 30 June		9M FPE 31 March	
	2016	2017	2017	2018
	%	%	%	%
Carlo Rino	53.59	56.82	58.11	53.25
CR2	39.99	44.65	45.19	45.85
G. Davin	36.36	40.56	39.90	28.90
Overall	**51.91**	**55.07**	**56.29**	**51.96**

(iii) By geographical location

GP	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	57,608	98.42	51,569	98.25	38,339	98.27	39,586	98.33
Vietnam	167	0.29	56	0.11	-	-	342	0.85
Indonesia	57	0.10	80	0.15	38	0.09	187	0.46
Kuwait	616	1.05	653	1.24	549	1.41	112	0.28
Others*	81	0.14	132	0.25	89	0.23	32	0.08
Total	**58,529**	**100.00**	**52,490**	**100.00**	**39,015**	**100.00**	**40,259**	**100.00**

GP margin	FYE 30 June		9M FPE 31 March	
	2016	2017	2017	2018
	%	%	%	%
Malaysia	52.35	55.26	56.45	52.74
Vietnam	18.17	23.63	-	23.65
Indonesia	16.72	38.10	41.30	29.08
Kuwait	54.18	54.83	52.39	48.48
Others*	26.30	36.97	35.32	32.65
Overall	**51.91**	**55.07**	**56.29**	**51.96**

Note:
* Comprising Brunei, Cambodia, Myanmar, Singapore and Saudi Arabia.

(iv) By business segment

GP	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boutique	30,989	52.95	28,835	54.93	21,203	54.34	22,244	55.25
Departmental store	25,442	43.47	21,188	40.37	15,995	41.00	15,420	38.30
E-commerce	384	0.65	915	1.74	663	1.70	1,469	3.65
Distributor/ Dealer	1,358	2.32	1,170	2.23	924	2.37	1,027	2.55
	58,173	**99.39**	**52,108**	**99.27**	**38,785**	**99.41**	**40,160**	**99.75**
Outright sales of materials	356	0.61	382	0.73	230	0.59	99	0.25
Total	**58,529**	**100.00**	**52,490**	**100.00**	**39,015**	**100.00**	**40,259**	**100.00**

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

GP margin	FYE 30 June		9M FPE 31 March	
	2016	2017	2017	2018
	%	%	%	%
Boutique	61.64	62.62	62.81	59.89
Departmental store	49.12	51.01	52.65	50.17
E-commerce	57.31	48.49	52.49	41.45
Distributor/ Dealer	24.45	36.01	36.95	24.11
Outright sales of materials	7.98	14.74	16.36	5.53
Overall	**51.91**	**55.07**	**56.29**	**51.96**

FYE 30 June 2017 as compared to FYE 30 June 2016

Our GP decreased by RM6.04 million or 10.32% to RM52.49 million in FYE 30 June 2017 (FYE 30 June 2016: RM58.53 million) mainly due to the significant decrease in our revenue resulting from weaker market conditions in Malaysia. Despite the above, our overall GP margin improved to 55.07% in FYE 30 June 2017 (FYE 30 June 2016: 51.91%) mainly due to the business strategy adopted in reducing sales discounts and launching new collections of higher GP margins.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our GP increased by RM1.24 million or 3.18% to RM40.26 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM39.02 million) mainly due to higher revenue generated as a result of increased revenue contribution from the recently opened boutiques and outlets and increased revenue contribution from the e-commerce segment. However, our overall GP margin decreased to 51.96% in 9M FPE 31 March 2018 (9M FPE 31 March 2017: 56.29%) mainly due to sales discounts given to generate more revenue from all business segments as well as greater participation in promotional events of e-commerce platforms which similarly attributed to lower GP margins.

10.5 Other income

The table below sets forth the breakdown of our other income for the financial years/periods under review:

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Commission and dealer fee received	167	13.16	144	14.53	52	6.08	16	3.30
Interest income	1	0.08	48	4.84	39	4.56	73	15.05
Reversal of impairment losses on amount owing from a related company	-	-	203	20.48	203	23.72	-	-
Realised gain on foreign exchange	507	39.95	67	6.76	56	6.54	69	14.23
Unrealised gain on foreign exchange	116	9.14	138	13.93	326	38.08	-	-
Reimbursement of expenses	399	31.44	295	29.77	112	13.08	103	21.24
Shipping fees received	29	2.29	55	5.55	37	4.32	101	20.82
Others*	50	3.94	41	4.14	31	3.62	123	25.36
Total	**1,269**	**100.00**	**991**	**100.00**	**856**	**100.00**	**485**	**100.00**

Note:

* Comprising mainly one-off miscellaneous incomes such as customer deposits forfeited, insurance claims over stock loss in transit, an one-off waiver of debts by a non-trade creditor in 9M FPE 31 March 2018 and gain on disposal of property, plant and equipment.

FYE 30 June 2017 as compared to FYE 30 June 2016

Our other income decreased by RM0.28 million or 22.05% to RM0.99 million in FYE 30 June 2017 (FYE 30 June 2016: RM1.27 million) mainly due to:

(i) significantly lower realised gain on foreign exchange (with the reduction amounting to RM0.44 million) mainly due to depreciation of RM against USD; and

(ii) reduction in commission and dealer fee received as a result of non-renewal of dealers during FYE 30 June 2017.

Despite the above, there was a reversal of impairment loss on amount owing by Banyan Sutera Sdn Bhd (a subsidiary of Bonia) of RM0.20 million in FYE 30 June 2017. Such amount arose from sales of finished goods and was recovered by us during FYE 30 June 2017.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our other income decreased by RM0.37 million or 43.02% to RM0.49 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM0.86 million) mainly due to:

(i) reduction in commission and dealer fee received as a result of fewer appointment of dealers during 9M FPE 31 March 2018;

(ii) absence of reversal of impairment losses on amount owing by a related company of RM0.20 million; and

(iii) the incurrence of unrealised loss on foreign exchange in 9M FPE 31 March 2018 instead of unrealised gain on foreign exchange in 9M FPE 31 March 2017.

10.6 Selling and distribution expenses

The table below sets forth the breakdown of our selling and distribution expenses for the financial years/periods under review:

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertising and promotion	2,192	7.73	3,165	10.91	2,015	9.39	2,703	12.10
Amortisation and depreciation	2,112	7.44	1,703	5.87	1,153	5.38	1,159	5.19
Dealers' commission	3,341	11.78	2,106	7.26	1,619	7.55	1,203	5.39
Rental of boutiques	9,338	32.92	9,516	32.79	7,088	33.05	7,687	34.42
Sales promoter costs	10,174	35.86	11,127	38.34	8,577	39.99	8,515	38.12
Transportation costs	840	2.96	1,015	3.50	747	3.48	784	3.51
Others*	373	1.31	387	1.33	250	1.16	283	1.27
Total	**28,370**	**100.00**	**29,019**	**100.00**	**21,449**	**100.00**	**22,334**	**100.00**

Note:
* Comprising packaging materials and counter maintenance.

FYE 30 June 2017 as compared to FYE 30 June 2016

Our selling and distribution expenses increased by RM0.65 million or 2.29% to RM29.02 million in FYE 30 June 2017 (FYE 30 June 2016: RM28.37 million) mainly due to:

(i) increase in advertising and promotion costs by RM0.97 million as more advertising activities were carried out in Indonesia and Malaysia;

(ii) increase in rental of boutiques by RM0.18 million attributable to the opening of new boutiques in Malaysia which resulted in higher rental costs;

(iii) increase in sales promoter costs by RM0.95 million due to increase in headcount; and

(iv) increase in transportation costs by RM0.18 million resulting from import duty and handling charges incurred by PTCMS which commenced operations during FYE 30 June 2017.

Despite the above, the dealers' commission decreased to RM2.11 million in FYE 30 June 2017 (FYE 30 June 2016: RM3.34 million) due to non-renewal of dealers.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our selling and distribution expenses increased by RM0.88 million or 4.10% to RM22.33 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM21.45 million) mainly due to:

(i) increase in advertising and promotion costs by RM0.69 million for continual advertising spending in Indonesia; and

(ii) increase in rental of boutiques by RM0.60 million attributable to the opening of new boutiques in Malaysia which resulted in higher rental costs.

10.7 General and administrative expenses

The table below sets forth the breakdown of our general and administrative expenses for the financial years/periods under review:

	FYE 30 June				**9M FPE 31 March**			
	2016		**2017**		**2017**		**2018**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Employee costs and benefits	6,860	43.51	8,052	43.57	5,961	43.32	5,783	44.40
Depreciation	849	5.38	1,739	9.41	1,411	10.25	960	7.37
Rental of premises	1,503	9.53	1,200	6.49	871	6.33	563	4.32
Impairment losses on amount owing from a related company	203	1.29	-	-	-	-	-	-
Insurance costs	241	1.53	200	1.08	114	0.83	121	0.93
Management fees	2,470	15.67	2,151	11.64	1,592	11.57	1,890	14.51
Professional fees	419	2.66	415	2.25	244	1.77	549	4.21
Postage, printing and stationery	259	1.64	446	2.41	333	2.42	467	3.59
Travelling and transportation costs	764	4.84	834	4.52	625	4.55	527	4.05
Upkeep and maintenance	715	4.53	947	5.13	761	5.53	734	5.64
Utilities and telecommunication expenses	792	5.02	770	4.17	541	3.93	574	4.41
Other*	692	4.40	1,725	9.33	1,307	9.50	856	6.57
Total	**15,767**	**100.00**	**18,479**	**100.00**	**13,760**	**100.00**	**13,024**	**100.00**

Note:
* Comprising realised and unrealised foreign exchange loss, quit rent and assessment, royalties, security charge, web maintenance fee and provision for legal compensation.

FYE 30 June 2017 as compared to FYE 30 June 2016

Our general and administrative expenses increased by RM2.71 million or 17.18% to RM18.48 million in FYE 30 June 2017 (FYE 30 June 2016: RM15.77 million) mainly due to:

(i) employee costs (including benefits) increasing by RM1.19 million as a result of recruitment of additional staff for the Advertising and Promotion and Business Development Departments as well as our foreign subsidiaries;

(ii) increase in depreciation expenses by RM0.89 million as a result of the reclassification of an investment property to property, plant and equipment in line with the change of use of such property as well as additional capital expenditure for new boutiques; and

(iii) provision for legal compensation of RM1.00 million for a legal suit which had since been settled in the subsequent financial year. This legal suit arose from dispute over trade mark infringement on eyewear products. As our Group had fully settled the related cost and damages, there is no further liability on the part of our Group.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our general and administrative expenses decreased by RM0.74 million or 5.38% to RM13.02 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM13.76 million) mainly due to:

(i) decrease in depreciation expenses by RM0.45 million as a result of the increase in fully depreciated fixed assets such as renovation;

(ii) decrease in rental costs by RM0.31 million in line with the cessation of rental of a showroom in Singapore; and

(iii) absence of the provision for legal compensation during 9M FPE 31 March 2018.

10.8 Finance costs

The table below sets forth the breakdown of our finance costs for the financial years/periods under review:

	FYE 30 June				9M FPE 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Merchant credit card charges	287	23.37	274	25.85	210	26.65	225	25.00
Bank charges	83	6.76	84	7.92	26	3.30	59	6.56
Interest expenses	858	69.87	702	66.23	552	70.05	616	68.44
Total	**1,228**	**100.00**	**1,060**	**100.00**	**788**	**100.00**	**900**	**100.00**

FYE 30 June 2017 as compared to FYE 30 June 2016

Our finance costs decreased by RM0.17 million or 13.82% to RM1.06 million in FYE 30 June 2017 (FYE 30 June 2016: RM1.23 million) mainly due to:

(i) lower merchant credit card charges in line with lower revenue recorded for FYE 30 June 2017; and

(ii) lower interest expenses incurred for term loan and bankers' acceptance.

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our finance costs increased by RM0.11 million or 13.92% to RM0.90 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM0.79 million) mainly due to higher bank charges as well as interest expenses as a result of higher utilisation of bankers' acceptance.

10.9 PAT and PAT margin

The table below sets forth our PAT and PAT margin for the financial years/periods under review:

	FYE 30 June		9M FPE 31 March	
	2016	**2017**	**2017**	**2018**
PAT (RM'000)	10,965	3,334	2,588	2,877
PAT margin (%)	9.72	3.50	3.73	3.71

FYE 30 June 2017 as compared to FYE 30 June 2016

Our PAT decreased by RM7.64 million or 69.64% to RM3.33 million in FYE 30 June 2017 (FYE 30 June 2016: RM10.97 million) mainly due to:

(i) lower revenue recorded with a decrease of RM17.43 million or 15.46% to RM95.32 million in FYE 30 June 2017 (FYE 30 June 2016: RM112.75 million); and

(ii) higher general and administrative costs incurred with an increase of RM2.71 million or 17.18% to RM18.48 million in FYE 30 June 2017 (FYE 30 June 2016: RM15.77 million).

9M FPE 31 March 2018 as compared to 9M FPE 31 March 2017

Our PAT increased by RM0.29 million or 11.20% to RM2.88 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM2.59 million) mainly due to:

(i) higher revenue recorded with an increase of RM8.17 million or 11.79% to RM77.48 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM69.31 million); and

(ii) lower general and administrative costs incurred with a decrease of RM0.74 million or 5.38% to RM13.02 million in 9M FPE 31 March 2018 (9M FPE 31 March 2017: RM13.76 million).

10.10 Significant factors affecting our financial position and results of operations

Our Board has observed that based on the revenue and operations of our Group for the past financial years/periods under review, the following factors may continue to affect our business:

(i) Demand for our products

The demand for our products is dependent on the market sentiment, our ability to design products which are in line with the latest fashion trends and our capability of pricing our products competitively as well as appropriately and timely carrying out advertising and promotional activities. Consumers are generally receptive to the frequently changing fashion trends, resulting in relatively shorter product lifecycles for women footwear and handbags.

According to the IMR Report, the women footwear market in Malaysia is forecasted to grow at a healthy CAGR of 8.7% between 2018 and 2020, to reach RM3.9 billion in 2020. Further, it is forecasted that the total handbag market in Malaysia to grow by a further CAGR of 8.9% between 2018 and 2020, to reach RM2.8 billion in 2020. The mass consumer and high street handbag segment (which our Group operates in) is expected to grow at a CAGR of 8.7% between 2018 and 2020 to reach RM1,076.8 million in 2020.

We believe we are well positioned to capitalise on the continued growth of women footwear and handbag markets in Malaysia as these have been and are our product focus. By leveraging on our RD&D capability (in identifying trends and creating new designs and collections that meet consumer needs and preferences in a timely manner) as well as sales and marketing initiatives in increasing brand awareness, we anticipate that demand for our women footwear and handbags for both Carlo Rino and CR2 brands will continue to grow.

(ii) Competition

Our financial condition and results of operations will be affected by our ability to address the competitive pressures in the industry that we operate in. Our Group faces competition from other women footwear and handbag industry players, be it existing competitors or new competitors seeking to penetrate markets that our Group operates in. 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 our Group's operations and financial results.

We can leverage on our RD&D capability in identifying trends and creating new designs and collections that meet consumer needs and preferences in a timely manner; sales and marketing initiatives in increasing brand awareness; and executive leadership from our Managing Director to steer us through the competitive landscape in which our Group operates in.

(iii) Broaden our overseas distribution/dealership capabilities

From year 2016, we have broadened our overseas distribution/dealership capabilities in Indonesia and Vietnam by incorporating our subsidiaries, namely PTCMS and CRR, to appoint our authorised distributors/dealers in Indonesia and Vietnam, respectively, to undertake the wholesale and marketing of Carlo Rino and CR2 range of products. Since then, CRG Group has retail presence through 6 boutiques and 8 departmental store counters in these 2 countries through our authorised distributors/dealers.

Further, in year 2017, we appointed Kafak as our authorised distributor for Carlo Rino brand in the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kingdom of Bahrain and Sultanate of Oman. Kafak International Company has since launched a boutique in Saudi Arabia.

By broadening our overseas distribution/dealership capabilities, we are able to enhance our brand presence and visibility in the international market and drive the growth for our women footwear and handbag markets.

(iv) Change in consumer spending patterns/preference

Our Group's business is dependent on consumer spending patterns which could be affected by numerous factors including, inter alia, market performance, fluctuation of income levels, consumer preferences and brand loyalty.

The market performance is largely driven by economic trends, such as disposable income, consumer confidence and consumer spending. With greater consumer spending power, consumers in Malaysia would also be more aware of fashion styles, place more importance on keeping up with the latest trends and may have an affinity for recognised brands. Accordingly, this will drive demand for the women footwear and handbag in Malaysia.

Consumers' demands and preferences are ever changing and greatly dependent on the designs of the goods and accessories of our RD&D team. Inability of our RD&D team to identify the customers' needs and expectations may result in our Group losing out on sales opportunities to compete with other fashion brands in the market. Hence, our RD&D team and sales personnel are always keeping close tabs on the latest consumers' fashion preferences and expectations to ensure our Group's products are sought after by consumers in the market. In addition, our Group will take all reasonable steps to ensure quality assurance and control procedures are continuously implemented for our Group's products to meet customers' expectation.

(v) Seasonality

The demand for our products is seasonal in nature and the highest sales are typically recorded during the festive seasons such as Hari Raya, Christmas, New Year and Chinese New Year, during which promotional activities are heightened, as observed in the past 2 financial years. These festivities typically have considerable impact on the demand for our women footwear and handbags as consumers purchase products to celebrate the festive period or to buy as gifts. As a result, new collections are constantly introduced to the market, and these new collections have been a driving factor for women footwear and handbag sales.

This seasonality in sales presents a stock forecasting challenge. Inability to effectively manage stock in line with market demand could result in the loss of revenue opportunity. Nonetheless, our Group will continue to monitor and estimate the market demand to react swiftly to either capitalise or counter any increase or decrease in demand for our products.

(vi) High selling and distribution expenses

As the rental expenses accounted for a significant part of our Group's selling expenses, the rates of the rental for boutiques, which are fixed under the terms of the tenancy agreements entered between our Group and the landlords, may lead to a negative impact in the net profit of our Group if the revenues generated from boutiques are unable to cover the rental of boutiques.

10.11 Working capital

Our Company had, vide our letter issued on 6 June 2018, sought consent from a local financial institution ("**FI**") to discharge a corporate guarantee given by Bonia for a fixed term loan facility granted to our Company ("**Discharge**"). As at the LPD, the FI is still assessing our application. Consequently, our Company had, vide our letter dated 26 September 2018, informed the FI that our Company intends to fully redeem the loan facility if the Discharge is not granted ("**Redemption**").

As at the LPD, the outstanding loan amount with the local FI stood at RM12.964 million, whereas our Group has bank balances (including fixed deposits and short term placement with licensed bank) of approximately RM19.73 million. Further, as at the LPD, our Group has trade finance and overdraft facilities of RM13.0 million for our working capital purposes, of which RM12.728 million remains un-utilised as at the LPD. The Redemption is expected to be funded via our internally-generated funds or refinancing from another FI or a combination of both of the aforesaid sources of funds.

After taking into consideration our past financial performance and future prospects, our cash and bank balances and the amount available under our existing trade finance and overdraft facilities, our Board is of the view that we will have sufficient working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Information Memorandum and after the Redemption. Our Board undertakes to complete the Discharge or the Redemption prior to the completion of the Dividend-in-Specie.

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11. OTHER INFORMATION

11.1 Material contracts

As at the LPD, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered by our Group within the 2 years immediately preceding the date of this Information Memorandum.

11.2 Material litigation

As at the LPD, we are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

11.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liability incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on our Group's financial position:

	As at the LPD
	RM'000
Corporate guarantees to financial institutions for banking facilities granted to a subsidiary	3,013
Corporate guarantees to landlords for tenancy agreements entered into by a subsidiary	950
Total	**3,963**

11.4 Declaration by advisers

(i) TA Securities confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Approved Adviser and Continuing Adviser pursuant to our Proposed Listing.

(ii) BDO confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Auditors for our Proposed Listing.

(iii) Olivia Lim & Co. confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the due diligence solicitors for our Proposed Listing.

(iv) Wibowo Hadiwijaya & Co. confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the due diligence solicitors for our foreign subsidiary in Indonesia for our Proposed Listing.

(v) LMP Lawyers confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the due diligence solicitors for our foreign subsidiary in Vietnam for our Proposed Listing.

(vi) Providence Strategic Partners Sdn Bhd confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

11.5 Summary of Indonesian company law

11.5.1 Indonesian Companies Act

To conduct business operation in Indonesia, a foreign investor must incorporate and establish a limited liability company under a Deed of Establishment with the approval of the Ministry of Law and Human Rights of the Republic of Indonesia.

Based on the Law No. 40 Year 2007 regarding the limited liability company, every limited liability company established must at least have 1 director and 2 shareholders.

Pursuant to the Ministry of Manpower Regulation No. 35 Year 2015 regarding the Foreign Worker, a limited liability company, whether it is a local company or a foreign investment company, could have a foreign director. Such foreign director may not need to be domiciled in Indonesia, however if the foreign director is appointed as a person in charge for such company, then such foreign director must be domiciled in Indonesia and must be issued with a foreign worker licence.

11.5.2 Regulatory regime relevant to the Indonesian business operations

Based on the Law No. 7 Year 2014 concerning Trading Law and its derivative regulation, wholesale import activity is considered as a type of agency activity. In year 2016, the Indonesia Government has enacted Presidential Regulation No. 44 Year 2016 which sets out the negative investment list ("**Indonesian Negative Investment List**") which provides, amongst others, that agency activity is closed for the foreign investment. However, Investment Coordination Board ("**BKPM**") has issued an unwritten discretion to open import activity for 100% foreign investment.

It is to be noted that upon a foreign investment company obtaining a foreign investment licence from BKPM, based on BKPM Regulation No. 13 Year 2017, the approval on the 100% foreign investment shall not be revoked notwithstanding there is new update on Indonesia Negative Investment List which forbids import activity.

Based on the Ministry of Trade Regulation No. 70/MDAG-PER/8 Year 2015 concerning the Import Identification Number, a company is required to apply for the General Import Licence *(Angka Pengenal Impor – Umum/API U)* upon obtaining a trading business licence. Further, the company must also observe the Ministry of Finance Regulation No. 6/PMK.010 Year 2017, which was subsequently updated via Regulation No. 17/PMK 010/2018 on Stipulation of Goods Classification System and Import Duty on Imported Goods to determine whether there are any limitations or additional requirements imposed on the goods imported by the company.

11.5.3 Exchange control and repatriation of capital, profits and dividends

Save as set out below, there are no restrictions on repatriation of capital, profits and dividends or controls on foreign exchange by Indonesian laws, decrees, regulations or other legislations.

Pursuant to the Law No. 7 Year 2011 concerning Currency in conjunction with the Bank of Indonesia Regulation No. 17 Year 2015 concerning the Obligation to use the Indonesian Rupiah Currency in Indonesian Territory ("**Currency Regulation**"), there is an obligation for all party to use the Rupiah currency for any transaction in Indonesia with the exception to, amongst others, international transactions, such as cross border supply between 2 different countries (such as from Malaysia to Indonesia or otherwise).

Further, the Law No. 25 Year 2007 concerning the Investment Law provides that foreign investors may conduct, among others, transfer of assets and repatriation of capital, profits and dividends in foreign currency provided that such conduct does not reduce the enforcement of law to protect the rights of creditors, to avoid Indonesia's losses, to require reporting of any fund transfers and to draw taxes, royalties and/or other revenues from investments in accordance with the prevailing laws and regulations of Indonesia.

A foreign investor may also repatriate capital, profits and dividends from its investment in Indonesia in their original currency subject to the prevailing exchange rates.

Under the Indonesian Company Law, repatriation of capital shall be considered as reduction of company's capital and must be approved by all of the shareholders through a general meeting of shareholders. Such reduction of capital shall not fall below the minimum issued and paid up capital of Rp. 2.5 billion, which is a requirement for foreign investment company as set out under Law No. 20 Year 2008 concerning the Micro, Small and Medium Company.

11. OTHER INFORMATION *(CONT'D)*

According to Law No. 40 of 2007 for distribution of dividend by a limited liability company, all net profit of a limited liability company after the deduction to be set aside for reserves shall be allocated to its shareholders as dividends unless otherwise stated or specify in the general meeting of shareholders. The dividends may only be allocated if the company has a positive balance of profits. The company may allocate interim dividends before the company's financial year ends provided that the Articles of Association of the company so allow. In the event that after the financial year ends it transpires that the company has suffered losses, the interim dividends so allocated must be returned to the company by the shareholders, otherwise the Board of Directors and Board of Commissioners shall be jointly and severally responsible for the company's losses in the event that the shareholders fail to return the interim dividends.

11.5.4 Withholding tax and tax on remittance / repatriation of profits

Taxation on dividend is governed by the Income Tax Law No. 36 of 2008 ("**Indonesia Income Tax Law**") which imposes income tax rate of 15% on resident corporate investors and a maximum of 10% on resident individuals. Whereas, dividend paid to or received by a non-resident recipient is subject to a 20% final withholding tax unless the following conditions are met, amongst others:

(a) if the dividend is distributed to the shareholder, being limited liability company incorporated in Indonesia, from retained earnings, the dividend received by limited liability company incorporated in Indonesia, is exempted from income tax; and

(b) limited liability company incorporated in Indonesia earning the dividend holds at least 25% of the paid-up capital in the company that distributing the dividends.

11.6 Summary of Vietnamese company law

11.6.1 Law on enterprises and law on investment in Vietnam

The main governing legislations for companies incorporated in Vietnam are Law on Enterprises No. 68/2014/QH13 and Law on Investment No. 67/2014/QH13 ("**Regulations**").

Under the incorporation of one-member limited liability company with the owner being an organisation, the company structure shall include the following:

(i) the chairman, the director or General Director and the Inspector; or

(ii) the members' council, the director or General Director and the Inspector.

A company incorporated under the laws of Vietnam may have one or more than one legal representative. The chairman or the General Director or the director may be appointed by the company's owner as the legal representative(s). The company shall have at all-time at least 1 legal representative that resides in Vietnam.

If the company has 1 legal representative, such person must reside in Vietnam or authorise another person in writing to perform the legal representative's rights and obligations when leaving Vietnam.

A foreign-owned enterprise may subject to certain obligations with regard to its enterprise and/or investment registration through the certificate issued which is required by the foreign investor to fulfill and comply with its foreign shareholding, establishment and operation in Vietnam.

11.6.2 Regulatory regime relevant to the Vietnamese business operations

Under the Regulations on investment in Vietnam, the foreign investor, the foreign owned company incorporated in Vietnam is entitled to conduct business investment activities in industries and trades which are not prohibited by Law on Investment No. 67/2014/QH13. When the foreign investor establishes its subsidiary in Vietnam, it must satisfy the investment conditions applicable to foreign investors as prescribed in the laws, ordinances, decrees and international treaties. In addition, the foreign investor conducting investment activities in various industries and trades must satisfy all of the investment conditions applicable to such industries and trades.

11. OTHER INFORMATION *(CONT'D)*

11.6.3 Exchange control and repatriation of capital, profits and dividends

A company incorporated under the laws of Vietnam including a foreign-owned enterprise, is designated as a resident and is subject to foreign exchange control in Vietnam. The legislation that regulates the foreign exchange relating to the direct investment in Vietnam is Ordinance on Foreign Exchange (and any amendments from time to time) and the Circular No.19/2014/TT-NHNN of the State Bank of Vietnam ("**Foreign Exchange Regulations**").

A company incorporated in Vietnam is permitted to convert and remit foreign currency to overseas individuals/ organisations (being the non-resident) for the permitted transactions and dividends without the limitation on the amount as provided under the Foreign Exchange Regulations.

According to the Circular No.19/2014/TT-NHNN of the State Bank of Vietnam, the transfer or remittance of profits in Vietnam by a company incorporated under the laws of Vietnam to its corporate shareholder shall only be performed via the Direct Investment Capital Account (DICA) and subject to resident company having fully paid its debts and other liabilities.

Based on the Circular No.186/2010/TT-BTC of the Ministry of Finance which stipulates that the remittance of profits under the direct investment in Vietnam can be made as follows:

(a) annual remittance of all profits at the end of financial year of a company provided that:

   (i) a company has settled the financial liabilities with the Vietnam authority, submitted the declaration of corporate income tax of the relevant financial year and audited financial statements to the relevant competent tax authority, and has received clearance from the tax office; and

   (ii) the financial statements of the company does not carry any accumulated losses; or

(b) profit remittance upon termination of business activities and investment projects in Vietnam provided that a company has settled the financial liabilities with the Vietnam authority, submitted the declaration of corporate income tax of the relevant financial year and audited financial statements to the relevant competent tax authority, completed the duty under the regulation on the tax management, and has received clearance from the tax office.

11.6.4 Withholding tax and tax on remittance / repatriation of profits

The current corporate income tax ("**CIT**") rate in Vietnam is 20%, except for the current CIT rate applicable to petroleum prospecting, exploration and exploitation in Vietnam which is between 32% and 50%, and the current CIT rate applicable to the prospecting, exploration and extraction of precious and rare natural resources (including platinum, gold, silver, tin, tungsten, antimony, gemstones and rare earth other than petroleum) is 50%. There is no withholding tax or remittance tax imposed on profits remittance in the case of corporate shareholder, including the foreign shareholders, under the laws of Vietnam.

11.7 Responsibility statements

Our Directors and our Promoters have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Information Memorandum false or misleading.

TA Securities, being the Approved Adviser and Continuing Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning our Proposed Listing.

APPENDIX I

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF CRG FOR FYE 30 JUNE 2017

Company No:
880257 - A

CRG INCORPORATED SDN. BHD. (880257 - A)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2017

Company No:
880257 - A

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

CONTENTS PAGE

Company No:
880257 - A

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year ended 30 June 2017.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owner of the parent	3,333,723	4,624,902
Non-controlling interest	-	-
	3,333,723	4,624,902

DIVIDENDS

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any payment of final dividend in respect of the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 30 June 2017.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year ended 30 June 2017.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year ended 30 June 2017.

DIRECTORS OF CRG INCORPORATED SDN. BHD.

The Directors who have held for office since the date of the last report are:

Chiang Sang Sem
Dato' Sri Chiang Fong Yee
Datin Sri Lo Kin Yee

DIRECTORS OF SUBSIDIARIES OF CRG INCORPORATED SDN. BHD.

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries of CRG Incorporated Sdn. Bhd. during the financial year and up to the date of this report are as follows:

Dato' Sri Chiang Fong Yee
Datin Sri Lo Kin Yee
Pham Kieu Nhien
Christina

DIRECTORS' INTERESTS

Pursuant to Section 59 of the Malaysian Companies Act 2016, the interests in shares of the Company and of its related corporations of Chiang Sang Sem and Dato' Sri Chiang Fong Yee who were Directors at the end of the financial year 2017, was disclosed in the Directors' report of the Company's holding company.

According to the Register of Directors' shareholdings, the interests of the other Director in office at the end of the financial year in ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries, if any) during the financial year ended 30 June 2017 was as follows:

	← Number of ordinary shares of			→
	Balance as at 1.7.2016	**Additions**	**Sold/ Transferred**	**Balance as at 30.6.2017**
The holding company				
Bonia Corporation Berhad				
Direct interests				
Datin Sri Lo Kin Yee	40,000	-	(40,000)	-
Indirect interests				
Datin Sri Lo Kin Yee	5,050,600	49,400	-	5,100,000

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 a benefit included in the aggregate amount of emoluments 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 derived by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as Directors 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 29 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 29(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnity was given by the Group and the Company to any Director or officer of the Group and of the Company during the financial year. A corporate liability insurance was however effected for the Directors and officers of Bonia Corporation Berhad and its subsidiaries. The cost of such insurance thereon is disclosed in the Directors' Report of Bonia Corporation Berhad.

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 there are no known bad debts 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 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(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 necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year ended 30 June 2017 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.

HOLDING COMPANY

The holding company of the Company is Bonia Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

SUBSIDIARIES

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

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Details of auditors' remuneration are set out in Note 26 to the financial statements.

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

....
Dato' Sri Chiang Fong Yee
Director

....
Datin Sri Lo Kin Yee
Director

Kuala Lumpur
12 October 2017

Company No:
880257 - A

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 to 79 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 2017 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,

....	....
Dato' Sri Chiang Fong Yee	**Datin Sri Lo Kin Yee**
Director	Director

Kuala Lumpur
12 October 2017

STATUTORY DECLARATION

I, Dato' Sri Chiang Fong Yee, being the Director primarily responsible for the financial management of CRG Incorporated Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 79 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)
12 October 2017)

Dato' Sri Chiang Fong Yee

Before me:

Commissioner for Oaths
Kuala Lumpur

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50100 Kuala Lumpur
Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CRG Incorporated Sdn. Bhd., which comprise the statements of financial position as at 30 June 2017 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 11 to 79.

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 2017, 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.

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 or conclusion thereon.

BDO

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report 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 the Directors' Report, 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 Group's and Company's ability 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.

BDO

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CRG INCORPORATED SDN. BHD. (Incorporated in Malaysia)

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

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

(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 Group's and Company's ability 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.

BDO

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)**

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

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.

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 member 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

BDO
AF: 0206
Chartered Accountants

Chan Wai Leng
02893/08/2019 J
Chartered Accountant

Kuala Lumpur
12 October 2017

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	33,656,215	33,484,449	590,632	499,224
Goodwill	8	19,750	19,750	-	-
Investment properties	9	-	-	22,802,490	22,802,490
Investments in subsidiaries	10	-	-	24,883,127	25,414,315
Deferred tax assets	11	703,000	540,000	63,000	31,000
		34,378,965	34,044,199	48,339,249	48,747,029
Current assets					
Inventories	12	18,243,357	19,088,047	-	-
Trade and other receivables	13	22,236,768	21,689,129	8,142,159	2,968,629
Current tax assets		1,875,314	681,522	-	114,900
Cash and bank balances	14	16,564,103	12,574,820	2,344,156	2,340,597
		58,919,542	54,033,518	10,486,315	5,424,126
TOTAL ASSETS		93,298,507	88,077,717	58,825,564	54,171,155
EQUITY AND LIABILITIES					
Equity attributable to owner of the parent					
Share capital	15	20,000,000	20,000,000	20,000,000	20,000,000
Reserves	16	48,297,937	44,928,844	23,126,835	18,501,933
TOTAL EQUITY		68,297,937	64,928,844	43,126,835	38,501,933
LIABILITIES					
Non-current liabilities					
Borrowings	17	15,914,003	16,634,442	13,146,295	13,656,109
Provision for restoration costs	20	586,538	601,135	-	-
		16,500,541	17,235,577	13,146,295	13,656,109

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	21	7,612,290	4,906,274	2,008,911	1,527,741
Borrowings	17	684,211	683,022	477,523	485,372
Provision for restoration costs	20	51,528	-	-	-
Current tax liabilities		152,000	324,000	66,000	-
		8,500,029	5,913,296	2,552,434	2,013,113
TOTAL LIABILITIES		25,000,570	23,148,873	15,698,728	15,669,222
TOTAL EQUITY AND LIABILITIES		93,298,507	88,077,717	58,825,564	54,171,155

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

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	24	95,314,951	112,751,683	14,015,520	17,632,055
Cost of sales	25	(42,824,667)	(54,222,865)	-	-
Gross profit		52,490,284	58,528,818	14,015,520	17,632,055
Other operating income		990,713	1,268,876	305,533	400,764
Selling and distribution expenses		(29,019,762)	(28,369,354)	-	-
General and administrative expenses		(18,478,786)	(15,767,173)	(8,872,292)	(7,349,720)
Finance costs		(1,059,786)	(1,228,448)	(581,788)	(661,548)
Profit before tax	26	4,922,663	14,432,719	4,866,973	10,021,551
Tax expense	27	(1,588,940)	(3,468,083)	(242,071)	(76,580)
Profit for the financial year		3,333,723	10,964,636	4,624,902	9,944,971
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	27	35,370	42,884	-	-
Total other comprehensive income, net of tax		35,370	42,884	-	-
Total comprehensive income		3,369,093	11,007,520	4,624,902	9,944,971
Profit attributable to owner of parent		3,333,723	10,964,636	4,624,902	9,944,971
Total comprehensive income attributable to owner of the parent		3,369,093	11,007,520	4,624,902	9,944,971

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

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Non-distributable Share capital RM	Non-distributable Exchange translation reserve RM	Distributable Retained earnings RM	Total equity RM
Balance as at 30 June 2015	20,000,000	218,457	33,702,867	53,921,324
Profit for the financial year	-	-	10,964,636	10,964,636
Foreign currency translation, net of tax	-	42,884	-	42,884
Total comprehensive income	-	42,884	10,964,636	11,007,520
Balance as at 30 June 2016	20,000,000	261,341	44,667,503	64,928,844
Profit for the financial year	-	-	3,333,723	3,333,723
Foreign currency translation, net of tax	-	35,370	-	35,370
Total comprehensive income	-	35,370	3,333,723	3,369,093
Balance as at 30 June 2017	20,000,000	296,711	48,001,226	68,297,937

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

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Non-distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
Balance as at 30 June 2015	20,000,000	8,556,962	28,556,962
Profit for the financial year	-	9,944,971	9,944,971
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	9,944,971	9,944,971
Balance as at 30 June 2016	20,000,000	18,501,933	38,501,933
Profit for the financial year	-	4,624,902	4,624,902
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	4,624,902	4,624,902
Balance as at 30 June 2017	20,000,000	23,126,835	43,126,835

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

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		4,922,663	14,432,719	4,866,973	10,021,551
Adjustments for:					
Depreciation of property, plant and equipment	7	3,481,890	2,960,636	194,906	201,952
Loss/(Gain) on disposal of property, plant and equipment		1,685	(4,716)	-	-
Dividend income	24	-	-	(5,000,000)	(9,500,003)
Impairment losses on amount owing from a related company	13	-	203,127	-	-
Impairment losses on cost of investment in subsidiary		-	-	737,063	-
Interest expenses		702,375	857,622	580,786	660,881
Interest income		(48,419)	(752)	(1)	(1)
Property, plant and equipment written off	7	7,235	72,186	-	-
Reversal of impairment losses on amount owing from a related company	13	(203,127)	-	-	-
Unrealised loss/(gain) on foreign exchange, net		171,244	(108,470)	303,556	(60,412)
Unwinding of discount on provision for restoration costs	20	48,799	15,226	-	-
Operating profit before changes in working capital		9,084,345	18,427,578	1,683,283	1,323,968
Changes in working capital:					
Inventories		844,690	(4,520,703)	-	-
Trade and other receivables		(557,472)	(249,086)	(76,081)	(841,676)
Trade and other payables		2,087,630	75,971	232,867	(361,048)
Cash generated from operations		11,459,193	13,733,760	1,840,069	121,244
Tax paid		(3,188,661)	(4,178,513)	(164,100)	(267,180)
Tax refunded		70,929	225,232	70,929	1,667
Net cash generated from/(used in) operating activities		8,341,461	9,780,479	1,746,898	(144,269)

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments to holding company		-	(1,978,570)	-	(2,000,318)
Advances from/(Repayments to) related companies		217,743	(1,003,451)	-	(1,022,049)
(Repayment to)/Advances from subsidiaries		-	-	1,657	(5,054,412)
Repayments from/(Advances to) related companies		201,780	676,552	(187)	170
Repayments from/(Advances to) subsidiaries		-	-	(5,245,055)	1,281,069
Subscription of shares in a subsidiary	10	-	-	(205,875)	(802,826)
Interest received		48,419	752	1	1
Dividends received	24	-	-	5,000,000	9,500,003
Proceeds from disposal of property, plant and equipment		19,499	56,883	-	-
Purchase of property, plant and equipment	7(a)	(3,544,485)	(3,214,964)	(286,314)	(286,102)
Net cash (used in)/from investing activities		(3,057,044)	(5,462,798)	(735,773)	1,615,536
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(702,375)	(857,622)	(580,786)	(660,881)
Repayments of bankers' acceptances		-	(582,344)	-	-
Repayments of hire purchase and lease creditor		(31,031)	(60,069)	(31,031)	(60,069)
Repayments of term loans		(734,746)	(639,298)	(522,210)	(444,543)
Drawdown of term loans		46,527	46,527	35,578	35,578
Net cash used in financing activities		(1,421,625)	(2,092,806)	(1,098,449)	(1,129,915)
Net increase/(decrease) in cash and cash equivalents		3,862,792	2,224,875	(87,324)	341,352
Effects of exchange rate changes on cash and cash equivalents		126,491	22,806	90,883	60,412
Cash and cash equivalents at beginning of financial year		12,574,820	10,327,139	2,340,597	1,938,833
Cash and cash equivalents at end of financial year	14	16,564,103	12,574,820	2,344,156	2,340,597

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

CRG INCORPORATED SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. CORPORATE INFORMATION

CRG Incorporated Sdn. Bhd. ("Company") is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at L8-08, Level 8, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at 5th Floor, Asmah Tower, Jalan Cerdas, Taman Connaught, Cheras, 56100 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The holding company of the Company is Bonia Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements for the financial year ended 30 June 2017 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 October 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year ended 30 June 2017.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

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 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 the 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:

(i) Power over the investee;

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affects 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:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual agreements; and

(iii) 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.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owner of the Company, 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 owner of the Company. Profit or loss and each component of other comprehensive income are attributed to the owner 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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 owner of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) 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 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that (continued):

(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 serviced 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) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the 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 property under construction, are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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 depreciation rates are as follows:

Buildings	2%
Electrical installation	15%
Furniture, fittings and counter fixtures	15% - 33⅓%
Motor vehicles	20%
Office equipment	15% - 20%
Plant and machinery	20%
Renovation	25%

Leasehold land is depreciated over the leasehold period of seventy-one (71) years.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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 the 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.

(c) Leases of land and building

For leases of land and building, the land and building 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 building are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building 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 building is regarded as the economic life of the entire leased asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments in 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 included in a disposal group that is classified as held for sale) 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.

4.7 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 Company. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment properties (continued)

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 the profit or loss in the period of the retirement or disposal.

4.8 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.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties measured at fair value, 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 has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.10 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 of 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

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.

Subsequent to initial recognition, financial assets classified as at 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 at 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (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.

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

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 at 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 at 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities (continued)

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.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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.

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 insurance contracts as recognised 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 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 are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(c) Equity (continued)

Before 31 January 2017

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

After 31 January 2017

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 shareholder are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholder in a general meeting.

4.12 Impairment of financial assets

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

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 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 are 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 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.

4.14 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 on distributions to the Group and Company, and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes (continued)

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that 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 profit 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 profit would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the 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.

4.15 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions (continued)

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.

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.

4.16 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.

4.17 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employee benefits (continued)

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.18 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies (continued)

(c) Foreign operations (continued)

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

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 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) Management fee

Management fee are charged on rendering service for management services and are recognised in profit or loss upon performance of services.

(c) Dividend income

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

(d) Rental income

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

(e) Other income

Interest income

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 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.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and 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
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016

There is no material effect upon the adoption of the above Standards and Amendments during the financial year.

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 2017

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**
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, 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 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) Adequacy of write-down of inventories to net realisable value

Write-down of inventories to net realisable value was mainly based on management's estimates, which had been derived from expectation of current market prices and future demand.

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 the inventories, the management considers the inventories' ageing, fashion pattern, current economic trends, and changes in customer preference of the respective inventories.

(b) Recoverability of trade receivables

Management recognises allowances for impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

The determination of whether the trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade receivables to settle their debts. Management focused on the risk that the impairment losses on trade receivables may be understated and hence, further impairment losses may be required.

7. PROPERTY, PLANT AND EQUIPMENT

Group

Carrying amount	Balance as at 1.7.2016 RM	Additions RM	Transfer from a related company (Note 29(b)) RM	Disposal RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2017 RM
Long term leasehold land	2,600,556	-	-	-	-	(37,826)	2,562,730
Buildings on freehold land	22,802,490	-	-	-	-	(836,092)	21,966,398
Building on long term leasehold land	1,600,180	-	-	-	-	(32,111)	1,568,069
Electrical installation	225,188	16,736	1,804	-	-	(53,083)	190,645
Furniture, fittings and counter fixtures	4,644,207	3,152,928	39,480	(15,404)	(6,839)	(1,890,613)	5,923,759
Motor vehicles under hire purchase and lease	31,398	-	-	-	-	(31,397)	1
Office equipment	1,176,056	338,431	15,781	-	(396)	(439,520)	1,090,352
Plant and machinery	19,774	7,600	-	(5,780)	-	(11,174)	10,420
Renovation	384,600	109,315	-	-	-	(150,074)	343,841
	33,484,449	3,625,010	57,065	(21,184)	(7,235)	(3,481,890)	33,656,215

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	<--- At 30.6.2017		--->
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Long term leasehold land	2,653,300	(90,570)	2,562,730
Buildings on freehold land	22,802,490	(836,092)	21,966,398
Building on long term leasehold land	1,646,700	(78,631)	1,568,069
Electrical installation	687,498	(496,853)	190,645
Furniture, fittings and counter fixtures	19,596,315	(13,672,556)	5,923,759
Motor vehicles under hire purchase and lease	376,763	(376,762)	1
Office equipment	3,731,895	(2,641,543)	1,090,352
Plant and machinery	214,110	(203,690)	10,420
Renovation	1,766,204	(1,422,363)	343,841
	53,475,275	(19,819,060)	33,656,215

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.7.2015 RM	Additions RM	Transfer from a related company (Note 29(b)) RM	Transfer to a related company (Note 29(b)) RM	Disposal RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2016 RM
Carrying amount								
Long term leasehold land	2,606,860	-	-	-	-	-	(6,304)	2,600,556
Buildings on freehold land	22,802,490	-	-	-	-	-	-	22,802,490
Building on long term leasehold land	1,605,532	-	-	-	-	-	(5,352)	1,600,180
Electrical installation	123,205	154,677	-	(6,213)	-	-	(46,481)	225,188
Furniture, fittings and counter fixtures	4,498,956	2,521,772	-	(40,737)	-	(72,185)	(2,263,599)	4,644,207
Motor vehicles	1,084	-	-	-	(1)	-	(1,083)	-
Motor vehicles under hire purchase and lease	106,751	-	-		-	-	(75,353)	31,398
Office equipment	1,012,632	575,980	-	(5,216)	-	(1)	(407,339)	1,176,056
Plant and machinery	22,242	700	11,052	-	-	-	(14,220)	19,774
Renovation	232,724	292,781	-	-	-	-	(140,905)	384,600
	33,012,476	3,545,910	11,052	(52,166)	(1)	(72,186)	(2,960,636)	33,484,449

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	<---- At 30.6.2016		---->
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Long term leasehold land	2,653,300	(52,744)	2,600,556
Buildings on freehold land	22,802,490	-	22,802,490
Building on long term leasehold land	1,646,700	(46,520)	1,600,180
Electrical installation	668,957	(443,769)	225,188
Furniture, fittings and counter fixtures	18,375,676	(13,731,469)	4,644,207
Motor vehicles under hire purchase and lease	376,763	(345,365)	31,398
Office equipment	3,377,912	(2,201,856)	1,176,056
Plant and machinery	33,994	(14,220)	19,774
Renovation	1,656,889	(1,272,289)	384,600
	51,592,681	(18,108,232)	33,484,449

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

Carrying amount	Balance as at 1.7.2016 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2017 RM
Electrical installation	41,156	6,870	(7,792)	40,234
Furniture and fittings	81,420	3,840	(17,465)	67,795
Motor vehicles under hire purchase and lease	31,398	-	(31,397)	1
Office equipment	313,313	180,704	(120,764)	373,253
Renovation	31,937	94,900	(17,488)	109,349
	499,224	286,314	(194,906)	590,632

	<---------------- At 30.6.2017		---------------->
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Electrical installation	55,962	(15,728)	40,234
Furniture and fittings	124,221	(56,426)	67,795
Motor vehicles under hire purchase and lease	376,763	(376,762)	1
Office equipment	809,982	(436,729)	373,253
Renovation	159,813	(50,464)	109,349
	1,526,741	(936,109)	590,632

Company

Carrying amount	Balance as at 1.7.2015 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2016 RM
Electrical installation	1,680	44,892	(5,416)	41,156
Furniture and fittings	20,598	73,710	(12,888)	81,420
Motor vehicles under hire purchase and lease	106,751	-	(75,353)	31,398
Office equipment	260,127	155,094	(101,908)	313,313
Renovation	4	38,320	(6,387)	31,937
	389,160	312,016	(201,952)	499,224

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	<------ At 30.6.2016 ------>		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Electrical installation	49,092	(7,936)	41,156
Furniture and fittings	120,381	(38,961)	81,420
Motor vehicles under hire purchase and lease	376,763	(345,365)	31,398
Office equipment	629,278	(315,965)	313,313
Renovation	64,913	(32,976)	31,937
	1,240,427	(741,203)	499,224

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Purchase of property, plant and equipment	3,682,075	3,545,910	286,314	312,016
Provision for restoration costs capitalised (Note 20)	11,868	(231,174)	-	-
Unsettled and remained as other payables	(149,458)	(99,772)	-	(25,914)
Cash payments on purchase of property, plant and equipment	3,544,485	3,214,964	286,314	286,102

(b) As at the end of the reporting period, carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Long term leasehold land	2,562,730	2,600,556	-	-
Buildings on freehold land	20,619,703	21,404,090	-	-
Building on long term leasehold land	1,568,069	1,600,180	-	-
	24,750,502	25,604,826	-	-

8. GOODWILL

	Group	
	2017 RM	2016 RM
Balance as at 1 July/30 June	19,750	19,750

For the purpose of impairment testing, the recoverable amount of the Cash Generating Unit ("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 2018 to 2020.

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 was 10.0% (2016: 10.0%) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 6.3% (2016: 6.1%) 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 holding company.

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 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.

9. INVESTMENT PROPERTIES

Company	Balance as at 1.7.2016 RM	Additions RM	Disposals RM	Balance as at 30.6.2017 RM
At fair value				
Freehold land and buildings	22,802,490	-	-	22,802,490

	Balance as at 1.7.2015 RM	Additions RM	Disposals RM	Balance as at 30.6.2016 RM
At fair value				
Freehold land and buildings	22,802,490	-	-	22,802,490

9. INVESTMENT PROPERTIES (continued)

(a) As at the end of reporting period, the carrying amount of RM21,404,090 (2016: RM21,404,090) included in investment properties have been pledged as securities for banking facilities granted to the Company as disclosed in Note 19 to the financial statements.

(b) The fair value of investment properties of the Company are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Freehold land and buildings	-	-	22,802,490	22,802,490
2016				
Freehold land and buildings	-	-	22,802,490	22,802,490

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 30 June 2017.

(ii) As at 30 June 2017, the valuation of investment properties at Level 3 fair value amounting to RM22,802,490 (2016: RM22,802,490) were recommended by the Directors based on an indicative market value from the valuation exercise carried out on an open market value basis by an external and independent property valuer 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 Company are mainly used to generate rental income.

(c) As at the end of reporting period, rental income of the Company derived from the investment properties amounted to RM907,500 (2016: RM678,252).

(d) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	2017 RM	2016 RM
Building management fee	-	14,925
Repairs and maintenance	157,623	71,140
Quit rent and assessment	16,066	16,284

10. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
Unquoted shares - at cost	28,120,192	27,914,317
Less: Impairment losses	(3,237,065)	(2,500,002)
	24,883,127	25,414,315

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2017 %	Effective interest in equity 2016 %	Principal activities
CR Boutique Sdn. Bhd.	Malaysia	100	100	Retailing of leather goods and apparels
CRF Marketing Sdn. Bhd.	Malaysia	100	100	Designing, promoting and marketing of fashionable ladies' footwear
CRL Marketing Sdn. Bhd.	Malaysia	100	100	Designing, promoting and marketing of fashionable leather goods
CRI Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of fashionable goods
CRV Sdn. Bhd. ("CRV")	Malaysia	100	100	Marketing and distribution of fashionable goods and accessories
CRG Viet Nam Company Limited ("CRGV") (1)	Vietnam	99	99	Real estate activities with own or leased property
PT CRI Mitra Sejati ("PTCMS") (1)	Indonesia	100	100	Wholesaling of fashionable goods and accessories
CRR Vietnam Co., Ltd ("CRR") (1)	Vietnam	100	-	Management consultancy activities and to implement the right of import, distribution, wholesales of goods

(1) Subsidiaries audited by a firm of auditors other than BDO.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) During the financial year ended 30 June 2017:

(i) On 18 July 2016, CRR became a wholly-owned subsidiary of the Company via the Company's subscription of 100% equity interest in CRR for a contributed capital of VND1,125,000,000 (approximately RM205,875).

(ii) Impairment losses on investments in subsidiary of CRI amounting to RM737,063 have been recognised due to its recoverable amount being lower than its carrying amount.

(c) In previous financial year:

(i) On 12 April 2016, the Company and CRV had incorporated PTCMS with its intended business activities to engage in the field of wholesale of textile goods, clothing, complementary accessories, footwear, cosmetics, watches, bags and wallets. CRG holds 99.50% of the issued and paid-up capital of PTCMS of IDR2,596,552,000 and the remaining 0.50% equity interest in PTCMS of IDR13,048,000 is held by CRV.

11. DEFERRED TAX

(a) The deferred tax assets are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Balance as at 1 July 2016/2015	540,000	574,000	31,000	22,000
Recognised in profit or loss (Note 27)	163,000	(34,000)	32,000	9,000
Balance as at 30 June 2017/2016	703,000	540,000	63,000	31,000

11. DEFERRED TAX (continued)

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

Group	Property, plant and equipment RM	Other deductible temporary differences RM	Total RM
Balance as at 1 July 2016	328,000	212,000	540,000
Recognised in profit or loss	(144,000)	307,000	163,000
Balance as at 30 June 2017	184,000	519,000	703,000
Balance as at 1 July 2015	354,000	220,000	574,000
Recognised in profit or loss	(26,000)	(8,000)	(34,000)
Balance as at 30 June 2016	328,000	212,000	540,000

Company	Property, plant and equipment RM	Other taxable temporary differences RM	Total RM
As at 1 July 2016	(57,000)	88,000	31,000
Recognised in profit or loss	34,000	(2,000)	32,000
As at 30 June 2017	(23,000)	86,000	63,000
As at 1 July 2015	(46,000)	68,000	22,000
Recognised in profit or loss	(11,000)	20,000	9,000
As at 30 June 2016	(57,000)	88,000	31,000

(c) The amounts of temporary differences for which no deferred tax assets had been recognised in the statements of financial position were as follows:

	Group	
	2017 RM	2016 RM
Unused tax losses	2,534,000	3,094,000
Unabsorbed capital allowances	75,000	29,000
Other taxable temporary differences	(102,000)	(11,000)
	2,507,000	3,112,000

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.

The deductible temporary differences do not expire under current tax legislation.

12. INVENTORIES

	Group 2017 RM	Group 2016 RM
Raw materials	598,660	929,392
Work-in-progress	16,007	30,850
Finished goods	17,628,690	18,127,805
	18,243,357	19,088,047

During the financial year, inventories of the Group recognised as cost of sales amounted to RM42,824,667 (2016: RM54,222,865).

13. TRADE AND OTHER RECEIVABLES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade receivables				
Third parties	14,258,993	15,423,066	-	-
Subsidiaries	-	-	1,325,992	1,273,602
Related companies	1,221,970	1,371,470	19,000	19,000
	15,480,963	16,794,536	1,344,992	1,292,602
Less: Impairment loss on related companies	(1,092,664)	(1,295,791)	(19,000)	(19,000)
	14,388,299	15,498,745	1,325,992	1,273,602
Other receivables and deposits				
Amounts owing by related companies	5,086	4,740	187	-
Amounts owing by subsidiaries	-	-	6,698,535	1,601,272
Other receivables	2,645,727	444,487	16,357	11,587
Deposits	3,216,376	2,862,976	82,168	82,168
	5,867,189	3,312,203	6,797,247	1,695,027
Loans and receivables	20,255,488	18,810,948	8,123,239	2,968,629
Prepayments	1,981,280	2,878,181	18,920	-
	22,236,768	21,689,129	8,142,159	2,968,629

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and by the Company range from 30 to 120 days (2016: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. TRADE AND OTHER RECEIVABLES (continued)

(b) Amounts owing by holding company represents advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Non-trade amounts owing by related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Non-trade amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(e) Information on the financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

(f) The currency exposure profile receivables (excluding prepayments) are as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	14,939,500	15,843,746	2,550,112	2,968,629
Indonesian Rupiah	2,746,640	5,490	4,929,027	-
Singapore Dollar	20,994	-	-	-
U.S. Dollar	2,252,938	2,691,002	644,100	-
Vietnamese Dong	295,416	270,710	-	-
	20,255,488	18,810,948	8,123,239	2,968,629

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	9,013,612	12,415,630	1,325,992	945,689
Past due, not impaired				
1 to 30 days	2,403,418	763,616	-	327,913
31 to 60 days	529,058	72,781	-	-
61 to 90 days	356,447	3,416	-	-
More than 90 days	2,085,764	2,243,302	-	-
	5,374,687	3,083,115	-	-
Past due and impaired	1,092,664	1,295,791	19,000	19,000
	15,480,963	16,794,536	1,344,992	1,292,602

13. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationship with, whereby the management is of the opinion that the amount are recoverable based on past payments history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group and of the Company that are past due and impaired at the end of each reporting period are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables, gross	1,092,664	1,295,791	19,000	19,000
Less: Impairment losses	(1,092,664)	(1,295,791)	(19,000)	(19,000)
	-	-	-	-

(h) The reconciliation of movements in the impairment loss is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
At 1 July	1,295,791	1,092,664	19,000	19,000
Charge for the financial year	-	203,127	-	-
Reversal of impairment loss	(203,127)	-	-	-
At 30 June	1,092,664	1,295,791	19,000	19,000

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	11,749,803	12,574,820	2,344,156	2,340,597
Deposits with licensed bank	4,814,300	-	-	-
Cash and bank balances	16,564,103	12,574,820	2,344,156	2,340,597

(a) Information on the financial risks of cash and bank balances is disclosed in Note 31 to the financial statements.

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Ringgit Malaysia	12,935,695	8,895,247	1,142,060	979,931
Vietnamese Dong	1,057,214	1,150,408	982,611	1,149,451
U.S. Dollar	518,773	1,334,781	3,997	5,388
Chinese Renminbi	104,563	128,441	2,891	-
Indonesian Rupiah	1,843,268	1,006,744	200,185	-
Others	104,590	59,199	12,412	205,827
	16,564,103	12,574,820	2,344,156	2,340,597

(c) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	11,749,803	12,574,820	2,344,156	2,340,597
Deposits with a licensed bank (not more than 3 months)	4,814,300	-	-	-
	16,564,103	12,574,820	2,344,156	2,340,597

15. SHARE CAPITAL

	Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
Ordinary shares:				
Issued and fully paid	20,000,000	20,000,000	20,000,000	20,000,000

The holder of ordinary shares of the Company is entitled to receive dividends as and when declared by the Company and is entitled to one (1) vote per ordinary share at general meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

Upon the enforcement of the Companies Act 2016 ("CA2016") on 31 January 2017:

(a) the Company is no longer required to state its authorised capital;

(b) the Company's share capital is in a no par value regime since 31 January 2017; and

(c) the Company's share capital is not affected by Section 618 of the CA2016 as there is no amount standing to the credit of the Company's share premium account and capital redemption reserve upon the enforcement of the CA2016.

16. RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable				
Exchange translation reserve	296,711	261,341	-	-
Distributable				
Retained earnings	48,001,226	44,667,503	23,126,835	18,501,933
	48,297,937	44,928,844	23,126,835	18,501,933

<u>Exchange translation reserve</u>

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of a foreign operation whose functional currencies is 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 the foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

17. BORROWINGS

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current liabilities					
Secured					
Hire purchase and lease creditor	18	-	31,031	-	31,031
Term loans	19	684,211	651,991	477,523	454,341
		684,211	683,022	477,523	485,372
Non-current liabilities					
Secured					
Term loans	19	15,914,003	16,634,442	13,146,295	13,656,109
Total borrowings					
Hire purchase and lease creditor	18	-	31,031	-	31,031
Term loans	19	16,598,214	17,286,433	13,623,818	14,110,450
		16,598,214	17,317,464	13,623,818	14,141,481

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 31 to the financial statements.

18. HIRE PURCHASE AND LEASE CREDITOR

	Group and Company 2017 RM	Group and Company 2016 RM
Minimum hire purchase and lease payments:		
- not later than one (1) year	-	32,423
- later than one (1) year but not later than (5) five years	-	-
Total minimum hire purchase and lease payments	-	32,423
Less: Future interest charges	-	(1,392)
Present value of hire purchase and lease payments	-	31,031

18. HIRE PURCHASE AND LEASE CREDITOR (continued)

	Group and Company 2017 RM	Group and Company 2016 RM
Repayable as follows:		
Current liabilities		
- not later than one (1) year	-	31,031
Non-current liabilities		
- later than one (1) year but not later than (5) five years	-	-
	-	31,031

19. TERM LOANS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Secured				
Term loan I is repayable as follows: - 240 equal monthly instalments of RM91,894 each commencing December 2014	13,623,818	14,110,450	13,623,818	14,110,450
Term loan II is repayable as follows: - 180 monthly instalments of RM27,774 each commencing November 2013	2,974,396	3,175,983	-	-
	16,598,214	17,286,433	13,623,818	14,110,450
Repayable as follows:				
Current liabilities				
- not later than one (1) year	684,211	651,991	477,523	454,341
Non-current liabilities				
- later than one (1) year but not later than five (5) years	3,072,013	2,927,327	2,148,664	2,044,356
- later than five (5) years	12,841,990	13,707,115	10,997,631	11,611,753
	15,914,003	16,634,442	13,146,295	13,656,109
	16,598,214	17,286,433	13,623,818	14,110,450

19. TERM LOANS (continued)

Term loan I is secured by means of legal charges over freehold land and buildings of the Group (Note 7) and investment properties of the Company (Note 9) and is guaranteed by its holding company.

Term loan II is secured by means of legal charges over leasehold land and buildings of a subsidiary (Note 7) and is guaranteed by the Company.

As at the end of the reporting period, total of RM46,527 (2016: RM46,527) and RM35,578 (2016: RM35,578) of the Group and of the Company respectively have been drawdown in regards to Term loans I and II.

20. PROVISION FOR RESTORATION COSTS

	Group	
	2017 RM	2016 RM
Non-current		
Provision for restoration costs	586,538	601,135
Current		
Provision for restoration costs	51,528	-
	638,066	601,135

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

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

	Group	
	2017 RM	2016 RM
Balance as at 1 July 2016/2015	601,135	354,735
Recognised in property, plant and equipment (Note 7)	(11,868)	231,174
Recognised in profit or loss	48,799	15,226
Balance as at 30 June 2017/2016	638,066	601,135

21. TRADE AND OTHER PAYABLES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade payables				
Third parties	2,700,935	1,675,495	-	-
Related companies	11,583	-	-	-
	2,712,518	1,675,495	-	-
Other payables, deposits and accruals				
Amounts owing to related companies	597,940	380,197	449,714	282,446
Amounts owing to subsidiaries	-	-	1,124,317	876,014
Other payables	2,078,341	990,116	89,074	93,393
Deposits	60,500	686,625	-	-
Accruals	2,162,991	1,173,841	345,806	275,888
	4,899,772	3,230,779	2,008,911	1,527,741
	7,612,290	4,906,274	2,008,911	1,527,741

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

(b) Non-trade amounts owing to related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Information on the financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

(e) The currency exposure profile of payables are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Ringgit Malaysia	6,191,959	4,178,792	886,250	651,727
Vietnamese Dong	1,181,951	47,015	1,122,660	876,014
Singapore Dollar	115,091	45,912	-	-
U.S. Dollar	89,924	606,297	-	-
Chinese Renminbi	17,891	-	-	-
Indonesian Rupiah	15,474	28,258	-	-
	7,612,290	4,906,274	2,008,910	1,527,741

22. COMMITMENTS

(a) Operating lease commitments

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

	Group	
	2017 RM	2016 RM
Not later than one (1) year	8,608,217	4,950,119
Later than one (1) year but not later than five (5) years	4,749,089	2,202,194
	13,357,306	7,152,313

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

23. CONTINGENT LIABILITIES

Company - Unsecured

As at 30 June 2017, the Company has given a corporate guarantee amounting to RM3,655,000 (2016: RM3,655,000) to a financial institution for a banking facility granted to and utilised by a subsidiary. The amount of the banking facility utilised by a subsidiary as at the end of each reporting period is as follows:

	2017 RM	2016 RM
Secured borrowing	2,974,396	3,175,893

The Directors are of the view that the chance of the financial institution to call upon the corporate guarantee is remote. Accordingly, the Directors are of the view that the fair value of the above corporate guarantee for banking facility of a subsidiary is negligible.

24. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Management fee	-	-	8,108,020	7,453,800
Rental income	-	-	907,500	678,252
Sale of goods	95,314,951	112,751,683	-	-
Dividend income from unquoted investments in subsidiaries	-	-	5,000,000	9,500,003
	95,314,951	112,751,683	14,015,520	17,632,055

25. COST OF SALES

	Group 2017 RM	Group 2016 RM
Inventories sold	42,824,667	54,222,865

26. PROFIT BEFORE TAX

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

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
After charging:				
Auditors' remuneration:				
- statutory				
- current year	73,904	57,791	8,500	8,100
- non statutory				
- current year	10,450	8,500	-	-
- under provision in prior year	-	11,733	-	-
Interest expense on:				
- bank guarantees	965	-	-	-
- bank overdrafts	-	232	-	-
- bankers' acceptances	-	58,103	-	-
- hire purchase and lease creditor	395	2,823	395	2,823
- term loans	701,015	796,464	580,391	658,058
Realised loss on foreign exchange	51,652	58,279	-	-
Rental commission	1,044,109	1,037,706	-	-
Rental of premises paid/ payable to:				
- related companies	1,082,092	1,416,538	293,308	211,499
- others	8,604,261	8,386,856	-	-
Unrealised loss on foreign exchange	171,243	7,604	303,556	-
And crediting:				
Gain on disposal of property, plant and equipment	7,490	4,716	-	-
Interest income from deposits with licensed banks	48,419	752	1	1
Realised gain on foreign exchange	64,196	360,947	-	1,167

26. PROFIT BEFORE TAX (continued)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
And crediting: (continued)					
Rental of premises received/ receivable from :					
- a related company		-	3,000	-	-
- subsidiaries		-	-	907,500	678,252
Unrealised gain on foreign exchange		-	116,074	-	60,412

27. TAX EXPENSE

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current tax expense based on profit for the financial year	2,001,000	3,518,000	276,000	97,000
Over-provision in prior years	(249,060)	(83,917)	(1,929)	(11,420)
	1,751,940	3,434,083	274,071	85,580
Deferred tax (Note 11)				
Relating to origination and reversal of temporary differences	(149,000)	110,000	(49,000)	75,000
(Over)/Under-provision in prior years	(14,000)	(76,000)	17,000	(84,000)
	(163,000)	34,000	(32,000)	(9,000)
	1,588,940	3,468,083	242,071	76,580

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.

27. 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	4,922,663	14,432,719	4,866,974	10,021,551
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	1,181,439	3,463,853	1,168,074	2,405,172
Tax effects in respect of:				
Non-allowable expenses	779,290	348,252	260,966	48,773
Non-taxable income	(2,040)	(1,945)	(1,202,040)	(2,281,945)
Lower tax rates in foreign jurisdiction	38,511	-	-	-
Deferred tax assets not recognised	3,488	16,320	-	-
Utilisation of previously unrecognised deferred tax assets	(148,688)	(198,480)	-	-
	1,852,000	3,628,000	227,000	172,000
Over-provision of tax expense in prior years	(249,060)	(83,917)	(1,929)	(11,420)
(Over)/Under-provision of deferred tax in prior years	(14,000)	(76,000)	17,000	(84,000)
	1,588,940	3,468,083	242,071	76,580

Tax savings of the Group are as follows:

	Group	
	2017 RM	2016 RM
Arising from utilisation of previously unrecognised deferred tax assets	148,688	198,480

Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM	Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
2017			
Foreign currency translations	35,370	-	35,370
2016			
Foreign currency translations	42,884	-	42,884

28. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages, salaries and bonuses	11,319,470	9,357,582	3,212,402	2,573,484
Contributions to defined contribution plan	1,712,970	1,502,382	455,577	367,569
Social security contributions	205,919	168,058	33,360	25,184
Other benefits	3,696,945	3,597,896	309,262	299,264
	16,935,304	14,625,918	4,010,601	3,265,501

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,179,888 (2016: RM1,185,173) and RM758,449 (2016: RM726,670) respectively.

29. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Company include:

(i) Its holding company, subsidiaries, fellow subsidiaries, and associates;

(ii) Any entities with joint control of, or significant influence over the Company;

(iii) Joint venture in which the Company is a joint venturer; and

(iv) Key management personnel of the Company or its holding company.

Related parties other than those disclosed elsewhere in the financial statements and their relationship with the Group are as follows:

Related parties	Relationship
Bonia International Holdings Pte. Ltd.	A company in which a Director, who is also a substantial shareholder of the holding company has substantial financial interests.

29. 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	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Received/receivable from subsidiaries of holding company				
Counter commission	32,989	37,381	-	-
Rental income	-	3,000	-	-
Sale of goods	371,492	577,182	-	-
Property, plant and equipment	-	52,166	-	-
Received/receivable from subsidiaries				
Dividend income	-	-	5,000,000	9,500,003
Maintenance fees	-	-	301,442	200,962
Management fees	-	-	8,108,020	7,453,800
Rental income	-	-	907,500	678,252
Paid/payable to subsidiaries of holding company				
Management fees	2,149,000	2,470,000	2,149,000	2,470,000
Counter commission	33,700	51,875	-	-
Rental fees	1,071,895	1,413,817	293,308	211,499
Staff voucher	78,865	13,622	10,565	8,486
Property, plant and equipment (Note 7)	57,065	11,052	-	-
Purchase of goods	370,550	7,946	-	-
Paid/payable to other related parties				
Royalties				
- Bonia International Holdings Pte. Ltd.	50,278	46,884	-	-

Save for the dividend income and payment, 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.

29. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility 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 during the financial year was as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Director fees	31,000	84,000	12,000	12,000
Short term employee benefits	1,022,454	973,640	665,221	636,827
Contributions to defined contribution plan	126,434	127,533	81,228	77,843
	1,179,888	1,185,173	758,449	726,670

30. 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 shareholder through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous year.

The Group manages its capital structure and makes adjustments to it in response to economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

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

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	**Loans and receivables**	
	2017	**2016**
	RM	**RM**
Financial assets		
Trade and other receivables, net of prepayments	20,255,488	18,810,948
Cash and bank balances	16,564,103	12,574,820
	36,819,591	31,385,768

	Other financial liabilities	
	2017	**2016**
	RM	**RM**
Financial liabilities		
Borrowings	16,598,214	17,317,464
Trade and other payables	7,612,290	4,906,274
	24,210,504	22,223,738

Company	**Loans and receivables**	
	2017	**2016**
	RM	**RM**
Financial assets		
Trade and other receivables, net of prepayments	8,123,239	2,968,629
Cash and bank balances	2,344,156	2,340,597
	10,467,395	5,309,226

	Other financial liabilities	
	2017	**2016**
	RM	**RM**
Financial liabilities		
Borrowings	13,623,818	14,141,481
Trade and other payables	2,008,911	1,527,741
	15,632,729	15,669,222

30. 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 and other receivables, trade and 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 insignificant impact of discounting.

ii. 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.

(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).

30. 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.

Group and Company	**Fair values of financial instruments carried at fair value**				**Fair values of financial instruments not carried at fair value**					
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2016										
Financial liability										
Other financial liability										
Hire purchase and lease creditor	-	-	-	-	-	31,426	-	31,426	31,426	31,031

31. 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 framework and clearly defined guidelines set by its holding company. Financial risk management is carried out through risk review programs and internal control systems. The Group is exposed to financial risks arising from its operations and the use of financial instruments, 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

At the end of each reporting period, 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.

Credit risk concentration profile

At the end of each reporting period, there were no significant concentration of credit risk for the Group and the Company other than the amounts owing by subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with licensed banks and other financial institutions that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
As at 30 June 2017				
Group				
Financial liabilities				
Trade and other payables	7,612,290	-	-	7,612,290
Borrowings	1,436,016	5,744,064	16,912,611	24,092,691
Total undiscounted financial liabilities	9,048,306	5,744,064	16,912,611	31,704,981
Company				
Financial liabilities				
Trade and other payables	2,008,911	-	-	2,008,911
Borrowings	1,102,728	4,410,912	14,795,076	20,308,716
Financial guarantee	206,688	923,349	1,844,359	2,974,396
Total undiscounted financial liabilities	3,318,327	5,334,261	16,639,435	25,292,023

31. 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 (continued).

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 30 June 2016				
Group				
Financial liabilities				
Trade and other payables	4,906,274	-	-	4,906,274
Borrowings	1,467,047	5,744,064	17,731,000	24,942,111
Total undiscounted financial liabilities	6,373,321	5,744,064	17,731,000	29,848,385
Company				
Financial liabilities				
Trade and other payables	1,527,741	-	-	1,527,741
Borrowings	1,133,759	4,410,912	15,273,701	20,818,372
Financial guarantee	197,650	882,972	2,095,361	3,175,983
Total undiscounted financial liabilities	2,859,150	5,293,884	17,369,062	25,522,096

(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 relates primarily to their interest-bearing borrowings on floating rates. The Group does not use derivative financial instruments to hedge this risk.

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Profit after tax				
- increase by 0.5% (2016: 0.5%)	(63,073)	(65,688)	(51,771)	(53,620)
- decrease by 0.5% (2016: 0.5%)	63,073	65,688	51,771	53,620

The sensitivity is lower in 2017 than in 2016 because of a decrease in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 30 June 2017									
Fixed rate									
Deposits with licensed bank	14	3.18	4,814,300	-	-	-	-	-	4,814,300
Floating rate									
Term loans	19	4.61	(684,211)	(716,225)	(749,444)	(784,809)	(821,535)	(12,841,990)	(16,598,214)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 30 June 2016									
Fixed rate									
Hire purchase and lease creditor	18	4.66	(31,031)	-	-	-	-	-	(31,031)
Floating rate									
Term loans	19	4.60	(651,991)	(682,496)	(714,430)	(747,561)	(782,840)	(13,707,115)	(17,286,433)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company									
At 30 June 2017									
Floating rate									
Term loan	19	4.65	(477,523)	(500,270)	(524,102)	(549,068)	(575,224)	(10,997,631)	(13,623,818)
At 30 June 2016									
Fixed rate									
Hire purchase and lease creditor	18	4.66	(31,031)	-	-	-	-	-	(31,031)
Floating rate									
Term loan	19	4.65	(454,341)	(475,984)	(498,659)	(522,413)	(547,300)	(11,611,753)	(14,110,450)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency exchange 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.

The Group is exposed to foreign currency exchange risk as a result of certain transactions of the Group which are denominated in foreign currencies. The Group monitors the movement in foreign currency exchange rates closely to ensure their exposures are minimised.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group and the Company to a reasonably possible change in the U.S. Dollar ('USD') and Vietnamese Dong ('VND') exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group		Company	
		2017	2016	2017	2016
Profit after tax		RM	RM	RM	RM
USD/RM	- strengthen by 3% (2016: 3%)	61,145	77,964	4,564	4,578
	- weaken by 3% (2016: 3%)	(61,145)	(77,964)	(4,564)	(4,578)
IDR/RM	- strengthen by 3% (2016: 3%)	104,297	22,139	91	100
	- weaken by 3% (2016: 3%)	(104,297)	(22,139)	(91)	(100)
VND/RM	- strengthen by 3% (2016: 3%)	3,891	31,330	3,193	6,257
	- weaken by 3% (2016: 3%)	(3,891)	(31,330)	(3,193)	(6,257)

32. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 12 July 2017, the issued and paid-up share capital of PTCMS was increased from USD200,000 to USD890,000 by way of an issuance of 690,000 ordinary shares through the capitalisation of the amounts due from PTCMS to the Company.

APPENDIX II

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF CRG FOR 9M FPE 31 MARCH 2018

CRG INCORPORATED BERHAD

(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Unaudited	
	As at 31 March	
	2017 RM'000	2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	33,204	32,963
Goodwill	20	20
Deferred tax assets	448	494
Total non-current assets	**33,672**	**33,477**
CURRENT ASSETS		
Inventories	16,726	23,645
Trade and other receivables	22,361	23,576
Current tax assets	1,960	2,169
Cash and bank balances	18,138	14,779
Total current assets	**59,185**	**64,169**
TOTAL ASSETS	**92,857**	**97,646**
EQUITY		
Share capital	20,000	20,000
Reserves	47,706	50,607
TOTAL EQUITY	**67,706**	**70,607**
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	16,077	15,335
Provision for restoration costs	601	586
Total non-current liabilities	**16,678**	**15,921**
CURRENT LIABILITIES		
Trade and other payables	7,724	5,542
Borrowings	694	5,242
Provision for restoration costs	-	52
Current tax liabilities	55	282
Total current liabilities	**8,473**	**11,118**
TOTAL LIABILITIES	**25,151**	**27,039**
TOTAL EQUITY AND LIABILITIES	**92,857**	**97,646**

CRG INCORPORATED BERHAD

(Company No: 880257-A)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

UNAUDITED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JULY 2017 TO 31 MARCH 2018

	Unaudited	
	9-month financial period ended 31 March 2017 RM'000	**9-month financial period ended 31 March 2018 RM'000**
Revenue	69,312	77,475
Cost of sales	(30,297)	(37,216)
Gross profit	39,015	40,259
Other income	856	485
Selling and distribution expenses	(21,449)	(22,334)
General and administrative expenses	(13,760)	(13,024)
Profit from operations	4,662	5,386
Finance costs	(788)	(900)
Profit before taxation	3,874	4,486
Taxation	(1,286)	(1,609)
Profit after taxation	**2,588**	**2,877**
Other Comprehensive income, net of tax		
Items that maybe reclassified subsequently to profit and loss		
Foreign currency translations	189	(568)
Total other comprehensive income / (loss), net of tax	189	(568)
Total comprehensive income	2,777	2,309
Profit attributable to owner of parent	2,588	2,877
Total comprehensive income attributable to owner of the parent	2,777	2,309

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CRG INCORPORATED BERHAD

(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JULY 2017 TO 31 MARCH 2018

	Equity attributable to owners of the Company			
	Share capital	**Exchange translation reserve**	**Distributable retained earnings**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As at 1 July 2016	20,000	261	44,668	64,929
Profit for the financial period	-	-	2,588	2,588
Foreign currency translation, net of tax	-	189	-	189
Total comprehensive income	-	189	2,588	2,777
As at 31 March 2017	**20,000**	**450**	**47,256**	**67,706**
As at 1 July 2017	20,000	297	48,001	68,298
Profit for the financial period	-	-	2,877	2,877
Foreign currency translation, net of tax	-	(568)	-	(568)
Total comprehensive income	-	(568)	2,877	2,309
As at 31 March 2018	**20,000**	**(271)**	**50,878**	**70,607**

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CRG INCORPORATED BERHAD
(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

UNAUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JULY 2017 TO 31 MARCH 2018

	Unaudited	
	9-month financial period ended 31 March 2017 RM'000	**9-month financial period ended 31 March 2018 RM'000**
Net cash generated from / (used in) operating activities	8,252	(2,287)
Net cash used in investing activities	(1,943)	(1,979)
Net cash (used in) / from financing activities	(1,099)	3,362
Net increase / (decrease) in cash and cash equivalents	5,210	(904)
Effect of exchange rate changes on cash and cash equivalents	353	(881)
Cash and cash equivalents at beginning of the financial period	12,575	16,564
Cash and cash equivalents at the end of the financial period	**18,138**	**14,779**

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CRG INCORPORATED BERHAD
(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

EXPLANATORY NOTES

1. Basis of preparation

The unaudited interim financial statements of CRG Incorporated Berhad ("**CRG**" or "**Company**") for the 9-month financial period ended ("**9M FPE**") 31 March 2018 have been prepared in accordance with Malaysian Financial Reporting Standard ("**MFRS**") 134 Interim Financial Reporting.

2. Seasonal or cyclical factors

Our business operations are generally dependent on the Malaysian economy, consumer confidence and government support, as well as major festive seasons.

3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flow during the 9M FPE 31 March 2018.

4. Material changes in accounting estimates

There were no material changes in accounting estimates.

5. Changes in the composition of our Group

Save for the dissolution of CRG Viet Nam Company Limited, there were no changes in the composition of our Group.

6. Segment Information

(i) Analysis of revenue by product group

	9M FPE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
Handbags[1]	41,557	59.96	47,608	61.45
Women footwear	19,640	28.33	20,919	27.00
Accessories	8,115	11.71	8,948	11.55
Total	**69,312**	**100.00**	**77,475**	**100.00**

Note:
(1) Including sales of materials for handbags (which were sourced by our Group) to external manufacturers.

(ii) Analysis of revenue by brand

	9M FPE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
Carlo Rino	59,785	86.25	64,502	83.26
CR2	8,953	12.92	12,755	16.46
G. Davin(1)	574	0.83	218	0.28
Total	**69,312**	**100.00**	**77,475**	**100.00**

Note:
(1) Being products which we acquired from the Bonia Group and once all the products acquired are sold, we will not have further dealing with G. Davin products. It is not a major brand which we rely on as the contribution to revenue was negligible relatively to other brands which we market.

(iii) Analysis of revenue by geographical location

	9M FPE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
Malaysia	67,920	97.99	75,057	96.88
Vietnam	-	-	1,446	1.86
Indonesia	92	0.13	643	0.83
Kuwait(1)	1,048	1.51	231	0.30
Others*	252	0.37	98	0.13
Total	**69,312**	**100.00**	**77,475**	**100.00**

Notes:
* Comprising Cambodia, Singapore and Saudi Arabia.
(1) The distributorship arrangement with Kuwait distributor was mutually terminated with effect from 31 March 2018.

(iv) Analysis of revenue by business segments

	9M FPE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
Boutique	33,760	48.71	37,144	47.94
Departmental store	30,382	43.83	30,737	39.67
E-commerce	1,263	1.82	3,544	4.58
Distributor/ Dealer	2,501	3.61	4,259	5.50
	67,906	**97.97**	**75,684**	**97.69**
Outright sales of materials	1,406	2.03	1,791	2.31
Total	**69,312**	**100.00**	**77,475**	**100.00**

7. Income tax expense

	9M FPE 31 March 2017 RM'000	2018 RM'000
Tax expense for the period	1,436	1,426
Over-provision in prior years	(242)	(26)
	1,194	1,400
Deferred tax relating to origination and reversal of temporary differences	83	218
Under/(Over)-provision in prior years	9	(9)
	92	209
	1,286	1,609

8. Acquisitions and disposals of property, plant and equipment

There were no material acquisitions or disposals of property, plant and equipment.

9. Debt and equity securities

There were no issuances of debt and equity securities.

10. Interest bearing loans and borrowings

	9M FPE 31 March 2017 RM'000	2018 RM'000
Current liabilities		
Secured		
Term loans	694	708
Unsecured		
Bankers' acceptance	-	4,534
	694	5,242
Non-current liabilities		
Secured		
Term loans	16,077	15,335
Unsecured		
Bankers' acceptance	-	-
	16,077	15,335
Total	16,771	20,577

11. Capital commitments

There was no material capital commitment.

12. Contingent liabilities

Save as disclosed below, as at 31 March 2018, there was not aware of any contingent liability incurred:

	As at 31 March 2018
	RM'000
Corporate guarantees to financial institutions for banking facilities granted to a subsidiary	2,827
Corporate guarantees to landlords for tenancy agreements entered into by a subsidiary	392
Total	**3,219**

13. Events after reporting date

There were no material events after the reporting date except for events in relation to our Proposed Listing exercise as stated in the Information Memorandum dated 28 September 2018 ("**Information Memorandum**").

14. Review of performance and comparison with preceding quarter's results

During the 9-month period under review, our Group's revenue increased by RM8.17 million mainly contributed from the growth in boutiques, RM3.38 million and e-commence, RM2.28 million.

Our cost of sales for both Carlo Rino and CR2 range of products increased by RM7.11 million mainly due to the increase in cost of finished goods, which is in tandem with the increase in revenue contribution from both Carlo Rino and CR2 brands.

Our PAT increased by RM0.29 million mainly due to higher revenue recorded with an increase of RM8.17 million and lower general and administrative costs incurred with a decrease of RM0.74 million.

15. Prospects and factors likely to influence our Group's prospects

We will continue to enjoy favourable prospects in the long term, having been actively involved in the design, brand management, marketing and retailing of women footwear, handbags and accessories for over 8 years.

According to the independent market research report, the women footwear market is the largest footwear segment in Malaysia, comprising 51.4% of the country's total footwear sales in 2017. In terms of retail sales value, the women footwear market grew from RM2.2 billion in 2013 to approximately RM3.1 billion in 2017 in Malaysia at a compounded annual growth rate ("**CAGR**") of 8.6%. Moving forward, the women footwear market in Malaysia is forecast to grow at a healthy CAGR of 8.7% between 2018 and 2020, to reach RM3.9 billion in 2020.

15. Prospects and factors likely to influence our Group's prospects *(Cont'd)*

Meanwhile, the market for handbags in Malaysia have increased over the past 5 years, from RM1.6 billion in 2013 to RM2.2 billion in 2017, at a CAGR of 8.5%. Moving forward, the total handbag market in Malaysia is forecast to grow by a further CAGR of 8.9% between 2018 and 2020 to reach RM2.8 billion in 2020. In particular, the segment in which our Group operates in, namely the mass consumer and high street handbag brand segment, grew from RM606.2 million in 2013 to RM838.2 million in 2017, at a CAGR of 8.4% between 2013 and 2017. The mass consumer and high street handbag brand segment in Malaysia is expected to grow by a CAGR of 8.7% between 2018 and 2020 to reach RM1,076.8 million in 2020.

Further, the electronic commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.

Recognising the potential of the e-commerce market, we intend to expand into South East Asia market through building a strong online presence for our Carlo Rino brand.

By leveraging on our strengths, our Group believes that we will be able to capture future growth opportunities presented by the growing industry we operate in. We believe we are well-positioned to undertake our strategies. This will place us in a position to be able to ensure our long-term growth and sustainability in the industry.

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