



## **CRG INCORPORATED BERHAD**

Registration No. 200901037127 (880257-A)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

### **ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ("FYE") 30 JUNE 2020**

#### **(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)**

##### **CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

**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 OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CRG INCORPORATED BERHAD ("CRG" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.**

This Additional Information is dated 30 October 2020

**1. Analysis of Financial Information**

Our Group is involved in the retailing segment and the provision of investment and management services segment. Our Group's revenue is analysed as follows:

	<b>AUDITED</b>	
	<b>FYE 30.6.2020</b>	<b>FYE 30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>BUSINESS SEGMENTS</b>		
<b>Retailing</b>		
- Boutique	38,449	54,243
- Departmental store	32,281	56,132
- E-commerce	8,999	6,916
- Distributor/Dealer	277	2,871
- Outright sales of materials	561	2,336
	<b>80,567</b>	<b>122,498</b>
<b>Investment and management services</b>	<b>46</b>	<b>-</b>
<b>TOTAL</b>	<b>80,613</b>	<b>122,498</b>
<b>GEOGRAPHICAL LOCATIONS</b>		
- Malaysia	80,465	119,538
- Vietnam	148	1,392
- Indonesia	-	1,434
- Others	-	134*
<b>TOTAL</b>	<b>80,613</b>	<b>122,498</b>

*Note:*

\* *Comprising Brunei, Singapore and Saudi Arabia.*

**Earnings Per Share**

	<b>AUDITED</b>	
	<b>FYE</b>	<b>FYE</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owner of our Company	3,001	4,340
Weighted average number of ordinary shares ('000)	805,651	805,651
Basic earnings per ordinary share (sen)	0.37	0.54

The Covid-19 pandemic has dramatically disrupted our retailing segment from in-store operations to supply chain system. For current financial year under review, our Group recorded a retailing revenue of RM80.57 million, representing a decrease of 34.23% or RM41.93 million as compared to the preceding financial year. The significant decline in retailing revenue was mainly due to enforcement of movement control order by the Malaysian Government that had resulted in temporary suspension of business activities of our Group's retail outlets from mid of March 2020 to mid of May 2020 and weakened consumer spending. Apart from that, our Group's on-going rationalization process of closing non-performing departmental stores counters and boutiques also contributed to the decline in our revenue.

As a result of abovementioned reasons, revenue contribution from both departmental stores and boutique operations declined significantly, by 42.49% or RM23.85 million, and 29.11% or RM15.79 million respectively in the current financial year under review.

Sales through distributors/dealers also recorded a decline of 90.24% or RM2.59 million in the current financial year as compared to the previous financial year mainly due to the termination of oversea distributors/dealers in Saudi Arabia, Vietnam and Indonesia.

**1. Analysis of Financial Information (Cont'd)**

To ensure business sustainability amid the uncertainties brought upon by the Covid-19 pandemic, we have realigned our business strategy plan to grow our e-commerce activities and strengthen the online presence of our Carlo Rino brand. This strategic plan has resulted with our Group achieving higher revenue from the e-commerce channel with an increase from RM6.92 million in the previous financial year to RM9.00 million or approximately 30.06% in the current financial year under review.

The improvement in efficiency and decrease in operating cost as a result of on-going consolidation and rationalization exercise to close the non-performing departmental stores counters and boutiques had mitigated the negative impact due to decline in revenue. Overall, our Group recorded a profit before tax of RM5.29 million in current financial year under review as compared with RM8.50 million in the preceding financial year with a drop of RM3.21 million.

**2. Prospects**

The outbreak of Covid-19 pandemic has brought unprecedented uncertainties onto the local and global economies, which inevitably impact the consumer sentiments and spending as well as intensify soft retail market conditions.

Our Board of Directors (“Board”) expects our Group’s performance to be challenging in the near future as domestic economy, retail business and consumer sentiments recovery from the uncertainties caused by the Covid-19 pandemic is slow. Our Group will continue to focus on our existing business strategies to increase the revenue, expand online presence via various e-commerce channels while at the same time remain prudent in resources management to ensure cost optimization and operational efficiency to mitigate the economic impact of Covid-19.

**3. Status of Corporate Proposals**

There were no corporate proposals announced and pending completion as at the date of this report.

**4. Material Events Subsequent to the End of the Financial Year**

On 10 September 2020, CRI Sdn Bhd (our wholly-owned subsidiary) entered into a subscription agreement to subscribe 6,800 ordinary shares in Shoppr Labs Sdn Bhd (a company involves in the provision of market intelligence services to fashion and beauty industries) for a purchase consideration of RM3,584,484 for investment purpose. The said subscription was completed on 22 September 2020.

**5. Material Litigation**

There are no material litigations involving our Group as at the date of this report.

**6. Dividend**

Our Board strives to reward our shareholders with dividend payments.

On 27 August 2020, our Board declared a single tier interim dividend of 0.25 sen per ordinary share amounting to approximately RM2,014,129 in respect of the financial year ending 30 June 2021 and the payment was made on 22 September 2020 to our shareholders whose names appear in the Record of Depositors of our Company on 8 September 2020.

**7. Related Party Transactions**

<b>Transacting related parties</b>	<b>Nature of transactions</b>	<b>FYE 30.6.2020 RM'000</b>
Luxury Parade Sdn. Bhd. ("LPSB")	Payment of joint security management fees to LPSB in respect of the security services for the entire Block C (located at Jalan Cheras Zen 1A, Taman Platinum Cheras) comprising 6 level of office building together with 92 units of carpark bays	82
Bonia International Holdings Pte Ltd ("BIH")	Trademarks royalties paid to BIH based on percentage of transacted sales for the trademarks rights granted	31
<b>Total</b>		<b>113</b>

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