CRG INCORPORATED BERHAD
Registration No: 200901037127 (880257 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2020

Registration No:
200901037127 (880257 - A)

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

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CRG INCORPORATED BERHAD
(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 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2020.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the parent	3,001,223	9,781,028

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of the financial year ended 30 June 2019:	
Single tier interim dividend of 0.25 sen per ordinary share, paid on 30 October 2019	2,014,128
In respect of the financial year ended 30 June 2020:	
Single tier interim dividend of 0.25 sen per ordinary share, paid on 20 March 2020	2,014,129
	4,028,257

On 27 August 2020, the Board of Directors declared a single tier interim dividend of 0.25 sen per ordinary share of approximately RM2,014,129 in respect of the financial year ending 30 June 2021, which was paid on 22 September 2020 to the shareholders of the Company whose names appear in the Record of Depositors on 8 September 2020. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

The Directors do not recommend any final dividend in respect of the financial year ended 30 June 2020.

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 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 30 June 2020.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year ended 30 June 2020.

DIRECTORS OF CRG INCORPORATED BERHAD

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

Ng Peng Hong @ Ng Peng Hay	- Independent Non-Executive Director
Dato' Sri Chiang Fong Yee	- Managing Director
Ong Boon Huat	- Executive Director

DIRECTORS OF SUBSIDIARIES OF CRG INCORPORATED BERHAD

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries of CRG Incorporated Berhad 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
Chong Chie Hoe
Erna Kusumawati [1]

[1] Appointed during the financial year 2020

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year ended 30 June 2020 were as follows:

	← Number of ordinary shares			→
	Balance as at 1.7.2019	**Additions**	**Sold/ Transferred**	**Balance as at 30.6.2020**
The Company				
<u>Direct interest</u>				
Dato' Sri Chiang Fong Yee	112,353,840	26,770,000	-	139,123,840
<u>Indirect interest</u>				
Dato' Sri Chiang Fong Yee	73,590,000	-	-	73,590,000

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 those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have been derived by virtue of the remuneration received and receivable by certain Directors from related corporations in their capacity as Directors or full-time employees of those related corporations and those transactions entered into in the ordinary course of business with companies in which a Director of the Company and its subsidiaries has substantial interests as disclosed in Note 33 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 33(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 30 June 2020 was RM2,319.

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

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 to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

(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 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature except for the impact arising from the COVID-19 pandemic as disclosed in Note 37 to the financial statements.

(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 2020 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.

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

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SUBSIDIARIES

Details of subsidiaries are set out in Note 11 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2020 are disclosed in Note 28 to the financial statements.

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

....	....
Dato' Sri Chiang Fong Yee	**Ong Boon Huat**
Managing Director	Executive Director

Kuala Lumpur
30 September 2020

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 16 to 116 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 2020 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	**Ong Boon Huat**
Managing Director	Executive Director

Kuala Lumpur
30 September 2020

STATUTORY DECLARATION

I, Dato' Sri Chiang Fong Yee, being the Managing Director primarily responsible for the financial management of CRG Incorporated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 16 to 116 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	)	
30 September 2020	)	**Dato' Sri Chiang Fong Yee**

Before me:

Baloo T. Pichai
Commissioner for Oaths
No. W663
Kuala Lumpur

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CRG INCORPORATED BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CRG Incorporated Berhad, which comprise the statements of financial position as at 30 June 2020 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 16 to 116.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Group

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

As disclosed in Note 13 to the financial statements, the Group held RM9,623,888 of inventories at the end of the reporting period.

We determined this to be a key audit matter as the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, the management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

Our audit procedures included the following:

(a) discussed with management and obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value of inventories;

(b) tested the weighted average costing of inventories; and

(c) tested inventories for sales subsequent to the year end to support the assertion that the carrying amount of inventories is at the lower of cost and net realisable value.

2. Recoverability of trade receivables

As at 30 June 2020, the net carrying amount of trade receivables of the Group was RM4,871,957, as disclosed in Note 14 to the financial statements.

The Group has impaired trade receivables of RM6,137,960 as at 30 June 2020.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

2. Recoverability of trade receivables (continued)

Our audit procedures included the following:

(a) assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and large and overdue balances;

(b) recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;

(c) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and

(d) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

3. First time adoption of MFRS 16 Leases

The Group adopted MFRS 16 for the first-time during the financial year ended 30 June 2020 as disclosed in Note 5.1 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements to specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

Our audit procedures included the following:

(a) obtained an understanding of the procedures and processes in relation to the assessment by the management on the MFRS 16 transition impact;

(b) assessed the appropriateness of the discount rates applied in determining lease liabilities;

(c) assessed the appropriateness of the assumptions applied in determining the lease terms of lease liabilities;

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

3. First time adoption of MFRS 16 Leases (continued)

Our audit procedures included the following: (continued)

(d) verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information; and

(e) assessed the appropriateness of applying the requirements of *COVID-19-Related Rent Concessions* (Amendment to MFRS 16).

Key Audit Matter of the Company

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

As disclosed in Note 11 to the financial statements, the net carrying amounts of costs of investments in subsidiaries amounted to RM53,848,468 as at 30 June 2020.

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

We determined the impairment assessment of the carrying amounts of the costs of investments in subsidiaries to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Our audit procedures included the following:

(a) compared cash flows projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cash flows projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period projections to actual outcomes to assess the reliability of management's forecasting process;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matter of the Company (continued)

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

   Our audit procedures included the following: (continued)

   (c) verified the pre-tax discount rate used for each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors incorporating the impact of the COVID-19 pandemic; and

   (d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

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 Directors' 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 Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRG INCORPORATED BERHAD (continued)
(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: (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CRG INCORPORATED BERHAD (continued)
(Incorporated in Malaysia)**

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 11 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Chan Wai Leng
02893/08/2021 J
Chartered Accountant

Kuala Lumpur
30 September 2020

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	7	24,246,732	31,127,740	46,888	65,774
Right-of-use assets	8	11,869,323	-	-	-
Goodwill	9	19,750	19,750	-	-
Investment properties	10	4,800,000	-	22,802,490	22,802,490
Investments in subsidiaries	11	-	-	53,848,468	51,348,470
Deferred tax assets	12	1,164,000	700,000	-	-
		42,099,805	31,847,490	76,697,846	74,216,734
Current assets					
Inventories	13	9,623,888	14,881,279	-	-
Trade and other receivables	14	9,359,371	18,069,978	89,433	83,068
Current tax assets		127,054	137,585	-	-
Cash and bank balances	15	43,616,849	30,865,167	12,436,870	9,995,814
Short term funds	16	5,603,340	-	-	-
		68,330,502	63,954,009	12,526,303	10,078,882
TOTAL ASSETS		110,430,307	95,801,499	89,224,149	84,295,616
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	68,000,000	68,000,000	68,000,000	68,000,000
Reserves	18	4,169,599	4,799,736	9,494,033	3,741,262
TOTAL EQUITY		72,169,599	72,799,736	77,494,033	71,741,262
LIABILITIES					
Non-current liabilities					
Borrowings	19	12,957,791	14,580,590	10,795,359	11,898,224
Lease liabilities	8	7,956,113	-	-	-
Deferred tax liabilities	12	69,000	15,000	19,000	15,000
Provision for restoration costs	22	484,118	464,296	-	-
		21,467,022	15,059,886	10,814,359	11,913,224

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (continued)

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	23	9,402,595	5,656,545	140,972	87,745
Borrowings	19	960,434	843,989	708,019	549,785
Lease liabilities	8	5,383,917	-	-	-
Provision for restoration costs	22	296,488	166,993	-	-
Current tax liabilities		750,252	1,274,350	66,766	3,600
		16,793,686	7,941,877	915,757	641,130
TOTAL LIABILITIES		38,260,708	23,001,763	11,730,116	12,554,354
TOTAL EQUITY AND LIABILITIES		110,430,307	95,801,499	89,224,149	84,295,616

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

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	26	80,612,789	122,498,463	10,565,824	13,013,803
Cost of sales	27	(36,934,449)	(63,235,417)	-	-
Gross profit		43,678,340	59,263,046	10,565,824	13,013,803
Other operating income		2,911,075	944,631	204,085	73,185
Selling and distribution expenses		(24,050,621)	(30,182,696)	-	-
General and administrative expenses		(16,363,513)	(20,909,523)	(786,536)	(9,100,330)
Finance costs		(886,996)	(619,088)	(36,915)	(460,192)
Profit before tax	28	5,288,285	8,496,370	9,946,458	3,526,466
Tax expense	29	(2,287,062)	(4,155,967)	(165,430)	(172,515)
Profit for the financial year		3,001,223	4,340,403	9,781,028	3,353,951
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations	29	(43,271)	51,859	-	-
Item that will not be reclassified subsequently to profit or loss					
Gain on revaluation of a property upon transfer from property, plant and equipment to investment properties	29	805,700	-	-	-
Total other comprehensive income, net of tax		762,429	51,859	-	-
Total comprehensive income		3,763,652	4,392,262	9,781,028	3,353,951
Profit attributable to owners of parent		3,001,223	4,340,403	9,781,028	3,353,951
Total comprehensive income attributable to owners of the parent		3,763,652	4,392,262	9,781,028	3,353,951
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic and Diluted	30	0.37	0.54		

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

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

			Non-distributable			
			Exchange		Distributable	
		Share	translation	Revaluation	Retained	Total
		capital	reserve	reserve	earnings	equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 July 2018		68,000,000	(250,536)	-	658,010	68,407,474
Profit for the financial year		-	-	-	4,340,403	4,340,403
Foreign currency translation, net of tax		-	51,859	-	-	51,859
Total comprehensive income		-	51,859	-	4,340,403	4,392,262
Balance as at 30 June 2019, as previously reported		68,000,000	(198,677)	-	4,998,413	72,799,736
Effects on adoption of MFRS 16	5.1	-	-	-	(365,532)	(365,532)
Balance as at 30 June 2019, as restated		68,000,000	(198,677)	-	4,632,881	72,434,204
Profit for the financial year		-	-	-	3,001,223	3,001,223
Gain on revaluation of a property upon transfer from property, plant and equipment to investment properties		-	-	805,700	-	805,700
Foreign currency translation, net of tax		-	(43,271)	-	-	(43,271)
Total comprehensive income		-	(43,271)	805,700	3,001,223	3,763,652
Transaction with owners						
Dividend paid	31	-	-	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	-	-	(4,028,257)	(4,028,257)
Balance as at 30 June 2020		68,000,000	(241,948)	805,700	3,605,847	72,169,599

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

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Company	**Note**	**Non-distributable Share capital RM**	**Distributable Retained earnings RM**	**Total equity RM**
Balance as at 1 July 2018		68,000,000	387,311	68,387,311
Profit for the financial year		-	3,353,951	3,353,951
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	3,353,951	3,353,951
Balance as at 30 June 2019		68,000,000	3,741,262	71,741,262
Profit for the financial year		-	9,781,028	9,781,028
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	9,781,028	9,781,028
Transaction with owners				
Dividend paid	31	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	(4,028,257)	(4,028,257)
Balance as at 30 June 2020		68,000,000	9,494,033	77,494,033

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

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,288,285	8,496,370	9,946,458	3,526,466
Adjustments for:					
Depreciation of property, plant and equipment	7	2,658,335	3,151,928	28,946	32,036
Depreciation of right-of-use assets	8	7,166,791	-	-	-
Dividend income	26	-	-	(9,600,004)	(11,800,003)
Fair value loss on short term funds		23,417	-	-	-
Loss/(Gain) on disposal of property, plant and equipment, net		11,044	(64,315)	-	(61,999)
Impairment losses on:					
- costs of investments in subsidiaries	11	-	-	-	6,381,919
- amounts owing by subsidiaries	14	-	-	-	1,824,474
- trade and other receivables	14	934,218	3,093,191	-	-
- property, plant and equipment	7	-	822,330	-	-
- right-of-use assets	8	1,043,633	-	-	-
Interest expenses		859,306	599,688	36,915	460,192
Interest income		(630,022)	(252,655)	(19,663)	-
Property, plant and equipment written off	7	32,494	290,059	-	-
Lease concessions	8	(903,937)	-	-	-
Reversal of impairment losses on:					
- trade receivables	14	(1,278,409)	(342,473)	-	-
- amounts owing by a subsidiary	14	-	-	(63,849)	-
Unrealised (gain)/loss on foreign exchange, net		(126,225)	381	(52,741)	34,878
Unwinding of discount on provision for restoration costs	22	27,690	19,400	-	-
Operating profit before changes in working capital		15,106,620	15,813,904	276,062	397,963
Changes in working capital:					
Inventories		5,270,685	4,379,988	-	-
Trade and other receivables		9,178,542	3,627,591	(6,365)	314,593
Trade and other payables		3,734,333	(2,164,146)	53,227	(903,853)
Cash generated from/(used in) operations		33,290,180	21,657,337	322,924	(191,297)

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Tax paid		(3,264,603)	(3,375,154)	(98,264)	(71,400)
Tax refunded		91,848	1,405,983	-	17,341
Net cash from/(used in) operating activities		30,117,425	19,688,166	224,660	(245,356)
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments to former related companies		-	(12,191)	-	-
Repayments from/(Advances to) subsidiaries		-	-	112,460	(1,528,966)
Subscription of shares in subsidiaries	11	-	-	(2,499,998)	(1,600,000)
Interest received		630,022	252,655	19,663	-
Placement of short term funds		(5,626,757)	-	-	-
Dividends received		-	-	9,600,004	11,800,003
Proceeds from disposal of property, plant and equipment		12,300	68,650	-	62,000
Purchase of property, plant and equipment	7(a)	(377,097)	(2,519,280)	(10,060)	(24,100)
Net cash (used in)/from investing activities		(5,361,532)	(2,210,166)	7,222,069	8,708,937
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(129,957)	(599,688)	(36,915)	(460,192)
Dividend paid	31	(4,028,257)	-	(4,028,257)	-
Payments of lease liabilities		(6,691,186)	-	-	-
Repayment of banker's acceptance		-	(639,000)	-	-
Repayments of term loans		(1,152,881)	(886,826)	(980,209)	(677,743)
Drawdowns of term loans		46,527	46,524	35,578	35,578
Net cash used in financing activities		(11,955,754)	(2,078,990)	(5,009,803)	(1,102,357)
Net increase in cash and cash equivalents		12,800,139	15,399,010	2,436,926	7,361,224
Effects of exchange rate changes on cash and cash equivalents		(48,457)	36,582	4,130	1,938
Cash and cash equivalents at beginning of financial year		30,865,167	15,429,575	9,995,814	2,632,652
Cash and cash equivalents at end of financial year	15	43,616,849	30,865,167	12,436,870	9,995,814

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

CRG INCORPORATED BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

1. CORPORATE INFORMATION

CRG Incorporated Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the LEAP Market of Bursa Malaysia Securities Berhad with effect from 28 November 2018.

The registered office of the Company is located at No.5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at L2-05, 2nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2020 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 30 September 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and the details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2020.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the adoption of the new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 July 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The Group has also early adopted Amendment to MFRS 16 *COVID-19-Related Rent Concessions* during the financial year and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

  (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

  (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

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.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Long term leasehold land	Up to 69 years
Buildings	2%
Electrical installations	15%
Furniture, fittings and counter fixtures	15% - 33⅓%
Motor vehicles	20%
Office equipment	15% - 20%
Plant and machinery	20%
Renovation	25%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as lessee

Current financial year - Accounting policies applied from 1 July 2019

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessee (continued)

Current financial year - Accounting policies applied from 1 July 2019 (continued)

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Boutiques	2 to 9 years
Hostels	2 years
Motor vehicles	5 years
Office	6 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessee (continued)

Current financial year - Accounting policies applied from 1 July 2019 (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Previous financial year - Accounting policies applied until 30 June 2019

(a) Finance leases and hire purchase

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

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

(b) Operating leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessee (continued)

Previous financial year - Accounting policies applied until 30 June 2019 (continued)

(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.

4.6 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 held for distribution (or included in a disposal group that is classified as held for sale or held for distribution) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Goodwill (continued)

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.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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 bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (continued)

(ii) Financial assets measured at fair value (continued)

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or 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.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4.13 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to 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.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss (“ECL”). This entails recognising a lifetime expected loss allowance for all trade receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset’s original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group’s industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, amounts owing by subsidiaries and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables, amounts owing by subsidiaries and amounts owing by related parties are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts owing by subsidiaries and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.16 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries on distributions to the Group and the 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)

4.16 Income taxes (continued)

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.17 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)

4.17 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 right-of-use assets. 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.

4.18 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.

4.19 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)

4.19 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.

4.20 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 the 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, the attributable 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)

4.20 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.

4.21 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Management fee

Management fee is recognised at a point in time when management services are rendered and accepted by subsidiaries.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Revenue recognition (continued)

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

(a) Dividend income

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

(b) Interest income

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

(c) Rental income

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

4.22 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

   (i) the combined reported profit of all operating segments that did not report a loss; and

   (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Operating segments (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.23 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.24 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Fair value measurements (continued)

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 the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	**Effective Date**
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendment to MFRS 16 *COVID-19-Related Rent Concessions*	1 June 2020 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company. The impact of the adoption of MFRS 16 and Amendment to MFRS 16 is described in the following sections.

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

5.1 New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 July 2019. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 July 2019 were from 4.22% to 4.52%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management’s model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019;
(c) Accounting for operating leases with a remaining lease term of less than twelve (12) months as at 1 July 2019 and do not contain a purchase option as short-term leases;
(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

5.1 New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases* (continued)

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Group	Note	As at 30 June 2019 RM	Impact RM	As at 1 July 2019 RM
Property, plant and equipment		31,127,740	(603,579)	30,524,161
Right-of-use assets	(a)	-	19,565,629	19,565,629
Deferred tax assets		700,000	85,731	785,731
Borrowings		(15,424,579)	400,000	(15,024,579)
Lease liabilities	(b)	-	(19,626,193)	(19,626,193)
Provision for restoration costs		(631,289)	(187,120)	(818,409)
Retained earnings		4,998,413	(365,532)	4,632,881

(a) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the carrying amounts as if MFRS 16 had been applied since the commencement date, but discounted using the Group’s incremental borrowing rate at the date of initial application.

(b) Lease liabilities are measured as follows:

	Group RM
Operating lease commitments at 30 June 2019 as disclosed under MFRS 117	10,596,251
Weighted average incremental borrowing rate as at 1 July 2019	4.52%
Discounted operating lease commitments as at 1 July 2019	8,727,393
Finance lease liabilities recognised as at 30 June 2019	400,000
Recognition exemption for leases with less than twelve (12) months of lease term at transition	(120,101)
Extension options reasonably certain to be exercised	9,771,271
Contracts reassessed as lease contracts	847,630
Lease liabilities recognised at 1 July 2019	19,626,193

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

5.1 New MFRSs adopted during the financial year (continued)

Amendment to MFRS 16 *COVID-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and

(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted the Amendment to MFRS 16 with election to apply the practical expedient as mentioned above to all rent concessions received that meet the conditions as stated above where effectively the Group recognised the concession separately in other income in profit or loss of the Group. The effects of early adoption are disclosed in Note 8(d) to the financial statements.

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 2020

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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Carrying amount of inventories at lower of cost and net realisable value

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

(b) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

(c) First time adoption of MFRS 16 *Leases*

Management exercised significant judgements to specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

(d) Impairment assessment of the carrying amounts of cost of investments in subsidiaries

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

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

7. PROPERTY, PLANT AND EQUIPMENT

Group 30 June 2020 At cost	Balance as at 1.7.2019 RM	Effects on adoption of MFRS 16 (Note 5.1) RM	Additions RM	Disposals RM	Reclassification RM	Reclassification to investment properties (Note 10) RM	Written off RM	Balance as at 30.6.2020 RM
Long term leasehold land	2,606,860	-	-	-	-	(2,606,860)	-	-
Freehold land and building	22,802,490	-	-	-	-	-	-	22,802,490
Building on long term leasehold land	1,605,532	-	-	-	-	(1,605,532)	-	-
Electrical installation	611,363	-	6,800	-	-	-	(55,740)	562,423
Furniture, fittings and counter fixtures	19,606,380	(497,151)	208,299	(65,169)	-	-	(403,673)	18,848,686
Motor vehicles	36,700	-	3,623	-	(36,700)	-	-	3,623
Motor vehicle under hire purchase and lease	400,000	(436,700)	-	-	36,700	-	-	-
Office equipment	3,835,077	-	150,536	-	-	-	(127,111)	3,858,502
Plant and machinery	158,259	-	-	-	-	-	-	158,259
Renovation	1,432,125	-	11,717	-	-	-	(220,520)	1,223,322
	53,094,786	(933,851)	380,975	(65,169)	-	(4,212,392)	(807,044)	47,457,305

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 30 June 2020 Accumulated depreciation	Balance as at 1.7.2019 RM	Effects on adoption of MFRS 16 (Note 5.1) RM	Depreciation charge for the financial year RM	Disposals RM	Reclassification RM	Reclassification to investment properties (Note 10) RM	Written off RM	Translation adjustment RM	Balance as at 30.6.2020 RM
Long term leasehold land	119,782	-	25,218	-	-	(145,000)	-	-	-
Freehold land and building	1,748,192	-	456,050	-	-	-	-	-	2,204,242
Building on long term leasehold land	101,685	-	21,407	-	-	(123,092)	-	-	-
Electrical installation	318,453	-	66,354	-	-	-	(51,559)	-	333,248
Furniture, fittings and counter fixtures	15,164,565	(322,994)	1,490,038	(41,825)	-	-	(378,465)	-	15,911,319
Motor vehicles	612	-	302	-	(612)	-	-	-	302
Motor vehicle under hire purchase and lease	6,666	(7,278)	-	-	612	-	-	-	-
Office equipment	2,798,287	-	401,882	-	-	-	(124,010)	(69)	3,076,090
Plant and machinery	158,256	-	-	-	-	-	-	-	158,256
Renovation	728,218	-	197,084	-	-	-	(220,516)	-	704,786
	21,144,716	(330,272)	2,658,335	(41,825)	-	(268,092)	(774,550)	(69)	22,388,243

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group **30 June 2020** **Accumulated impairment**	**Balance as at 1.7.2019 RM**	**Impairment loss for the financial year RM**	**Balance as at 30.6.2020 RM**
Long term leasehold land	-	-	-
Freehold land and building	-	-	-
Building on long term leasehold land	-	-	-
Electrical installation	-	-	-
Furniture, fittings and counter fixtures	822,330	-	822,330
Motor vehicles	-	-	-
Motor vehicle under hire purchase and lease	-	-	-
Office equipment	-	-	-
Plant and machinery	-	-	-
Renovation	-	-	-
	822,330	-	822,330

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 30 June 2019 At cost	Balance as at 1.7.2018 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Translation adjustment RM	Balance as at 30.6.2019 RM
Long term leasehold land	2,606,860	-	-	-	-	-	2,606,860
Freehold land and building	22,802,490	-	-	-	-	-	22,802,490
Building on long term leasehold land	1,605,532	-	-	-	-	-	1,605,532
Electrical installation	695,498	219,048	-	(303,183)	-	-	611,363
Furniture, fittings and counter fixtures	20,138,853	871,933	(18,049)	(1,386,357)	-	-	19,606,380
Motor vehicles	-	36,700	-	-	-	-	36,700
Motor vehicle under hire purchase and lease	376,763	400,000	(376,763)	-	-	-	400,000
Office equipment	3,377,107	597,240	(20,066)	(141,194)	21,539	451	3,835,077
Plant and machinery	226,111	-	-	(46,313)	(21,539)	-	158,259
Renovation	1,716,411	776,772	-	(1,060,282)	-	(776)	1,432,125
	53,545,625	2,901,693	(414,878)	(2,937,329)	-	(325)	53,094,786

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 30 June 2019 Accumulated depreciation	Balance as at 1.7.2018 RM	Depreciation charge for the financial year RM	Disposals RM	Written off RM	Reclassification RM	Translation adjustment RM	Balance as at 30.6.2019 RM
Long term leasehold land	81,956	37,826	-	-	-	-	119,782
Freehold land and building	1,292,142	456,050	-	-	-	-	1,748,192
Building on long term leasehold land	69,574	32,111	-	-	-	-	101,685
Electrical installation	535,330	63,082	-	(279,959)	-	-	318,453
Furniture, fittings and counter fixtures	14,473,813	1,950,836	(15,090)	(1,244,994)	-	-	15,164,565
Motor vehicles	-	612	-	-	-	-	612
Motor vehicle under hire purchase and lease	376,762	6,666	(376,762)	-	-	-	6,666
Office equipment	2,518,863	423,294	(18,691)	(130,460)	5,104	177	2,798,287
Plant and machinery	209,203	429	-	(46,272)	(5,104)	-	158,256
Renovation	1,492,781	181,022	-	(945,585)	-	-	728,218
	21,050,424	3,151,928	(410,543)	(2,647,270)	-	177	21,144,716

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group **30 June 2019** **Accumulated impairment**	**Balance as at 1.7.2018 RM**	**Impairment loss for the financial year RM**	**Balance as at 30.6.2019 RM**
Long term leasehold land	-	-	-
Freehold land and building	-	-	-
Building on long term leasehold land	-	-	-
Electrical installation	-	-	-
Furniture, fittings and counter fixtures	-	822,330	822,330
Motor vehicles	-	-	-
Motor vehicle under hire purchase and lease	-	-	-
Office equipment	-	-	-
Plant and machinery	-	-	-
Renovation	-	-	-
	-	822,330	822,330

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Carrying amount	Group 2020 RM	Group 2019 RM
Long term leasehold land	-	2,487,078
Freehold land and building	20,598,248	21,054,298
Building on long term leasehold land	-	1,503,847
Electrical installation	229,175	292,910
Furniture, fittings and counter fixtures	2,115,037	3,619,485
Motor vehicles	3,321	36,088
Motor vehicle under hire purchase and lease	-	393,334
Office equipment	782,412	1,036,790
Plant and machinery	3	3
Renovation	518,536	703,907
	24,246,732	31,127,740

Company 30 June 2020 At cost	Balance as at 1.7.2019 RM	Additions RM	Balance as at 30.6.2020 RM
Electrical installation	42,932	-	42,932
Furniture and fittings	-	10,060	10,060
Office equipment	69,395	-	69,395
Renovation	51,700	-	51,700
	164,027	10,060	174,087

Company 30 June 2020 Accumulated depreciation	Balance as at 1.7.2019 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2020 RM
Electrical installation	19,348	6,440	25,788
Furniture and fittings	-	1,509	1,509
Office equipment	48,787	13,878	62,665
Renovation	30,118	7,119	37,237
	98,253	28,946	127,199

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 30 June 2019 At cost	Balance as at 1.7.2018 RM	Additions RM	Disposals RM	Balance as at 30.6.2019 RM
Electrical installation	42,932	-	-	42,932
Motor vehicles under hire purchase and lease	376,763	-	(376,763)	-
Office equipment	69,395	-	-	69,395
Renovation	27,600	24,100	-	51,700
	516,690	24,100	(376,763)	164,027

Company 30 June 2019 Accumulated depreciation	Balance as at 1.7.2018 RM	Depreciation charge for the financial year RM	Disposals RM	Balance as at 30.6.2019 RM
Electrical installation	12,908	6,440	-	19,348
Motor vehicles under hire purchase and lease	376,762	-	(376,762)	-
Office equipment	34,909	13,878	-	48,787
Renovation	18,400	11,718	-	30,118
	442,979	32,036	(376,762)	98,253

	Company	
Carrying amount	**2020 RM**	**2019 RM**
Electrical installation	17,144	23,584
Furniture and fittings	8,551	-
Office equipment	6,730	20,608
Renovation	14,463	21,582
	46,888	65,774

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Purchase of property, plant and equipment	380,975	2,901,693	10,060	24,100
Financed by hire purchase (Note 19)	-	(400,000)	-	-
Provision for restoration costs capitalised (Note 22)	-	38,687	-	-
Unsettled and remained as other payables	(3,878)	(21,100)	-	-
Cash payments on purchase of property, plant and equipment	377,097	2,519,280	10,060	24,100

(b) As at the end of the reporting period, the carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 21 to the financial statements are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Long term leasehold land	-	2,487,078	-	-
Freehold land and buildings	19,335,027	19,763,108	-	-
Building on long term leasehold land	-	1,503,847	-	-
	19,335,027	23,754,033	-	-

In the previous financial year, long term leasehold land and building of the Group with a total carrying amount of RM3,990,925 had been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

(c) During the current financial year, long term leasehold land and building of the Group with a total carrying amount RM3,944,300 (2019: RM Nil) have been reclassified as an investment property as disclosed in Note 10 to the financial statements.

8. LEASES

The Group as lessee

Right-of-use assets

Group 30 June 2020 At cost	Balance as at 1.7.2019 RM	Effects on adoption of MFRS 16 (Note 5.1) RM	Additions RM	Balance as at 30.6.2020 RM
Boutiques	-	25,275,593	514,118	25,789,711
Hostels	-	62,442	-	62,442
Motor vehicles	-	436,700	-	436,700
Office	-	3,206,566	-	3,206,566
	-	28,981,301	514,118	29,495,419

Group 30 June 2020 Accumulated depreciation	Balance as at 1.7.2019 RM	Effects on adoption of MFRS 16 (Note 5.1) RM	Depreciation charge for the financial year RM	Balance as at 30.6.2020 RM
Boutiques	-	8,908,095	6,518,286	15,426,381
Hostels	-	10,407	31,221	41,628
Motor vehicles	-	7,278	87,340	94,618
Office	-	489,892	529,944	1,019,836
	-	9,415,672	7,166,791	16,582,463

Group 30 June 2020 Accumulated impairment	Balance as at 1.7.2019 RM	Impairment loss for the financial year RM	Balance as at 30.6.2020 RM
Boutiques	-	1,043,633	1,043,633
Hostels	-	-	-
Motor vehicles	-	-	-
Office	-	-	-
	-	1,043,633	1,043,633

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	Group	
	2020	**2019**
Carrying amount	**RM**	**RM**
Boutiques	9,319,697	-
Hostels	20,814	-
Motor vehicles	342,082	-
Office	2,186,730	-
	11,869,323	-

(a) The Group leases boutiques, hostels, motor vehicles and office with lease periods of two (2) years to nine (9) years.

(b) The Group has certain leases of boutiques and hostel with lease term of less than twelve (12) months and low-value lease of office of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2020	**2019**
	RM	**RM**
Purchase of right-of-use assets	514,118	-
Financed by lease liabilities	(579,611)	-
Provision for restoration costs capitalised (Note 22)	65,493	-
Cash payments on right-of-use assets	-	-

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

(d) The following are the amounts recognised in profit or loss:

	Group 2020 RM
Included in general and administrative expenses:	
Expenses relating to leases of low-value assets	6,000
Expenses relating to short-term lease	570,466
Depreciation charge of right-of-use assets	648,505
Variable lease payments:	
- based on the monthly gross sales	999,580
Included in selling and distribution expenses:	
Depreciation charge of right-of-use assets	6,518,286
Included in finance costs:	
Interest expense on lease liabilities	745,217
Included in other operating income:	
- arising from COVID-19-related rent concessions	(903,937)
	8,584,117

(e) 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 2021 to 2023.

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

(i) The anticipated average annual revenue growth rates used in the cash flow projections of the CGU ranged from -10% to 10% (2019: Nil) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 13.4% (2019: Nil) was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax plus a reasonable risk premium and reflects the overall weighted average cost of capital of the Group.

Based on these assumptions, an impairment loss of RM1,043,633 (2019: RM Nil) is recognised in relation to right-of-use assets for a subsidiary as the recoverable amount is lower than the carrying amount of the CGU as a result of the COVID-19 pandemic as disclosed in Note 37 to the financial statements.

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities

Carrying amount	**Balance as at 1.7.2019 RM**	**Effects on adoption of MFRS 16 (Note 5.1) RM**	**Additions RM**	**Lease payments RM**	**Lease concessions RM**	**Interest expense RM**	**Balance as at 30.6.2020 RM**
Boutiques	-	16,598,925	579,611	(6,065,972)	(854,565)	623,125	10,881,124
Hostels	-	49,660	-	(35,200)	-	1,332	15,792
Motor vehicles	-	400,000	-	(88,884)	-	15,868	326,984
Office	-	2,577,608	-	(516,998)	(49,372)	104,892	2,116,130
	-	19,626,193	579,611	(6,707,054)	(903,937)	745,217	13,340,030

Represented by:	**Group 2020 RM**	**2019 RM**
Non-current liabilities		
- Lease liabilities owing to a financial institution	250,473	-
- Lease liabilities owing to non-financial institutions	7,705,640	-
	7,956,113	-
Current liabilities		
- Lease liabilities owing to a financial institution	76,511	-
- Lease liabilities owing to non-financial institutions	5,307,406	-
	5,383,917	-
	13,340,030	-

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(a) The movements of lease liabilities during the financial year are as follows:

	Group 2020 RM	2019 RM
At 1 July	-	-
Effects on adoption of MFRS 16 (Note 5.1)	19,626,193	-
Additions of lease liabilities	579,611	-
Interest charged for the year	745,217	-
Lease payments	(6,707,054)	-
Lease concessions	(903,937)	-
At 30 June	13,340,030	-

(b) At the end of the financial year, the Group had total cash outflow for leases of RM6,707,054.

(c) The Group has lease contracts for certain boutiques that contains variable payments based on the monthly gross sales. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur.

A 10% increase in monthly gross sales would increase total lease payments by 1.2%.

(d) Reconciliation of liabilities arising from financing activities:

Group	Note	Lease liabilities RM
At 1 July 2019, as previously reported		-
Effects on adoption of MFRS 16	5.1	19,626,193
At 1 July 2019, as restated		19,626,193
Cash flows:		
- Net of repayments of borrowings		(6,707,054)
- Interest paid		15,868
		(6,691,186)
Non-cash flows:		
- Additions		579,611
- Unwinding of interest		729,349
- Lease concessions		(903,937)
At 30 June 2020		13,340,030

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(e) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management exercise significant judgement in determining whether these extension options are reasonably certain to be exercised. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The followings are the undiscounted potential future rental payments that are not included in the lease term:

Group 2020	**Within five years RM**	**Total RM**
Extension options expected not to be exercised	53,450	53,450

(f) Information on the financial risk of lease liabilities is disclosed in Note 36 to the financial statements.

The Group as lessor

The Group has entered into non-cancellable lease agreement for a warehouse for a term of two (2) years with an option to renew for another one (1) year. The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2020 RM	**2019 RM**
Less than one (1) year	279,000	-
One (1) to two (2) years	291,000	-
Two (2) years to three (3) years	225,000	-
	795,000	-

9. GOODWILL

	Group 2020 RM	Group 2019 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 2021 to 2023.

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

(i) The anticipated annual revenue growth rates used in the cash flow projections of the CGU ranged from -15% to 10% (2019: 7.4%) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 13.4% (2019: 8.3%) was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax plus a reasonable risk premium and reflects the overall weighted average cost of capital of the Group.

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.

10. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2019 RM	Reclassification from property, plant and equipment (Note 7) RM	Fair value adjustment RM	Balance as at 30.6.2020 RM
At fair value				
Leasehold land and building	-	3,944,300	855,700	4,800,000

Company	Balance as at 1.7.2019 RM	Additions RM	Disposals RM	Balance as at 30.6.2020 RM
At fair value				
Freehold land and buildings	22,802,490	-	-	22,802,490

10. INVESTMENT PROPERTIES (continued)

Company	Balance as at 1.7.2018 RM	Additions RM	Disposals RM	Balance as at 30.6.2019 RM
At fair value				
Freehold land and buildings	22,802,490	-	-	22,802,490

(a) As at the end of reporting period, the investment properties pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 21 to the financial statements are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Freehold land and buildings	-	-	21,404,090	21,404,090
Leasehold land and building	4,800,000	-	-	-
	4,800,000	-	21,404,090	21,404,090

(b) As at the end of reporting period, rental income of the Group and the Company derived from the investment properties are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Rental income	46,000	-	965,820	1,213,800

(c) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income generating units				
Repairs and maintenance	2,510	-	131,989	275,969
Quit rent and assessment	12,948	-	16,066	16,206

(d) The fair value of investment properties of the Group and the Company are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Leasehold land and building	-	-	4,800,000	4,800,000

10. INVESTMENT PROPERTIES (continued)

(d) The fair value of investment properties of the Group and the Company are categorised as follows: (continued)

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Freehold land and buildings	-	-	22,802,490	22,802,490
2019				
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 years ended 30 June 2020 and 30 June 2019.

(ii) As at 30 June 2020, the valuation of investment properties of the Group and the Company at Level 3 fair value amounting to RM4,800,000 (2019: RM Nil) and RM22,802,490 (2019: RM22,802,490) respectively 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 Group and the Company are mainly used to generate rental income.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM	Company 2019 RM
Unquoted shares - at cost	65,875,563	63,375,565
Less: Impairment losses	(12,027,095)	(12,027,095)
	53,848,468	51,348,470

11. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Effective interest in equity 2020 %	2019 %	Principal activities
CR Boutique Sdn. Bhd.	100	100	Retailing of women footwear, handbags and accessories
CRF Marketing Sdn. Bhd. ("CRF")	100	100	Designing, promoting and marketing of women footwear
CRL Marketing Sdn. Bhd. ("CRL")	100	100	Designing, promoting and marketing of women handbags and accessories
CRI Sdn. Bhd. ("CRI")	100	100	Investment holding
CRV Sdn. Bhd. ("CRV")	100	100	Marketing and distribution of fashionable goods and accessories, and provision of management services
PT CRI Mitra Sejati ("PTCMS") (1) *(Incorporated in Indonesia)*	100	100	Wholesale import of fashionable goods and accessories
CRR Vietnam Co., Ltd. ("CRR") (1) *(Incorporated in Vietnam)*	100	100	Management consultancy activities and to implement the right of import, distribution, wholesales of goods

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

(b) During the financial year ended 30 June 2020, the Company increased its investment of RM2,499,998 in the share capital of CRI by way of cash consideration.

(c) In the previous financial year:

(i) Amounts owing by subsidiaries amounting to RM3,075,988 and RM1,665,040 had been capitalised as additional investments of the Company in subsidiaries namely PTCMS and CRR respectively.

(ii) The Company increased its investment of RM1,600,000 in the share capital of CRV.

(iii) Impairment losses on the costs of investments in certain subsidiaries amounting to RM6,381,919 had been recognised due to their recoverable amounts being lower than their carrying amounts.

12. DEFERRED TAX

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Balance as at 1 July 2019/2018, as previously reported	685,000	763,816	(15,000)	66,856
Effects on adoption of MFRS 16 (Note 5.1)	85,731	-	-	-
Balance as at 1 July 2019/2018, as restated	770,731	763,816	(15,000)	66,856
Recognised in profit or loss (Note 29)	374,269	(78,816)	(4,000)	(81,856)
Recognised in other comprehensive income	(50,000)	-	-	-
Balance as at 30 June 2020/2019	1,095,000	685,000	(19,000)	(15,000)

Presented after appropriate offsetting as follow:

Deferred tax assets, net	1,164,000	700,000	-	-
Deferred tax liabilities, net	(69,000)	(15,000)	(19,000)	(15,000)
	1,095,000	685,000	(19,000)	(15,000)

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

<u>Deferred tax liabilities of the Group</u>

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2019	(51,000)	36,000	(15,000)
Recognised in profit or loss	5,000	(9,000)	(4,000)
Recognised in other comprehensive income	(50,000)	-	(50,000)
At 30 June 2020	(96,000)	27,000	(69,000)
At 1 July 2018	-	-	-
Recognised in profit or loss	(51,000)	36,000	(15,000)
At 30 June 2019	(51,000)	36,000	(15,000)

12. DEFERRED TAX (continued)

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

Deferred tax assets of the Group

	Property, plant and equipment RM	Other deductible temporary differences RM	Lease liabilities RM	Offsetting RM	Total RM
At 1 July 2019, as previously reported	176,000	560,000	-	(36,000)	700,000
Effects on adoption of MFRS 16 (Note 5.1)	-	-	85,731	-	85,731
At 1 July 2019, as restated	176,000	560,000	85,731	(36,000)	785,731
Recognised in profit or loss	5,000	38,000	326,269	9,000	378,269
At 30 June 2020	181,000	598,000	412,000	(27,000)	1,164,000
At 1 July 2018	63,000	700,816	-	-	763,816
Recognised in profit or loss	113,000	(140,816)	-	(36,000)	(63,816)
At 30 June 2019	176,000	560,000	-	(36,000)	700,000

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2019	(24,000)	9,000	(15,000)
Recognised in profit or loss	5,000	(9,000)	(4,000)
At 30 June 2020	(19,000)	-	(19,000)
At 1 July 2018	(22,000)	22,000	-
Recognised in profit or loss	(2,000)	(13,000)	(15,000)
At 30 June 2019	(24,000)	9,000	(15,000)

12. DEFERRED TAX (continued)

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

Deferred tax assets of the Company

	Other deductible temporary differences RM	Offsetting RM	Total RM
At 1 July 2019	9,000	(9,000)	-
Recognised in profit or loss	(9,000)	9,000	-
At 30 June 2020	-	-	-
At 1 July 2018	88,856	(22,000)	66,856
Recognised in profit or loss	(79,856)	13,000	(66,856)
At 30 June 2019	9,000	(9,000)	-

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

	Group	
	2020 RM	2019 RM
Unused tax losses:		
- Expires by 30 June 2026	-	112,070
- Expires by 30 June 2027	816,241	-
Unabsorbed capital allowances	178,840	-
Other deductible temporary differences	2,391,267	1,376,894
	3,386,348	1,488,964

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unused tax losses of the Group up to the year of assessment 2019 shall be deductible until year of assessment 2026. The unused tax losses for the year of assessment 2020 onwards will expire in seven (7) years. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and the tax legislation of the respective countries in which the subsidiaries operate.

13. INVENTORIES

	Group 2020 RM	Group 2019 RM
Raw materials	182,507	461,665
Finished goods	9,441,381	14,419,614
	9,623,888	14,881,279

During the financial year, inventories of the Group recognised as cost of sales amounted to RM36,934,449 (2019: RM63,235,417).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	11,009,917	18,420,783	-	-
Less: Impairment losses				
- third parties	(6,137,960)	(6,344,411)	-	-
	4,871,957	12,076,372	-	-
Other receivables and deposits				
Amounts owing by subsidiaries	-	-	1,760,625	1,824,474
Other receivables	1,753,320	1,470,452	7,734	7,734
Deposits	3,399,521	3,373,681	82,168	82,168
	5,152,841	4,844,133	1,850,527	1,914,376
Less: Impairment losses				
- subsidiaries	-	-	(1,760,625)	(1,824,474)
- other receivables	(1,144,200)	(1,125,236)	(7,734)	(7,734)
- deposits	(37,707)	(29,974)	-	-
	(1,181,907)	(1,155,210)	(1,768,359)	(1,832,208)
	3,970,934	3,688,923	82,168	82,168
Total trade and other receivables	8,842,891	15,765,295	82,168	82,168
Prepayments	516,480	2,304,683	7,265	900
	9,359,371	18,069,978	89,433	83,068

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 180 days (2019: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Non-trade amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

(c) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

(d) The currency exposure profile of receivables (excluding prepayments) are as follows:

	Group		**Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Ringgit Malaysia	8,658,120	15,480,352	82,168	82,168
Indonesian Rupiah	86,359	207,558	-	-
Singapore Dollar	22,237	4,373	-	-
United States Dollar	7,626	22,701	-	-
Vietnamese Dong	55,064	50,311	-	-
Hong Kong Dollar	11,080	-	-	-
Others	2,405	-	-	-
	8,842,891	15,765,295	82,168	82,168

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

Group 2020	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 30.6.2020 RM**
Current	2,231,564	(11,496)	2,220,068
Past due:			
1 to 30 days	2,234,444	(15,228)	2,219,216
31 to 60 days	2,653	(67)	2,586
61 to 90 days	415,405	(56,702)	358,703
91 to 120 days	130,503	(60,494)	70,009
More than 120 days	5,995,348	(5,993,973)	1,375
	8,778,353	(6,126,464)	2,651,889
	11,009,917	(6,137,960)	4,871,957

14. TRADE AND OTHER RECEIVABLES (continued)

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

Group 2019	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 30.6.2019 RM**
Current	4,701,429	(395,794)	4,305,635
Past due:			
1 to 30 days	7,530,072	(82,185)	7,447,887
31 to 60 days	393,036	(167,472)	225,564
61 to 90 days	351,638	(258,824)	92,814
91 to 120 days	350,709	(350,709)	-
More than 120 days	5,093,899	(5,089,427)	4,472
	13,719,354	(5,948,617)	7,770,737
	18,420,783	(6,344,411)	12,076,372

(f) The reconciliation of movements in the impairment losses on trade receivables is as follows:

Group	**Lifetime ECL allowance RM**	**Credit impaired RM**	**Total allowance RM**
At 1 July 2019	1,390,025	4,954,386	6,344,411
Charge for the financial year	901	933,317	934,218
Reversal of impairment loss	(1,246,582)	(31,827)	(1,278,409)
Exchange differences	-	137,740	137,740
At 30 June 2020	144,344	5,993,616	6,137,960
At 1 July 2018	1,655,047	1,916,663	3,571,710
Charge for the financial year	-	3,063,217	3,063,217
Reversal of impairment loss	(265,022)	(77,451)	(342,473)
Exchange differences	-	51,957	51,957
At 30 June 2019	1,390,025	4,954,386	6,344,411

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than twelve (12) months as deemed credit impaired and assesses for their risk of loss individually.

The Group has identified the Gross Domestic Product (“GDP”), Overnight Policy Interest Rate (“OPR”), retail sales growth, unemployment rate and inflation rate, incorporating the impact of the COVID-19 pandemic as the key macroeconomic factors in determining the lifetime expected credit loss for trade receivables.

14. TRADE AND OTHER RECEIVABLES (continued)

(g) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group 2020 RM	Group 2019 RM
Maximum exposure	4,871,957	12,076,372
Collateral obtained	-	-
Net exposure to credit risk	4,871,957	12,076,372

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

(h) The reconciliation of movements in the impairment losses on other receivables and amounts owing by subsidiaries are as follows:

Group	12-month ECL RM	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2019	29,974	1,125,236	1,155,210
Exchange differences	-	26,697	26,697
At 30 June 2020	29,974	1,151,933	1,181,907
At 1 July 2018	-	1,083,282	1,083,282
Charge for the financial year	29,974	-	29,974
Exchange differences	-	41,954	41,954
At 30 June 2019	29,974	1,125,236	1,155,210

Company	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2019	1,832,208	1,832,208
Reversal of impairment loss	(63,849)	(63,849)
At 30 June 2020	1,768,359	1,768,359
At 1 July 2018	7,734	7,734
Charge for the financial year	1,824,474	1,824,474
At 30 June 2019	1,832,208	1,832,208

The Group has identified the Gross Domestic Product (“GDP”), Overnight Policy Interest Rate (“OPR”), retail sales growth, unemployment rate and inflation rate, incorporating the impact of the COVID-19 pandemic as the key macroeconomic factors in determining the lifetime expected credit loss for other receivables and amounts owing by subsidiaries.

15. CASH AND BANK BALANCES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	41,216,849	15,565,167	11,836,870	9,995,814
Deposits with a licensed bank	2,400,000	15,300,000	600,000	-
	43,616,849	30,865,167	12,436,870	9,995,814

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	43,211,284	30,483,719	12,357,533	9,913,900
Vietnamese Dong	49,395	34,764	88	88
United States Dollar	84,708	168,336	63,520	61,659
Chinese Renminbi	38,170	44,416	3,558	3,558
Indonesian Rupiah	112,364	46,159	99	99
Others	120,928	87,773	12,072	16,510
	43,616,849	30,865,167	12,436,870	9,995,814

(b) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	41,216,849	15,565,167	11,836,870	9,995,814
Deposits with a licensed bank (not more than three (3) months)	2,400,000	15,300,000	600,000	-
	43,616,849	30,865,167	12,436,870	9,995,814

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(d) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

16. SHORT TERM FUNDS

	Group 2020 RM	Group 2019 RM
Fair value through profit or loss		
Short term funds	5,603,340	-

(a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term funds of the Group are denominated in RM.

(b) Information on financial risks of short term funds is disclosed in Note 36 to the financial statements.

17. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Ordinary shares:				
Issued and fully paid	805,651,400	68,000,000	805,651,400	68,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Constitution of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable					
Exchange translation reserve	(a)	(241,948)	(198,677)	-	-
Revaluation reserve	(b)	805,700	-	-	-
		563,752	(198,677)	-	-
Distributable					
Retained earnings		3,605,847	4,998,413	9,494,033	3,741,262
		4,169,599	4,799,736	9,494,033	3,741,262

18. RESERVES (continued)

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve arises from the revaluation surplus of a property of a subsidiary upon transfer from property, plant and equipment to investment properties.

19. BORROWINGS

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Current liabilities					
Secured					
Hire purchase and lease creditor	20	-	73,016	-	-
Term loans	21	960,434	770,973	708,019	549,785
Total		960,434	843,989	708,019	549,785
Non-current liabilities					
Secured					
Hire purchase and lease creditor	20	-	326,984	-	-
Term loans	21	12,957,791	14,253,606	10,795,359	11,898,224
Total		12,957,791	14,580,590	10,795,359	11,898,224
Total borrowings					
Hire purchase and lease creditor	20	-	400,000	-	-
Term loans	21	13,918,225	15,024,579	11,503,378	12,448,009
		13,918,225	15,424,579	11,503,378	12,448,009

19. BORROWINGS (continued)

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

(c) Reconciliation of liabilities from financing activities:

	Note	Hire purchase and lease creditor (Note 20) RM	Term loans (Note 21) RM
Group			
At 1 July 2019, as previously reported		400,000	15,024,579
Effects on adoption of MFRS 16	5.1	(400,000)	-
At 1 July 2019, as restated		-	15,024,579
Cash flows:			
- Net of repayments of borrowings		-	(1,106,354)
At 30 June 2020		-	13,918,225

	Term loans (Note 21) RM
Company	
At 1 July 2019	12,448,009
Cash flows:	
- Net of repayments of borrowings	(944,631)
At 30 June 2020	11,503,378

19. BORROWINGS (continued)

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

Group	Note	Banker's acceptance RM	Hire purchase and lease creditor (Note 20) RM	Term loans (Note 21) RM
At 1 July 2018		639,000	-	15,864,881
Cash flows:				
- Net of repayments and drawdowns of borrowings		(639,000)	-	(840,302)
Non-cash flow:				
- Purchase of property, plant and equipment	7	-	400,000	-
At 30 June 2019		-	400,000	15,024,579

Company	Term loans (Note 21) RM
At 1 July 2018	13,090,174
Cash flows:	
- Net of repayments of borrowings	(642,165)
At 30 June 2019	12,448,009

20. HIRE PURCHASE AND LEASE CREDITOR

Group	2020 RM	2019 RM
Minimum hire purchase and lease payments:		
- not later than one (1) year	-	88,884
- later than one (1) year but not later than five (5) years	-	355,516
Total minimum hire purchase and lease payments	-	444,400
Less: Future interest charges	-	(44,400)
Present value of hire purchase and lease payments	-	400,000

20. HIRE PURCHASE AND LEASE CREDITOR (continued)

	2020 RM	2019 RM
Repayable as follows:		
Current liabilities		
- not later than one (1) year	-	73,016
Non-current liabilities		
- later than one (1) year but not later than five (5) years	-	326,984
	-	400,000

Upon adoption of MFRS 16 *Leases*, the carrying amount of the hire purchase and lease creditor of the Group of RM400,000 previously classified as finance lease had been recognised by the Group immediately before transition as the carrying amount of the lease liability at the date of initial application as disclosed in Note 8 to the financial statements.

21. TERM LOANS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Secured				
Term loan I is repayable as follows: - 240 equal monthly instalments of RM91,894 each commencing December 2014	11,503,378	12,448,009	11,503,378	12,448,009
Term loan II is repayable as follows: - 180 monthly instalments of RM27,774 each commencing November 2013	2,414,847	2,576,570	-	-
	13,918,225	15,024,579	11,503,378	12,448,009

21. TERM LOANS (continued)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Repayable as follows:				
Current liabilities				
- not later than one (1) year	960,434	770,973	708,019	549,785
Non-current liabilities				
- later than one (1) year but not later than five (5) years	4,198,305	3,458,240	3,095,341	2,465,613
- later than five (5) years	8,759,486	10,795,366	7,700,018	9,432,611
	12,957,791	14,253,606	10,795,359	11,898,224
	13,918,225	15,024,579	11,503,378	12,448,009

Term loan I is secured by means of legal charges over freehold land and buildings of the Company (Note 7) and investment properties of the Company (Note 10).

In the previous financial year, term loan II was secured by means of legal charges over leasehold land and building of a subsidiary (Note 7) and was guaranteed by the Company.

During the current financial year, term loan II is secured by means of legal charges over an investment property of a subsidiary (Note 10) and is guaranteed by the Company.

22. PROVISION FOR RESTORATION COSTS

	Group 2020 RM	Group 2019 RM
Non-current		
Provision for restoration costs	484,118	464,296
Current		
Provision for restoration costs	296,488	166,993
	780,606	631,289

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

22. PROVISION FOR RESTORATION COSTS (continued)

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

		Group	
	Note	2020 RM	2019 RM
At 1 July 2019/2018, as previously reported		631,289	650,576
Effect on adoption of MFRS 16	5.1	187,120	-
At 1 July 2019/2018, as restated		818,409	650,576
Recognised in property, plant and equipment	7(a)	-	(38,687)
Recognised in right-of-use assets	8(c)	(65,493)	-
Recognised in profit or loss			
- unwinding of discount on provision for restoration costs	28	27,690	19,400
At 30 June 2020/2019		780,606	631,289

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	1,303,460	765,012	-	-
Other payables, deposits and accruals				
Other payables	2,113,381	597,069	95,582	16,465
Deposits	93,240	24,190	-	-
Accruals	5,892,514	4,270,274	45,390	71,280
	8,099,135	4,891,533	140,972	87,745
	9,402,595	5,656,545	140,972	87,745

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

23. TRADE AND OTHER PAYABLES (continued)

(b) The currency exposure profile of payables are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Ringgit Malaysia	9,223,965	5,463,117	140,972	87,745
Vietnamese Dong	7,027	13,085	-	-
United States Dollar	100,328	96,361	-	-
Indonesian Rupiah	63,942	83,982	-	-
Others	7,333	-	-	-
	9,402,595	5,656,545	140,972	87,745

(c) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

24. COMMITMENTS

(a) Operating lease commitments

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

	Group 2020 RM	Group 2019 RM
Not later than one (1) year	-	6,671,175
Later than one (1) year but not later than five (5) years	-	3,925,076
	-	10,596,251

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

(b) Capital commitments

	Group 2020 RM	Group 2019 RM
Approved and contracted for:		
Property, plant and equipment:		
- office equipment	-	140,000
- furniture, fittings and counter fixtures	152,000	-
	152,000	140,000

25. CONTINGENT LIABILITIES

	Company 2020 RM	Company 2019 RM
Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries:		
- Limit of guarantee	16,655,000	16,655,000
- Amount utilised:		
In favour of a licensed bank for banking facility granted to a subsidiary	2,414,847	2,576,570
In favour of third parties for tenancy agreements entered into by a subsidiary	271,949	271,949
	2,686,796	2,848,519

The Directors are of the view that the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements and the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries are negligible.

26. REVENUE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue from contracts with customers				
Sale of goods	80,566,789	122,498,463	-	-
Others				
Rental income	46,000	-	965,820	1,213,800
Dividend income from unquoted investments in subsidiaries	-	-	9,600,004	11,800,003
	80,612,789	122,498,463	10,565,824	13,013,803
Timing of revenue recognition				
Transferred at a point in time	80,566,789	122,498,463	-	-
Others	46,000	-	10,565,824	13,013,803
	80,612,789	122,498,463	10,565,824	13,013,803

26. REVENUE (continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

	Retailing RM	Investment and management services RM	Total RM
30 June 2020			
Major products and service lines			
Sale of goods	80,566,789	46,000	80,612,789
Geographical markets			
Malaysia	80,418,999	46,000	80,464,999
Vietnam	147,790	-	147,790
Total revenue from contracts with customers	80,566,789	46,000	80,612,789
Timing of revenue recognition			
Transferred at a point in time	80,566,789	-	80,566,789
Others	-	46,000	46,000
	80,566,789	46,000	80,612,789
30 June 2019			
Major products and service lines			
Sale of goods	122,498,463	-	122,498,463
Geographical markets			
Malaysia	119,538,251	-	119,538,251
Indonesia	1,434,395	-	1,434,395
Vietnam	1,392,117	-	1,392,117
Others	133,700	-	133,700
Total revenue from contracts with customers	122,498,463	-	122,498,463
Timing of revenue recognition			
Transferred at a point in time	122,498,463	-	122,498,463

There is no significant financing component in the revenue arising from sales of goods as the sales are made on normal credit terms not exceeding twelve (12) months.

27. COST OF SALES

	Group 2020 RM	Group 2019 RM
Inventories sold	36,934,449	63,235,417

28. PROFIT BEFORE TAX

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

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
After charging:					
Auditors' remuneration:					
- Statutory					
- Auditors of the Company:					
- current year		63,800	63,800	12,000	12,000
- Other auditors:					
- current year		12,182	22,682	-	-
- under-provision in prior year		-	6,242	-	-
- Non statutory					
- current year		10,500	10,800	-	-
- under-provision in prior years		3,000	-	3,000	-
Fair value loss on short term funds		23,417	-	-	-
Impairment losses on:					
- costs of investments in subsidiaries	11	-	-	-	6,381,919
- trade and other receivables	14	934,218	3,093,191	-	-
- amounts owing by subsidiaries	14	-	-	-	1,824,474
- property, plant and equipment	7	-	822,330	-	-
- right-of-use assets	8	1,043,633	-	-	-
Interest expense on:					
- banker's acceptances		-	10,740	-	-
- lease liabilities	8	745,217	-	-	-
- term loans		114,089	584,277	36,915	460,192
- unwinding of discount for provision for restoration costs	22	27,690	19,400	-	-
- others		-	4,671	-	-
Property, plant and equipment written off	7	32,494	290,059	-	-

28. PROFIT BEFORE TAX (continued)

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
After charging: (continued)					
Realised loss on foreign exchange		10,073	34,782	-	12,208
Rental commission		999,580	1,341,710	-	-
Rental of premises paid/ payable to:					
- former related companies	33	-	151,395	-	-
- third parties		576,466	9,441,005	-	-
Loss on disposal of property, plant and equipment		11,342	-	-	-
Unrealised loss on foreign exchange		28	34,878	-	34,878
And crediting:					
Gain on disposal of property, plant and equipment		298	64,315	-	61,999
Interest income from:					
- deposits with a licensed bank		267,973	238,876	8,598	-
- short term funds		126,199	-	-	-
- others		235,850	13,779	11,065	-
Lease concessions	8	903,937	-	-	-
Realised gain on foreign exchange		6,922	25,123	1,073	-
Rental of premises received/ receivable from:					
- third party		46,000	-	-	-
- subsidiaries		-	-	965,820	1,213,800
Reversal of impairment losses on:					
- trade receivables	14	1,278,409	342,473	-	-
- amount owing by a subsidiary	14	-	-	63,849	-
Unrealised gain on foreign exchange		126,253	34,497	52,741	-

29. TAX EXPENSE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current tax expense based on profit for the financial year	2,686,734	3,828,000	161,000	75,000
(Over)/Under-provision in prior years	(25,403)	249,151	430	15,659
	2,661,331	4,077,151	161,430	90,659
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	(410,000)	126,561	(3,000)	67,000
Under/(Over)-provision in prior years	35,731	(47,745)	7,000	14,856
	(374,269)	78,816	4,000	81,856
	2,287,062	4,155,967	165,430	172,515

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

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 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit before tax	5,288,285	8,496,370	9,946,458	3,526,466
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	1,269,188	2,039,129	2,387,150	846,352
Tax effects in respect of:				
Non-allowable expenses	549,403	1,861,187	76,914	2,140,554
Non-taxable income	(11,690)	(34,881)	(2,306,064)	(2,844,906)
Different tax rates in foreign jurisdiction	14,461	63,941	-	-
Utilisation of previously unrecognised tax losses	(26,897)	(389,994)	-	-
Deferred tax assets not recognised	482,269	415,179	-	-
	2,276,734	3,954,561	158,000	142,000
(Over)/Under-provision of income tax in prior years	(25,403)	249,151	430	15,659
Under/(Over)-provision of deferred tax in prior years	35,731	(47,745)	7,000	14,856
	2,287,062	4,155,967	165,430	172,515

29. TAX EXPENSE (continued)

Tax on each component of other comprehensive income is as follows:

	<---------- Group ---------->		
	Before tax RM	**Tax effect RM**	**After tax RM**
2020			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(43,271)	-	(43,271)
Item that will not be reclassified subsequently to profit or loss			
Gain on revaluation of a property upon transfer from property, plant and equipment to investment properties	855,700	(50,000)	805,700
	812,429	(50,000)	762,429
2019			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	51,859	-	51,859

30. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	**2019**
Profit attributable to equity holders of the parent (RM)	3,001,223	4,340,403
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	805,651,400	805,651,400
Basic earnings per ordinary share for profit for the financial year (sen)	0.37	0.54

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding during the financial year.

31. DIVIDENDS

	Company			
	2020		2019	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year: ended 30 June 2019:				
Single tier interim dividend, paid on 30 October 2019	0.25	2,014,128	-	-
In respect of the financial year: ended 30 June 2020:				
Single tier interim dividend, paid on 20 March 2020	0.25	2,014,129	-	-
	0.50	4,028,257	-	-

On 27 August 2020, the Board of Directors declared a single tier interim dividend of 0.25 sen per ordinary share of approximately RM2,014,129 in respect of the financial year ending 30 June 2021, paid on 22 September 2020 to the shareholders of the Company whose names appear in the Record of Depositors on 8 September 2020. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

The Directors do not recommend any final dividend in respect of financial year ended 30 June 2020.

32. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and bonuses	12,219,405	12,220,513	66,000	58,500
Contributions to defined contribution plan	1,723,134	1,859,751	735	780
Social security contributions	178,571	237,678	-	-
Other benefits	2,282,126	3,572,047	23,100	2,300
	16,403,236	17,889,989	89,835	61,580

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,182,004 (2019: RM2,008,145) and RM89,835 (2019: RM61,580) respectively.

33. 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 Group include:

(i) Its former holding company, subsidiaries, fellow subsidiaries, and associates;

(ii) Any entities with joint control of, or significant influence over the Company; and

(iii) Key management personnel of the Company or its former 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 substantial shareholder of the Company, has substantial financial interests.
Luxury Parade Sdn. Bhd.	A company in which a substantial shareholder of the Company, has substantial financial interests.
Bonia Corporation Berhad and its subsidiaries	Bonia Corporation Berhad (former holding company), and its subsidiaries (former related corporations) ceased to be related to the Group following the completion of the demerger exercise. Bonia Group is a group of companies in which a former Director, who is also a substantial shareholder of the Company, has substantial financial interests.

33. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Received/receivable from former related companies				
Sale of goods	-	1,617	-	-
Voucher	-	980	-	-
Received/receivable from subsidiaries				
Dividends	-	-	9,600,004	11,800,003
Rental income	-	-	965,820	1,213,800
Property, plant and equipment	-	-	-	62,000
Paid/payable to former related companies				
Rental fees	-	151,395	-	-
Staff voucher	-	1,033	-	-
Security fees	-	81,984	-	81,984
Upkeep of office equipment	-	12,379	-	-
Paid/payable to other related parties				
Royalties				
- Bonia International Holdings Pte. Ltd.	31,079	40,083	31,079	32,820
Security fees				
- Luxury Parade Sdn. Bhd.	81,984	-	81,984	-

Save for the dividends received from the subsidiaries, the related parties transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

33. RELATED PARTIES 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	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Director fees	90,000	82,500	66,000	58,500
Short term employee benefits	1,865,404	1,719,233	23,100	2,300
Contributions to defined contribution plan	226,600	206,412	735	780
	2,182,004	2,008,145	89,835	61,580

34. OPERATING SEGMENTS

CRG Incorporated Berhad and its subsidiaries are principally engaged in designing, marketing, retailing, wholesaling of women footwear, handbags and accessories for the local and overseas markets and investment holding.

The Group has arrived at three (3) reportable operating segments that are organised and managed separately according to the nature of products and services and specific expertise, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Retailing	Designing, promoting and marketing of women footwear, handbags and accessories.
Manufacturing	Manufacturing and marketing of fashionable goods.
Investment and management services	Investment holding and provision of management services.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement).

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

34. OPERATING SEGMENTS (continued)

2020	Retailing RM	Manufacturing RM	Investment and management services RM	Total RM
Revenue				
Total revenue	109,058,936	-	20,099,424	129,158,360
Inter-segment revenue	(28,492,147)	-	(20,053,424)	(48,545,571)
Revenue from external customers	80,566,789	-	46,000	80,612,789
Interest income	580,942	-	49,080	630,022
Interest expense	(643,992)	-	(243,004)	(886,996)
Net interest expense	(63,050)	-	(193,924)	(256,974)
Segment profit/(loss) before tax	6,404,286	-	(1,116,001)	5,288,285
Tax expense	(1,958,872)	-	(328,190)	(2,287,062)
Material items:				
- realised loss on foreign exchange, net	(927)	-	(2,224)	(3,151)
- rental commission	(999,580)	-	-	(999,580)
- rental of premises	(570,466)	-	(6,000)	(576,466)

34. OPERATING SEGMENTS (continued)

2020	Retailing RM	Manufacturing RM	Investment and management services RM	Total RM
Other material non-cash items:				
- depreciation of property, plant and equipment	(1,749,045)	-	(909,290)	(2,658,335)
- depreciation of right-of-use assets	(6,549,507)	-	(617,284)	(7,166,791)
- impairment losses on right-of-use assets	(1,043,633)	-	-	(1,043,633)
- impairment losses on trade and other receivables	(867,920)	-	(66,298)	(934,218)
- property, plant and equipment written off	(18,670)	-	(13,824)	(32,494)
- reversal of impairment losses on trade receivables	1,278,409	-	-	1,278,409
- unrealised gain on foreign exchange, net	2,690	-	123,535	126,225
Segment assets	61,184,174	-	47,955,079	109,139,253
Segment liabilities	17,433,185	-	20,008,271	37,441,456

34. OPERATING SEGMENTS (continued)

2019	Retailing RM	Manufacturing RM	Investment and management services RM	Total RM
Revenue				
Total revenue	158,516,540	15,137	23,001,803	181,533,480
Inter-segment revenue	(36,018,077)	(15,137)	(23,001,803)	(59,035,017)
Revenue from external customers	122,498,463	-	-	122,498,463
Interest income	252,547	-	108	252,655
Interest expense	(34,811)	(10,908)	(573,369)	(619,088)
Net interest income/(expense)	217,736	(10,908)	(573,261)	(366,433)
Segment profit/(loss) before tax	8,569,312	(32,302)	(40,640)	8,496,370
Tax expense	(3,984,183)	-	(171,784)	(4,155,967)
Material items:				
- realised gain/(loss) on foreign exchange, net	2,549	-	(12,208)	(9,659)
- rental commission	(1,341,710)	-	-	(1,341,710)
- rental of premises	(8,966,330)	-	(626,070)	(9,592,400)

34. OPERATING SEGMENTS (continued)

2019	Retailing RM	Manufacturing RM	Investment and management services RM	Total RM
Other material non-cash items:				
- depreciation of property, plant and equipment	(2,252,319)	(8,803)	(890,806)	(3,151,928)
- impairment losses on property, plant and equipment	(822,330)	-	-	(822,330)
- impairment losses on trade and other receivables	(3,093,067)	-	(124)	(3,093,191)
- property, plant and equipment written off	(175,196)	(41)	(114,822)	(290,059)
- reversal of impairment losses on trade receivables	265,022	-	77,451	342,473
- unrealised gain/(loss) on foreign exchange, net	34,497	-	(34,878)	(381)
Segment assets	54,741,404	-	40,222,510	94,963,914
Segment liabilities	4,361,163	-	17,351,250	21,712,413

34. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	Group 2020 RM	Group 2019 RM
Revenue		
Total revenue for reportable segments	129,158,360	181,533,480
Elimination of inter-segment revenues	(48,545,571)	(59,035,017)
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	80,612,789	122,498,463
Profit for the financial year		
Profit before tax	5,288,285	8,496,370
Tax expense	(2,287,062)	(4,155,967)
Profit for the financial year of the Group per consolidated statements of profit or loss and other comprehensive income	3,001,223	4,340,403
Assets		
Total assets for reportable segments	109,139,253	94,963,914
Tax assets	1,291,054	837,585
Total assets of the Group per consolidated statements of financial position	110,430,307	95,801,499
Liabilities		
Total liabilities for reportable segments	37,441,456	21,712,413
Tax liabilities	819,252	1,289,350
Total liabilities of the Group per consolidated statements of financial position	38,260,708	23,001,763

34. OPERATING SEGMENTS (continued)

Geographical information

The Group operates mainly in Malaysia, Indonesia and Vietnam.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

The composition of each geographical segment is as follows:

(i) Malaysia : Manufacturing, designing, promoting and marketing of fashionable apparel, footwear, accessories and leather goods, investment holding and provision of management services.

(ii) Indonesia : Wholesale import of fashionable goods and accessories.

(iii) Vietnam : Management consultancy activities and to implement the right to import, distribution, wholesales of goods.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

	2020 RM	2019 RM
Revenue from external customers		
Malaysia	80,464,999	119,538,251
Indonesia	-	1,434,395
Vietnam	147,790	1,392,117
Others	-	133,700
	80,612,789	122,498,463
Non-current assets		
Malaysia	40,935,805	31,144,569
Vietnam	-	2,921
	40,935,805	31,147,490

Major customers

There were no major customers who contributed more than ten percent (10%) of the total revenue of the Group. As such, information on major customers is not presented.

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

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

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Borrowings	13,918,225	15,424,579	11,503,378	12,448,009
Lease liabilities	13,340,030	-	-	-
Less: Cash and bank balances	(43,616,849)	(30,865,167)	(12,436,870)	(9,995,814)
Less: Short term funds	(5,603,340)	-	-	-
	(21,961,934)	(15,440,588)	(933,492)	2,452,195
Total capital	72,169,599	72,799,736	77,494,033	71,741,262
Gearing ratio (1)	38%	21%	15%	17%
Net gearing ratio (2)	N/A	N/A	N/A	3%

(1) without taking cash and bank balances and short term funds into consideration
(2) taking cash and bank balances and short term funds into consideration

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

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group 2020	Fair value through profit or loss RM	Amortised cost RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	-	8,842,891	8,842,891
Cash and bank balances	-	43,616,849	43,616,849
Short term funds	5,603,340	-	5,603,340
	5,603,340	52,459,740	58,063,080
Financial liabilities			
Borrowings		13,918,225	13,918,225
Trade and other payables		9,402,595	9,402,595
		23,320,820	23,320,820

Company 2020	Amortised cost RM	Total RM
Financial assets		
Trade and other receivables, net of prepayments	82,168	82,168
Cash and bank balances	12,436,870	12,436,870
	12,519,038	12,519,038
Financial liabilities		
Borrowings	11,503,378	11,503,378
Trade and other payables	140,972	140,972
	11,644,350	11,644,350

Group 2019	Amortised cost RM	Total RM
Financial assets		
Trade and other receivables, net of prepayments	15,765,295	15,765,295
Cash and bank balances	30,865,167	30,865,167
	46,630,462	46,630,462
Financial liabilities		
Borrowings	15,424,579	15,424,579
Trade and other payables	5,656,545	5,656,545
	21,081,124	21,081,124

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company **2019**	**Amortised cost RM**	**Total RM**
Financial assets		
Trade and other receivables, net of prepayments	82,168	82,168
Cash and bank balances	9,995,814	9,995,814
	10,077,982	10,077,982
Financial liabilities		
Borrowings	12,448,009	12,448,009
Trade and other payables	87,745	87,745
	12,535,754	12,535,754

(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 borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

ii. Fixed rate hire purchase and lease creditor

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

iii. Financial guarantees

The Company provides corporate guarantees to financial institutions and certain third parties for banking facilities utilised and tenancy agreements entered into by certain subsidiaries. The fair values of such corporate guarantees are negligible as the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements are remote.

(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).

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following table 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.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2020										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,603,340	-	-	5,603,340	-	-	-	-	5,603,340	5,603,340
Financial liability										
Amortised cost										
- Hire purchase and lease creditor	-	-	-	-	-	-	-	-	-	-
2019										
Financial liability										
Amortised cost										
- Hire purchase and lease creditor	-	-	-	-	-	444,400	-	444,000	444,400	400,000

36. 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's financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. 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 on cash term. The credit period is generally for a period of 30 days, extending up to 180 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.

<u>Exposure to credit risk</u>

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

At the end of each reporting period, there were no significant concentration of credit risk for the Group and the Company.

(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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 30 June 2020				
Group				
Financial liabilities				
Trade and other payables	9,402,595	-	-	9,402,595
Borrowings	1,436,016	5,744,064	9,979,623	17,159,703
Lease liabilities	5,842,144	8,361,097	33,043	14,236,284
Total undiscounted financial liabilities	16,680,755	14,105,161	10,012,666	40,798,582
Company				
Financial liabilities				
Other payables	140,972	-	-	140,972
Borrowings	1,102,728	4,410,912	8,854,407	14,368,047
Financial guarantee*	16,655,000	-	-	16,655,000
Total undiscounted financial liabilities	17,898,700	4,410,912	8,854,407	31,164,019
As at 30 June 2019				
Group				
Financial liabilities				
Trade and other payables	5,656,545	-	-	5,656,545
Borrowings	1,524,900	6,099,580	13,461,832	21,086,312
Total undiscounted financial liabilities	7,181,445	6,099,580	13,461,832	26,742,857
Company				
Financial liabilities				
Other payables	87,745	-	-	87,745
Borrowings	1,102,728	4,410,912	11,952,685	17,466,325
Financial guarantee*	16,655,000	-	-	16,655,000
Total undiscounted financial liabilities	17,845,473	4,410,912	11,952,685	34,209,070

* This disclosure represents the maximum liquidity risk exposure.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from deposits with a licensed bank, lease liabilities and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		**Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit after tax				
- increase by 0.5% (2019: 0.5%)	(73,169)	(473)	(41,433)	(47,302)
- decrease by 0.5% (2019: 0.5%)	73,169	473	41,433	47,302

The sensitivity of the Group is higher in 2020 than in 2019 because of the increase in lease liabilities and decrease in deposits with a licensed bank during the financial year.

The sensitivity of the Company is lower in 2020 than in 2019 because of the decrease in outstanding borrowings and the increase in deposits with a licensed bank during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

36. 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 2020									
Fixed rates									
Deposits with a licensed bank	15	2.44	2,400,000	-	-	-	-	-	2,400,000
Lease liabilities	8	4.22 - 4.52	(5,383,917)	(3,596,464)	(2,566,760)	(1,532,286)	(227,795)	(32,808)	(13,340,030)
Floating rates									
Short term funds	16	3.22	5,603,340	-	-	-	-	-	5,603,340
Term loans	21	3.52	(960,434)	(994,850)	(1,030,500)	(1,067,284)	(1,105,671)	(8,759,486)	(13,918,225)

36. 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 2019									
Fixed rates									
Deposits with a licensed bank	15	2.85	15,300,000	-	-	-	-	-	15,300,000
Hire purchase and lease creditor	20	4.22	(73,016)	(76,510)	(80,004)	(83,498)	(86,972)	-	(400,000)
Floating rates									
Term loans	21	4.52	(770,973)	(806,916)	(844,214)	(883,235)	(923,875)	(10,795,366)	(15,024,579)

36. 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 2020									
Fixed rate									
Deposits with a licensed bank	15	2.37	600,000	-	-	-	-	-	600,000
Floating rate									
Term loan	21	3.52	(708,019)	(733,418)	(759,728)	(786,982)	(815,213)	(7,700,018)	(11,503,378)
At 30 June 2019									
Floating rate									
Term loan	21	4.52	(549,785)	(575,227)	(601,847)	(629,699)	(658,840)	(9,432,611)	(12,448,009)

36. 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 that their exposures are minimised.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM405,565 (2019: RM381,448) (see Note 15(a) to the financial statements) for the Group.

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 United States Dollar ("USD"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group		Company	
		2020	2019	2020	2019
Profit after tax		RM	RM	RM	RM
USD/RM	- strengthen by 3% (2019: 3%)	(182)	2,159	1,448	1,406
	- weaken by 3% (2019: 3%)	182	(2,159)	(1,448)	(1,406)
IDR/RM	- strengthen by 3% (2019: 3%)	3,073	3,870	2	2
	- weaken by 3% (2019: 3%)	(3,073)	(3,870)	(2)	(2)
VND/RM	- strengthen by 3% (2019: 3%)	2,221	1,641	2	2
	- weaken by 3% (2019: 3%)	(2,221)	(1,641)	(2)	(2)

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

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order (“MCO”) effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by a Conditional MCO until 9 June 2020 and then the Recovery MCO until 31 December 2020.

In relation to this, the Group has appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2020, such as expected credit losses of financial assets, fair value measurements of financial instruments and impairment assessment of assets (property, plant and equipment, right-of-use assets, investment property, investments in subsidiaries and trade and other receivables).

The Group has assessed and recognised the impact of COVID-19 pandemic during the financial year. The details are disclosed in Notes 8(e) and 14(f) to the financial statements.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group will continue to monitor its funds and operational needs.

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

(a) On 11 September 2020, the Company has increased its investment of RM3,600,000 in the shares capital of CRI by way of cash consideration.

(b) On 10 September 2020, CRI subscribed for 6,800 ordinary shares in the share capital of Shoppr Labs Sdn. Bhd. for a purchase consideration of RM3,584,484.

39. FINANCIAL REPORTING UPDATES

39.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining to the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 June 2020.