



Annual Report **2018**



YOONG ONN
Corporation Berhad
(814138-K)

E x c e p t i o n a l - Q u a l i t y

home linen for homes across the world.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Kamaludin Bin Yusoff

Independent Non-Executive Chairman

Roland Chew Hon Foong

Managing Director

Group Chief Executive Officer

Raymond Chew Hon Keong

Executive Director

Group Chief Operating Officer

Datuk Hairuddin Bin Mohamed

Independent Non-Executive Director

Yeoh Chong Keng

Independent Non-Executive Director

Lee Kim Seng

Independent Non-Executive Director

AUDIT COMMITTEE

Lee Kim Seng (Chairman)

Yeoh Chong Keng

Datuk Hairuddin Bin Mohamed

NOMINATION COMMITTEE

Yeoh Chong Keng (Chairman)

Datuk Hairuddin Bin Mohamed

Lee Kim Seng

REMUNERATION COMMITTEE

Yeoh Chong Keng (Chairman)

Datuk Kamaludin Bin Yusoff

Roland Chew Hon Foong

COMPANY SECRETARY

Dato' Tang Swee Guan (MIA 5393)

Tan Siew Hong (MAICSA 7066226)

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Wisma Goldhill

67 Jalan Raja Chulan

50200 Kuala Lumpur

Tel: (603) 2032 2895

Fax: (603) 2032 2893

HEAD OFFICE

Lot No. PT 16690-16692

Jalan Permata 2

Arab-Malaysian Industrial Park

71800 Nilai

Negeri Sembilan Darul Khusus

Tel: (606) 799 6012

Fax: (606) 799 7015

Website: www.yoongonn.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya, Selangor

Tel: (603) 7841 8000

Fax: (603) 7841 8008

PRINCIPAL BANKERS

AmBank (M) Berhad

Hong Leong Bank Berhad

United Overseas Bank (Malaysia) Bhd

AUDITORS

HLB Ler Lum (AF 0276)

Chartered Accountants

A Member of HLB International

SOLICITORS

Iza Ng Yeoh & Kit

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Sector: Consumer Products

Stock Name: YOCB

Stock Code: 5159

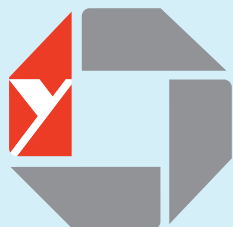
INVESTOR RELATIONS

info@yoongonn.com

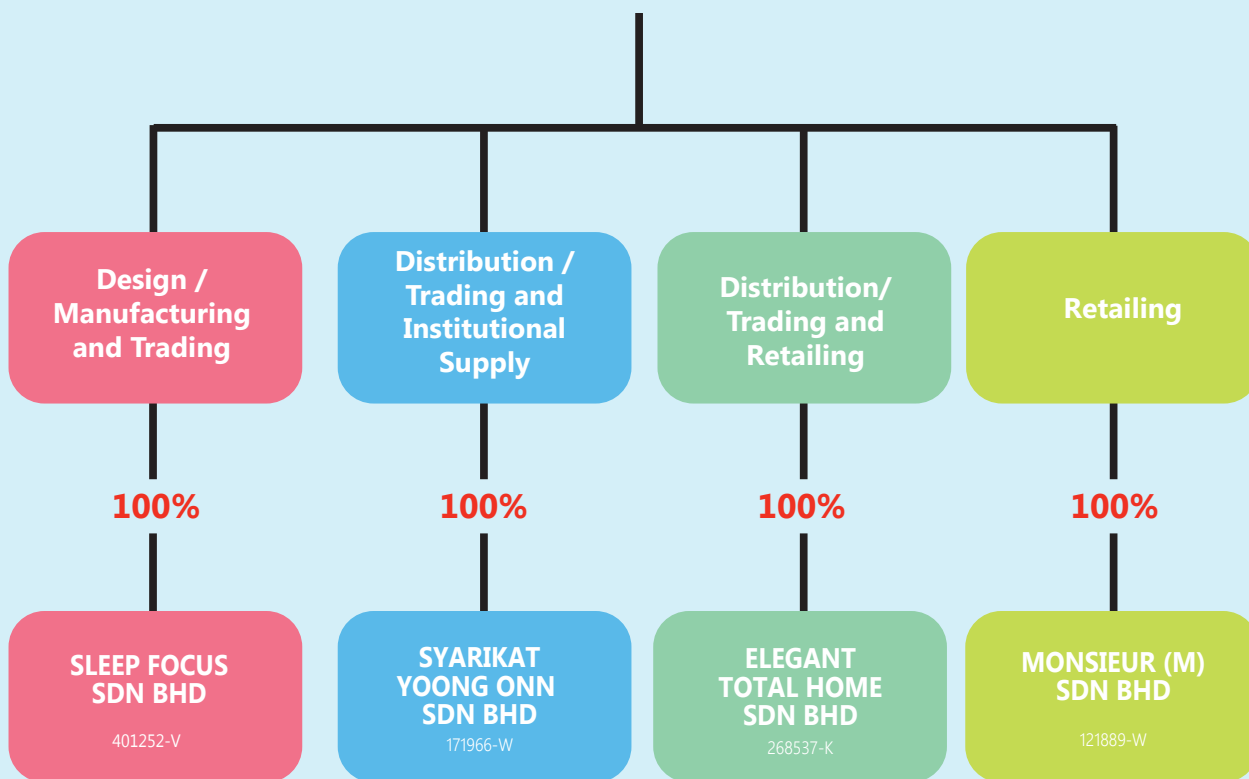
Tel: (603) 8942 8988

Fax: (603) 8942 9899

CORPORATE STRUCTURE



YOONG ONN
Corporation Berhad
 (814138-K)



PROFILE OF DIRECTORS



Datuk Kamaludin Bin Yusoff

*Independent Non-Executive Chairman
Aged 70, Malaysian, Malaysian*

He was appointed to the Board of Yoong Onn Corporation Berhad on 28 September 2009. He is also a member of the Remuneration Committee of the Company.

He holds BA (Honours) from University Malaya in 1974. Datuk Kamaludin started his career in 1974 as an Administrative and Diplomatic Officer in the public sector and subsequently, he held various distinguished positions in the Ministry of Finance, Ministry of Defence, Road Transport Department and Ministry of Entrepreneur Development. In appreciation to his services, Datuk Kamaludin has been awarded with various accolades. In 2000, he was awarded the Bintang Panglima Gemilang Darjah Kinabalu (P.G.D.K) which carries the title "Datuk".

Datuk Kamaludin also sits on several boards in the corporate sector. From 2004 to 2007, he was the Chief Operating Officer of Fomema Sdn Bhd. He is currently the Chairman of Johore Tin Berhad, Group Chairman of Global Marque Group, Group Chairman of C.L. Group and also holds directorship in other private limited companies.



Roland Chew Hon Foong

*Managing Director
Group Chief Executive Officer
Aged 59, Malaysian, Male*

He was appointed to the Board of Yoong Onn Corporation Berhad on 17 April 2008. He is also a member of the Remuneration Committee of the Company.

As the co-founder, he has more than thirty (30) years of experience in the home linen industry. He has been instrumental in the development, growth and success of the Yoong Onn Corporation Berhad Group during his tenure with the Group.

He started his career in 1979 when he joined Yoon On, a partnership company, which is involved in trading and retailing of textiles and home linen. With his strong business acumen, he was involved in developing and creating own brands of bed linen which was marketed under the names Diana and Novelle in 1982.

In 1988, together with his brother, Raymond Chew Hon Keong, he established Syarikat Yoong Onn Sdn Bhd and took over the entire business of the partnership company, Yoon On. His main intention is to expand the business to include international trades. Besides overseeing the Group activities, he is actively involved in creating fabric designs for both the mass and niche markets. He has extensive experience in the development and creation of home linen designs and he is currently heading the Group's in-house design team. He is mainly responsible for the overall operations of the Group with emphasis on strategic business planning and promoting brand equity of products.

He does not have any other directorships of public companies.

PROFILE OF DIRECTORS (CONT'D)



Raymond Chew Hon Keong

*Executive Director
Group Chief Operating Officer
Aged 58, Malaysian, Male*

He is the co-founder and was appointed to the Board of Yoong Onn Corporation Berhad on 17 April 2008.

He has more than thirty (30) years of experience in the home linen industry. His career started in 1979 when he joined Yoon On, a partnership, which is involved in trading and retailing of textiles and home linen. He also assisted in establishing Syarikat Yoong Onn Sdn Bhd in 1988.

As the other partner of Yoon On, he was also involved in many aspects of the business in textiles and home linen, which includes technical specification in fabrics. His capability has enabled the Company to develop new range of product to cater for different markets and industries.

With an in-depth knowledge in the production processes, he together with his brother, Roland Chew Hon Foong were involved in the establishment of Sleep Focus Sdn Bhd in 1996 and the construction of Nilai manufacturing plant for the Group's manufacturing operations. He is primarily responsible in overseeing the overall management and strategic business development of the Group with emphasis on product development and product research.

He does not have any other directorships of public companies.



Yeoh Chong Keng

*Independent Non-Executive Director
Aged 66, Malaysian, Male*

He is a lawyer by profession and was appointed to the Board of Yoong Onn Corporation Berhad on 28 September 2009. He also serves as the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee of the Company.

He was admitted in 1980 as an Utter Barrister, Lincoln's Inn, Bar of England and Wales. He was admitted as an Advocate & Solicitor of the High Court of Malaya in 1981. Prior to studying law, he served as a senior officer in the Royal Malaysia Police Force.

Since 1992, he has been the Managing Partner of a legal firm in Kuala Lumpur. He has represented several large corporations both within and without Malaysia. Apart from that, he has also acted as counsel for the Government of Hong Kong in several cases. He has sat on the board of directors, audit, remuneration, nomination and risk committees of a number of public listed companies and foreign owned companies in Malaysia.

He retired as an independent director of The Store Corporation Berhad in March 2017 after having served 17 years on the board. Currently, he is an independent director in Tokio Marine Insurans (Malaysia) Berhad and chairs the Risk Management and Compliance Committee and the Nomination Committee in addition to being a member of the Audit and Remuneration Committee.

Currently, he does not have any other directorships of public listed companies

PROFILE OF DIRECTORS (CONT'D)



Datuk Hairuddin Bin Mohamed

*Independent Non-Executive Director
Aged 68, Malaysian, Male*

He was appointed to the Board of Yoong Onn Corporation Berhad on 28 September 2009. He is also a member of the Audit Committee and Nomination Committee of the Company.

He holds Bachelor in Social Science (Honours) and served the Royal Malaysia Police Force for thirty six years. He was since promoted to various senior positions in the force serving a number of states namely Johor, Kedah, Sarawak, Federal Territory of Kuala Lumpur, and police headquarters at Bukit Aman. Some of the command and staff posts held while in service were investigation officer (CID), officer in charge of police districts, held the duty posts of Assistant Director of Management (Personnel), and Deputy Director of Management (Training) at Bukit Aman. He was also the Chief Police Officer for the state of Kedah before being appointed as Director of Commercial Crime in Royal Malaysia Police at Bukit Aman with the rank of Commissioner of Police, a position he held until his retirement.

To enhance his professional capabilities he was selected to attend courses both locally and abroad.

- a) Attended economic crime course organized by Commonwealth Secretariat, Oxford, England
- b) Financial and Organized Crime at International Police (INTERPOL) headquarters, Lyon, France
- c) Investigating Methodology on Financial Fraud, Credit Card Fraud, Cross Border Criminal Activities, Money Laundering and Counterfeiting and Procurement of Intelligence organized by United States Secret Service
- d) Participated in study tours namely
 - i. Security and Traffic Management at Paris Airshow, La Borget, France
 - ii. Yorkshire Metropolitan Police and New Scotland Yard, London related to Database Management, Counter Terrorism, Kidnapping, and Cross Border Crimes
 - iii. Criminology Management at CID headquarters, Paris, France
 - iv. Revision of the Law (Penal Code) at Asean + China organized by Ministry of Interior, PRC in Beijing

He was also a participant at the World Crime Prevention Conference organized by United Nations Congress, in Cairo, Egypt.

He also represented RMP at ASEANPOL held in Hanoi, Vietnam and Brunei, CID liason between Malaysia and Singapore, Malaysia and Indonesia and Malaysia and Thailand.

In appreciation of his services he has been conferred the Ahli Mangku Negara(AMN), Pingat Ismail Sultan(PIS), Panglima Setia Pasukan Polis(PPSP), Panglima Gagah Pasukan Polis(PGPP), Dato'Setia Di Raja Kedah(DSDK), Darjah Mulia Pangkuan Negeri(DMPN), Justice of Peace(JP) and Panglima Jasa Negara(PJN) by DYMM YDP Agong.

He does not have any other directorships of public companies.

PROFILE OF DIRECTORS (CONT'D)



Lee Kim Seng

*Independent Non-Executive Director
Aged 72, Malaysian, Male*

He was appointed to the Board of Yoong Onn Corporation Berhad on 28 September 2009. He also serves as the Chairman of the Audit Committee and a member of the Nominee Committee of the Company.

He is a member of the Malaysian Institute of Accountants and was previously a member of the Institute of Chartered Accountants in England and Wales.

He has more than forty (40) years of relevant working experience in the various services encompassing upstream and downstream industries. He joined Harrisons & Crosfield (Sabah) Sdn. Bhd. in 1976 as a Senior Accountant. He was subsequently transferred to Harrisons & Crosfield (Malaysia) Sdn. Bhd. in 1980 and after a year, he was promoted to Chief Accountant. Thereafter, he was promoted to Associate Director (Finance) in 1986.

In 1987, he joined SP Holdings Ltd. in Papua New Guinea. Thereafter, in 1990, he joined a plantation group Raja Garuda Mas ("RGM") based in Medan, Indonesia. In 1993, he was promoted to Group Financial Controller of the Forestry Division of the RGM group. In 1996, he was transferred to a joint-venture oil palm plantation group, jointly owned by the RGM and the SALIM group. In 1997 after completing his assignment, he was then transferred to a public listed subsidiary of RGM group as Senior Financial Controller.

In 2004, he joined Sinar Mas Group ("SMG") as Vice-President of Internal Audit of a forestry group operating in Riau, Sumatera. He was then transferred to the position of Vice-President Business Control in 2005. After a year, he was transferred to the head office of SMG, Jakarta, as an adviser to Managing Director-Finance, Forestry Division until his retirement in 2008.

He does not have any other directorships of public listed companies.

Notes to Profile of Directors :

1. Raymond Chew Hon Keong is the brother of Roland Chew Hon Foong.
Save as disclosed, none of the directors has any family relationship with any director of the Company.
2. Save for Roland Chew Hon Foong and Raymond Chew Hon Keong, who have interest in recurrent related party transaction as disclosed on item 10 under additional information in this Annual Report, none of the directors has any conflict of interest with the Company.
3. None of the directors has been convicted of any offences within the past ten (10) years other than traffic offences, if any.
4. Please refer to the analysis of shareholdings of this Annual Report for details of the directors' shareholdings in the Company.
5. Save for Datuk Kamaludin Bin Yusoff, who attended 4 Board meetings, all directors attended all the five (5) Board meetings of the Company held during the financial year ended 30 June 2018.

PROFILE OF THE KEY SENIOR MANAGEMENT

Tan Peng (Jon)

Chief Financial Officer

Aged 58, Malaysian, Male

He is a member of the Malaysia Institute of Certified Public Accountants ("MICPA"), Chartered Institute of Management Accountants and Malaysian Institute of Accountants.

His started his career in 1986 with a professional services company providing management consultancy services including feasibility study, system design, internal audit and investigations works. In 1988, he joined KPMG Peat Marwick as Auditor until 1992 during which he qualified as a member of MICPA.

From 1993 to 2006, he worked for public listed companies and held various senior positions like Chief Financial Officer, General Manager, Company Secretary and Directors, his responsibilities included acquiring Jupiter Securities Sdn Bhd, business development for Inter-Pacific Securities Sdn Bhd, restructuring and regularisation of a financially distress (PN17) public listed company, Transwater Corporation Berhad, reverse take-over, merger and acquisition, bonds issuance, project feasibility study, funds raising and other corporate exercises.

In 2006, he joined Syarikat Yoong Onn Sdn Bhd as the Financial Controller and actively involved in the initial public offering exercise of Yoong Onn Corporation Berhad, and listed on the main market of Bursa Malaysia Securities Berhad in 2009 and he was appointed as the Chief Financial Officer oversees the Group's overall financial and corporate advisory functions.

Eric Chew Hon Yoong

Head of Production

Aged 61, Malaysian, Male

He graduated with a Bachelor of Engineering Degree from the University of New South Wales, Australia. His career started in 1982 when he joined Sepakat Setia Perunding Sdn Bhd as Design Consultancy Engineer. He left in 1990 and worked as a Project Manager for Airod Sdn Bhd, a company involved in aircraft engineering and maintenance. He left the company in 1992 and worked in various other companies before joining Sleep Focus Sdn Bhd and being involved in the construction of the Group's Nilai manufacturing plant as well as managing the manufacturing function of the Group.

He was appointed the Head of production in 2009 and responsible for managing the production of home linen and homeware products and has contributed significantly in providing technical expertise in the Group's manufacturing operations, including development of processes in manufacturing from cutting, sewing and stitching as well as packing and packaging of the Group's end products.

PROFILE OF THE KEY SENIOR MANAGEMENT (CONT'D)

Jimmy Sun Kien Keong

*Head of Sales, Marketing and Operations
Aged 57, Malaysian, Male*

He has a Diploma in Management & Retail Management and Diploma in Fashion Designing with Allan School of Design.

Jimmy joined Syarikat Yoong Onn Sdn Bhd in 1999 as the Assistant Sales and Marketing Manager and was subsequently appointed as the Head of Sales and Marketing in 2010. He oversees the Company's sales, marketing, merchandising, products branding and products development. He is responsible for the formulation of standard operating policy and procedures for the sales and marketing department, business expansion plans and marketing direction and strategies of the Company. He initiated a new business foray in Cambodia by the appointment of an authorised agent in marketing and distributing the Group products in Cambodia. He has successfully lead the Company business distribution channel into a new direction and model by strategically tied-up with E-Commerce platform companies to do online shopping and home fashion concept store under the "Niki Cains Homes" brand name.

Jimmy has more than 34 years of experience in retail business. Prior joining Syarikat Yoong Onn Sdn Bhd, he started his career as a fashion designer in 1982 and won The Designer of Designers Award for his outstanding design and he worked as the designer for leading companies in apparels. In 1998, he was appointed by The 16th Sukan Komanwel organizing committee as chief coordinator for the Sukan Komanwel opening ceremony and the director of ceremony for the KL 98 Sukan Komanwel KE XVI.

Dang Chee Wai

*General Manager Operations
Aged 50, Malaysian, Male*

He is a member of Association of Chartered Certified Accountants and Malaysian Institute of Accountants.

He joined Elegant Total Home Sdn Bhd in 2004 as the General Manager oversee the financial and operation functions of the Company. He was promoted to General Manager Operations in year 2010 and oversees the Group entire operations.

Prior joining the Group in 2004, he started his career in audit lines for few years and move on as an accountant in commercial line. He has more than 10 years of experience as an accountant. In year 2001, he joined Sportzone Sdn Bhd as the General Manager responsible for the Company's entire operations which principally involves in the business of sole distribution of sport wears product under the brand name "Lotto" till 2004.

PROFILE OF THE KEY SENIOR MANAGEMENT (CONT'D)

Jay Ng Siew Boay

General Manager Retail

Aged 50, Malaysian, Female

She has wide exposure and extensive operational experience in the retail industry with proven records of positive accomplishments in her current and past roles in addition to skills at managing and leading the employees she supervises.

She joined Monsieur (M) Sdn Bhd in 2013 as the General Manager to manage its more than 20 retail stores throughout Malaysia under the "Home's Harmony" brand name. She is responsible to provide direction for store management, develop and lead the operation teams, develop and implement the operating budget and operational improvements critical in the business expansion plan and in building a robust sale for the organisation.

She has more than 20 years of relevant experience in the retail industry. She started her career in Jerasia Group of Companies in 1992 as the Brand Executive before being promoted to Brand Manager, managing the local and international fashion brands. She was offered by RSH Group of Companies in 2014, having advanced to a higher and senior position as the General Manager under the Lifestyle & Fashion Division where she responsible for a portfolio of international fashion & time piece brands.

Karen Tan Lai Ling

Assistant General Manager- Sales, Marketing & Merchandising

Aged 46, Malaysian, Female

She has a Diploma in Management & Retail Management, Certificate in Accounting and Professional Certificate in Financial Planning.

She joined Elegant Total Home Sdn Bhd in 2004 as the Assistant Marketing Manager for sales, marketing and merchandising. She was promoted to Senior Marketing Manager in 2010, and Assistant General Manager in 2014. She oversees the sales, marketing, merchandising, products branding and products development for the Company. She is responsible for the formulation of costing, business strategies, business direction, marketing strategies and plans involving the aspects of sales and distribution, and responsible for the the implementation and undertaken of sales and marketing activities as planned. She had successfully opened and managed the first home fashion concept store under the "Niki Cains Home" brand name in Sunway Putra Mall which marked a new milestone for the Company.

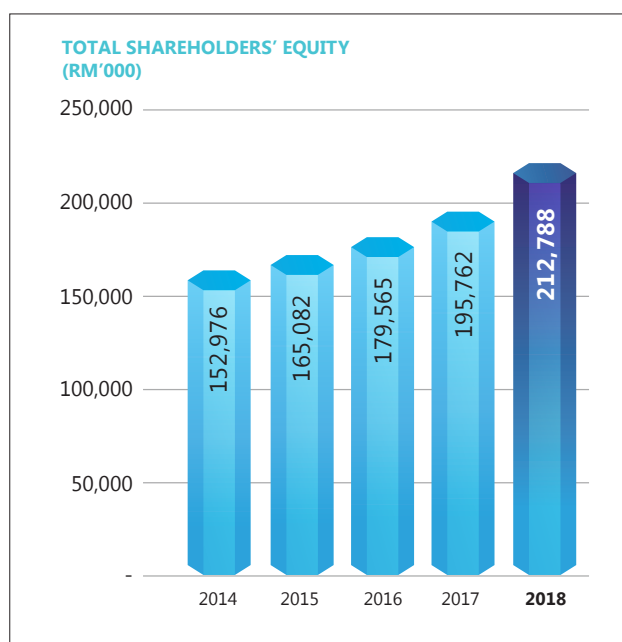
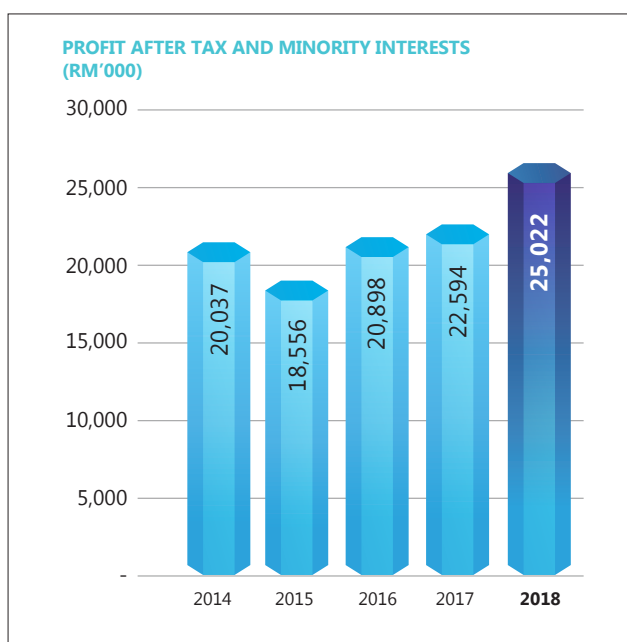
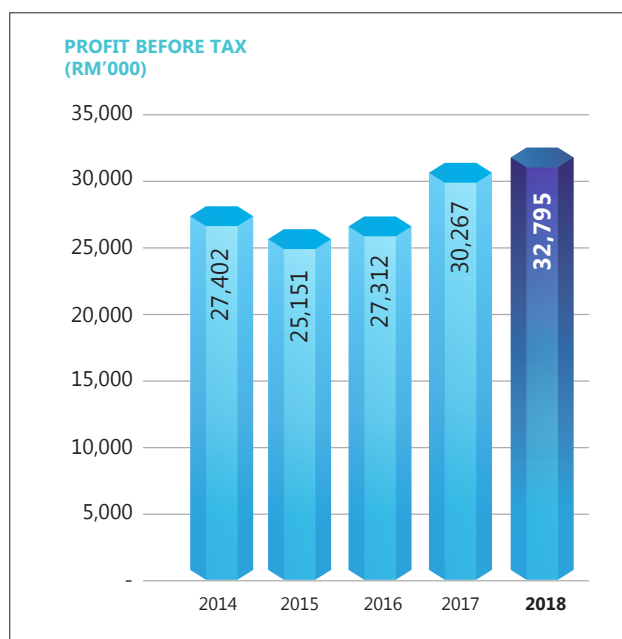
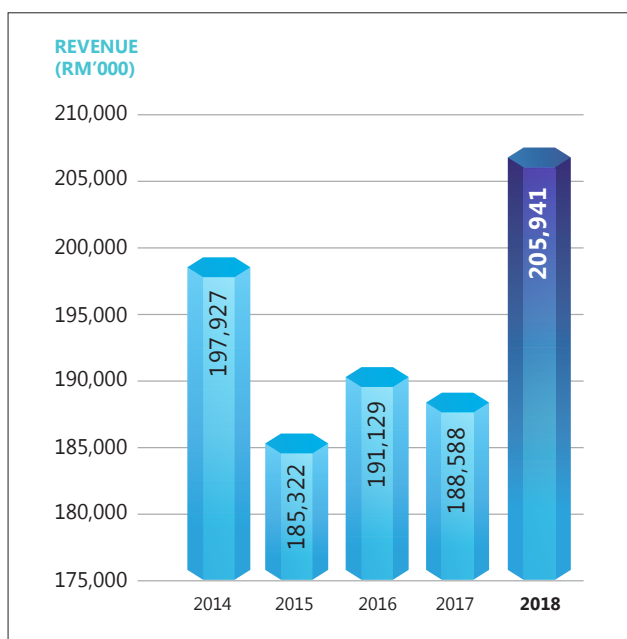
She has more than 20 years of experience in sales and marketing as well as retail management. Prior joining the retails industry, she started her career in Minna Fashion in 1996 as an Executive and later moved on to AIA Co Ltd in 1997 as a qualified financial planner consultant and providing personalised financial services to clients, both corporate and individual, specifically in areas of wealth accumulation and risk management. She had participated in numerous overseas training and convention on financial planning and self improvement courses.

Notes to Profiles Of The Senior Management :

1. Save as disclosed, none of the senior management has any directorship in public companies and listed issuers;
2. Save for Eric Chew Hon Yoong who is a brother to Roland Chew Hon Foong and Raymond Chew Hon Keong, none of the senior management team has any family relationship with any director and/or major shareholder of the Company; and
3. None of the senior management has any conflict of interest with the Company; and
4. None of the senior management has been convicted of any offences within the past ten (10) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year other than traffic offences.

FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
Revenue (RM'000)	197,927	185,322	191,129	188,588	205,941
Profit Before Tax (RM'000)	27,402	25,151	27,312	30,267	32,795
Profit After Tax and Minority Interests (RM'000)	20,037	18,556	20,898	22,594	25,022
Shareholders' Equity (RM'000)	152,976	165,082	179,565	195,762	212,788
Net Tangible Assets per share (RM)	0.96	1.03	1.12	1.22	1.33



MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors and Management of Yoong Onn Corporation Berhad (“YOOCB” or “the Company”) are pleased to present the Management Discussion and Analysis to give an overview of YOOCB and its Group of Companies (“The Group”) business, operations and financial position for the financial year ended 30 June 2018 (“FYE 2018”).

OVERVIEW OF THE GROUP BUSINESS AND OPERATIONS

Our Group is primarily an integrated manufacturer and distributor of our own brands of home linen. Our manufacturing activities are focused on bed and bath linen, bedding accessories and curtains. Our Group markets all our home linen under our own in-house brand names namely Diana, Novelle, Jean Perry, Louis Casa, Genova, RedDanielle, Cotonsoft, Niki Cains, Oasis, Ann Taylor, Sarah Miller etc. We undertake our own in-house design, which is supplemented by purchases from international independent design houses to provide a variety of designs and help address diverse trends especially in overseas countries.

Our Group is also a supplier of homeware, which complements our own manufactured home linen and bedding accessories. The homeware are externally sourced products which include:

- a) Bed and bath linen;
- b) Bed, bath, living room and kitchen accessories;
- c) Rugs, carpets and floor mats; and
- d) Lifestyle furniture and other homeware.

Our integrated design and manufacturing facilities enable us to be a one-stop supply centre for home linen and bedding accessories.

Our Group’s target markets are:

- a) Third party retailers including departmental stores, hypermarkets, supermarkets and specialty stores;
- b) Mass end-consumer market through our fully owned retail outlets under the “Home’s Harmony” and “Niki Cains Homes” brand name;
- c) Institutions including hotels, resorts, hostels, hospitals, royal customs and military accommodations, and cruise ships;
- d) Intermediaries including distributors and importers in overseas countries; and
- e) E-commerce platform companies on online shopping.

For the financial year under review, we had opened 1 fully owned retail shops under the Home’s Harmony brand name in Melawati Shopping Mall, four (4) home fashion concept store under the Niki Cains Homes brand name and more than twenty (20) new consignment stores in expanding its distribution network.

As at 30 June 2018, we have twenty-one (21) fully owned Home’s Harmony retail boutique outlets, four (4) Niki Cains Homes home fashion concept stores and more than 300 consignment counters with departmental stores, hypermarkets, supermarkets and specialty stores in Malaysia. We have also strategically tied-up with three (3) E-Commerce platform companies to sell online and supply to hotels, clubs, resorts, hospitals etc via our authorized agents. Our overseas distributors and agents market and distribute the Group’s in-house manufactured home linen and bedding accessories to third party retail locations in overseas countries like Cambodia, Singapore and Vietnam.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE

	2018	2017	Change
Domestic Sales (RM'000)	178,448	158,221	+12.8%
Export Sales (RM'000)	27,493	30,367	-9.5%
Revenue (RM'000)	205,941	188,588	+9.2%
Gross profit (RM'000)	95,944	85,340	+12.4%
Profit before tax (RM'000)	32,795	30,267	+8.4%
Net profit for the year (RM'000)	25,022	22,594	+10.7%
Shareholders' Equity (RM'000)	212,788	195,762	+8.7%
Cash and cash equivalents (RM'000)	39,120	38,285	+2.2%
Net Tangible Assets per Share (RM)	1.33	1.22	+9.0%

The Group achieved a significant improvement in the Group's consolidated revenue of RM17.35 million or 9.2% in the FYE 2018, from RM188.59 million in FYE 2017 to RM205.94 million in FYE 2018.

The Group's domestic operations had continued to be the main driver of its revenues and profits, and bed linen and bedding accessories made up the bulk of the Group's revenue. Domestic operations accounted for RM178.45 million or 86.6% of the Group's consolidated revenues as compared to RM158.22 million or 83.9% in the preceding year.

The significant improvement in domestic sales of RM20.23 million or 12.8% was attributed primarily from our consignment counters as well as our wholly-owned Home's Harmony retails boutique outlets. The drop in export sales in FYE 2018 was mainly due to slow markets in our major exporting countries, which reported lower export sales of RM 2.87 million or 9.5% to RM27.49 million in FYE 2018 as compared to RM30.37 million in FYE 2017.

The Group recorded an improvement in gross profit of approximately RM10.6 million or 12.4% as a result of the increase in revenue. Our gross profit margin for the FYE 2018 further increased to 46.6% as compared to 45.2% in FYE 2017, the 1.4% increase in gross profit margin was attributed to the increase in sales of higher profit margin products coupled with the lower cost of purchases as a result of the depreciation of USD against RM, of which majority of our purchases were denominated in USD.

The Group posted a healthy increase of RM2.53 million or 8.4% in Profit Before Tax from RM30.27 million in FYE 2017 to RM32.80 million in FYE 2018. Profit After Tax increased by RM 2.43 million or 10.7% from RM22.59 million in FYE 2017 to RM25.02 million in FYE 2018 was mainly due to higher sales, gross profit margin and lower operating expenses in FYE 2018.

Shareholders' funds at 30 June 2018 reported at RM212.79 million, increased by RM17.03 million or 8.7% compared to RM 195.76 million in the previous year 2017 was mainly attributed by higher Profit After Tax in FYE 2018.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS CHALLENGES

a) Business Risks

The Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian economy, entry of new players, constraints in skilled labour supply, changes in the law and tax legislation affecting the industry, increased production costs, changes in business and credit conditions, fluctuations in foreign exchange rates and introduction of new technologies.

The Group seeks to limit these risks through, inter-alia, maintaining good business relationships with its customers and suppliers, increasing automation to reduce dependency on labour, efficient cost control, diversification and increasing product range.

b) Competition

The Group faces competition from other manufacturers, domestically, regionally and internationally.

The Group is primarily an integrated manufacturer and distributor of our own brands of home linen and bedding accessories. This is in contrast to most of the operators in the home linen industry in Malaysia, which are mainly contract manufacturers or contract jobbers. As a brand owner, the Group is not subjected to the full impact of competition from lower cost producing countries like Vietnam and China. In fact, this lower cost producing country could work to the Group's advantage to maintain competitiveness as our products could be outsourced to overseas contractors if the need arises.

c) Keeping Abreast with the Latest Trend and Design

The Group must keep abreast with the latest trends and fashion in the home linen industry. Global trends and design are incessantly and rapidly changing and hence keeping up with the latest trend and design in the home linen market would not be an easy task. Failure to do so may render our home linen designs to lose their appeal.

The Group recognises the importance of regularly introducing new designs for our home linen to be in line with the current trend and thus, ensuring continuing growth of the Group's business. The Group develops designs based on market intelligence and management's surveillance gathered from market observation and customers' feedback.

d) Political, Economic and Regulatory Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia could unfavourably affect our financial position and business prospects. These risks include, among others, changes in political leadership, risk of war, changes in economic conditions, changes in interest rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs.

The Group has taken efforts to diversify the range of products and markets, improve on the marketing and distribution strategies as well as pre-empting certain regulations to mitigate any possible adverse impact on the Group from any adverse development in political, economic and regulatory authorities.

e) Shortage of Skilled Foreign Labour

The Group continued to be plagued by shortages of skilled foreign labour in FYE 2018. The Group has actively participated in the Government's rehiring program and sourcing from other local authorised agency to meet our labour needs. This year, the Group has obtained approval for 75 foreign workers and it is a huge relief to alleviate the labour issue.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

f) Foreign Exchange Risks

The Group imports raw materials such as textile fabrics, cotton fibres, and the Group's products are also sold in overseas markets. Sales to these markets are often transacted in USD and SGD which is exposed to foreign exchange fluctuations.

We maintain foreign currency bank accounts for business transactions transacted in the respective foreign currencies. Foreign currency earnings are maintained in the respective currency accounts, which are used to make payments in the respective foreign currencies. This approach forms a natural hedge to minimise our foreign currency exchange risk exposure. We also have forward contracts which serve as a hedging instrument for some of our imports purchases.

FUTURE PROSPECTS

The Group's efficient business model and operations, financial stability and wide distribution network are the underlying fundamental strengths of the company. We are optimistic our business will remain strong for the rest of the year and in 2019, despite a less robust global economic outlook which may affect our domestic performance and our export markets in the region. The Group aims to grow from strength to strength over the years and to achieve sustainable growth in sales and profits every year.

The Group expects to be able to sustain its performance in the financial year ending 2019 based on its fundamentals and business strategies that will allow it to withstand any unexpected adverse trading conditions. The Group shall continue to seize all opportunities presented and to reach out to our consumers and create a wider market segment in Malaysia and in the region. With a team of dynamic leaders and capable staff, I am certain the Group will become a home-grown name to be acknowledged both locally and internationally.

DIVIDENDS

The Board of Directors is pleased to recommend a final single tier dividend of 2.0 sen per ordinary share amounting to RM3,198,300 in respect of the financial year ended 30 June 2018 for shareholders' approval in the forthcoming Annual General Meeting.

Combined with a single tier interim dividend of 2 sen per ordinary share amounting to RM3,198,300 paid on 28 July 2018, this makes a total dividend payout 4.0 sen per ordinary share amounting to RM6,396,600 or 25.56% of the profit after tax of RM 25.02 million for this financial year 2018.

The Group will continue to enhance returns to shareholders whilst seeing that appropriate funds are set aside for business expansion and other purposes such as capital expenditure and for working capital.

ACKNOWLEDGEMENTS

I would like to thank the Chairman, the Board of Directors, management team and employees of the Group for their contribution, commitment and hard work to the Group.

I would also like to take this opportunity to thank the shareholders for the trust and confidence in me and my team of fellow Directors and team leaders, and to all our business associates, government agencies, bankers, advisors, customers, suppliers and trading partners, for your unflinching support to the Group.

ROLAND CHEW HON FOONG
 Managing Director
 Group Chief Executive Officer

CORPORATE SUSTAINABILITY STATEMENT

The Group recognizes its role as a responsible corporate citizen and no company can exist by maximizing shareholders value alone. In this regards, The Group take into consideration of the needs and interests of other stakeholders by fulfilling the expectation of its stakeholders by enhancing its environment, economic, workplace and social while ensuring the sustainability and operational success of the Group.

ENVIRONMENT

The Group has always complied with the relevant environmental legislation and promoting environmental awareness as part of its commitment to protect the environment and contribute towards sustainable development.

Environmental element is an important aspect in all our business operations and has always adopted an environmentally friendly approach includes policies and procedures with objectives to minimise wastage, maximise energy-conservation, efficient and safe waste management in the proper disposal of waste materials, recycling of used materials and adopting environmentally friendly best-practices whenever possible to lessen water and electricity usage.

ECONOMIC

The Group strives to maintain a sustainable business to continue its contribution to the country's economic development.

i. Employment

The Group businesses created employment opportunities for Malaysians. The Group is one of the main players in home bedlinen business with more than 1,100 employees in its manufacturing plants, 25 wholly owned retail shops and more than 300 third-party consignment counters throughout Malaysia.

ii. Taxes and Foreign Earnings

The Group contributed various taxes to the Government and earning foreign income from its export markets. The raw materials of the Group like fabrics, fibres and cotton were substantially sourced from oversea suppliers and manufacturers due to availability and the Group endeavours to source its raw materials locally in future.

WORKPLACE

i. Employees Personal Developments

The Group believes that employees are resources that drive long term and sustainable corporate growth. As such, the Group places strong emphasis on personal development and provides various training courses for its employees to enhance and upgrade their work skills for better opportunities of career advancements. Staffs are also sent to overseas including trade fairs and exhibitions to better equip themselves with relevant product knowledge, designs and skills or specific training courses for each relevant individuals to assist them to excel in their respective fields.

ii. Diversity

The Group is committed to provide all staff with equal opportunity to strive and provide diversity in workplace. The Group respects different cultures, gender and religions of our stakeholders as we understand that the diversity give us broader range of competence, skills and experience to enhance our capabilities to achieve business results which is important for the overall business sustainability.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

iii. Safety and Health

The Group is committed to continuously provide a safe and healthy working environment for all employees under the requirements of Health, Safety and Environment ("HSE"). We constantly ensure a safe and healthy working environment and keep ourselves updated with the latest HSE requirements and regulations through various training programmes.

iv. Conducive Working Environment and Accommodation

The Group has continually strived to provide conducive working environment for all employees and conducive accommodation to its foreign workers.

v. Other Benefits

All employees are covered by personal accident insurance in addition to the Social Security Organisation (SOCSO) coverage and senior employees are also covered by health and hospitalisation insurance. The Group organises team building activities and seminars to create close bond among the employees. The Group also provides transport for its factory workers and bicycles for its workers who work night shift.

SOCIAL

i. Charity Works and Donations

The Company has donated bedding products to the trusted organizations and charitable organizations. The Company has also made cash donations to Asrama Darul Falah Perkim, Hospis Malaysia, Malaysia Association for the Prevention of Tuberculosis, Malaysia Association for the Blind, Malaysian Council for Rehabilitation Monfort Youth Centre, Rumah Kebajikan Kanak-Kanak Shelter, Ray of Hope, Society of The Blind in Malaysia, Persatuan Perayaan Zhong Yuan Seri Petaling Kuala Lumpur, The Salvation Army and Yayasan Jantung Malaysia.

ii. Quality Control

The Group's products are produced and managed to the highest standards in quality control. The Group is committed to continually improving its management and operations systems to deliver quality products to customers.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Yoong Onn Corporation Berhad (“the Company”) is fully committed to promote and achieve the highest standard of corporate governance and to ensure that the principles and best practices in corporate governance as detailed in the Malaysian Code on Corporate Governance 2017 (“the MCCG”) are practised and adopted in YOONB and its subsidiaries (“the Group”).

The Board continuously evaluates the Group’s corporate governance practices and procedures with a view to adopt and implement the principles and best practices as recommended by the MCCG, wherever applicable, as a fundamental part of discharging its duties and responsibilities to protect and enhance shareholders’ value. The Board believes that good corporate governance results in creation of long term value and benefits for all shareholders.

This corporate governance statement provides an overview disclosure on the application of the practices as detailed in the MCCG during the year 2018, which is to be read together with the Corporate Governance Report 2018 which details how the Company has applied each Practice of the MCCG, as published in the Company’s website www.yoongonn.com.

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS

The Board takes full responsibilities for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the management to enable the Group to achieve its corporate goal and objectives.

1.1 Composition of the Board

The Board currently comprises six (6) members, of whom two (2) are Executive Directors and four (4) Independent Non-Executive Directors. This is in line with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), which require that at least two (2) or one-third (1/3) of the Board members, whichever is the higher, to be Independent Directors.

The Board members are persons of high caliber and integrity, diverse disciplines, tapping their respective qualifications and experiences in business, commercial and financial aspects. Together, they bring a wide range of competencies, experience and expertise which are vital towards the effective discharge of the Board’s responsibilities for the successful direction and growth of the Group.

The Independent Directors are independent of management and majority shareholders and do not involve themselves in business transactions, management and free from any business or other relationships with the Company, in order not to compromise their objectivity. They provide independent views and judgment and at the same time remain in a position to fulfil their responsibility to provide check and balance to the Board, and safeguard the interests of the shareholders. No individual or group of individuals dominates the Board’s decision making process and the number of directors fairly reflects the investment of the shareholders. The Independent Directors, in addition to compliance with the criteria set out under the MMLR, have also declared that they will continue to bring independent and objective judgement to the Board during the review of Directors’ independence as part of the annual assessment carried out by the Nomination Committee.

The Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders. All issues can be openly discussed during Board meetings. The Company is not marred with conflicts and controversies and also has not received any notice of matters of concern from stakeholders since its listing.

All Directors have given their undertaking to comply with the MCCG and Main Market Listing Requirements of Bursa Securities and all applicable laws and regulations and the Independent Directors have confirmed their independence in writing.

A brief profile of each Director is presented on the Profile of the Directors in this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Chairman and Group Chief Executive Officer

The positions of the Chairman and the Group Chief Executive Officer are held by two different individuals and their roles are distinguished and separated. The distinct and separate roles of the Chairman and the Group Chief Executive Officer, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individuals has unfettered powers of decision-making.

The Chairman is responsible to ensure that the Board functions properly with good corporate governance practices and procedures, whilst the Group Chief Executive Officer is responsible for the vision and strategic directions of the Group, assisted by the Chief Financial Officer for implementing the policies and decisions of the Board and ensure the day-to-day operations and business activities of the Group in accordance with the standard practices set out in the Board Charter.

1.3 Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board members are guided by the area of responsibilities as outlined in the Board Charter :-

- a) Providing direction to and equipping management to formulate a strategic planning process and to adopt the recommended strategic plan and business plan aligned to ensure obligations to shareholders and stakeholders are met. This includes updating and making changes as required;
- b) Monitoring group policies and oversees the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- c) Identifying the principle risks and key performance indicators of the Group's businesses and ensuring the implementation of appropriate systems and regular evaluation of systems to manage these risks;
- d) Establishing a succession plan, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- e) Developing and implementing an investors relations programme or shareholder communication policy; and
- f) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.4 Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management.

The Board Charter also outlines the roles and responsibilities of various Board Committees, the Chairman and the Chief Executive Officer/management of the Company as well as policies and practices in respect of matters such as the convening of Board and Board Committees' meetings. In particular, the Board Charter covers among others the following:

- a. Constitution, Duties and Responsibilities of the Board
- b. Composition and Board Balance
- c. Appointment and Tenure of Directors
- d. Chairman and Executive Director Respective Responsibilities
- e. Board and Board Committees' meeting procedures
- f. Company Secretary
- g. Supply of Timely and Quality information
- h. Access to Advice and Procedure
- i. Board committees including Audit Committee, Nomination Committee and Remuneration Committee's Responsibilities
- j. Financial Reporting, Internal Controls and Risk Management
- k. Shareholders and Investor Relations
- l. General Meetings
- m. Relationship with Other Stakeholders

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4 Board Charter (Cont'd)

The Board Charter provides a basis for good governance, effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the Executive Directors.

On 28 August 2018, the Board reviewed and updated the Board Charter to ensure it complies with the principles in the MCGG. The Board Charter would be periodically reviewed and updated in accordance with the changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter has wide coverage on the Company's operations and management and is published on the Company's website www.yoongonn.com.

1.5 Re-Election of Directors

In accordance with the Company's Article of Associations, all Directors including the Managing Director shall retire from the office at least once every three (3) years, but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the Annual General Meeting following their appointment.

1.6 Tenure of Independent Director

The Board has adopted a policy and revised its Board Charter accordingly which limit the tenure of its Independent Directors up to nine (9) years. An Independent Director should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the Annual General Meeting in the event it retains the Director as an Independent Director. If the Board continues to retain the independent Director after 12 years, the Board will seek shareholders' approval through a two tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the MCGG.

The independence of Directors is measured based on the criteria prescribed under the MMLR in which a Director should be independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.7 Directors' Training

The Group acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, technological advances in the core business, latest regulatory updates, and management strategies. In compliance with the Main Market Listing Requirements and the relevant Practice Note issued by Bursa Securities, all Directors have attended and successfully completed their Mandatory Accreditation Programme within the stipulated time frame as prescribed by Bursa Securities.

During the financial year ended 30 June 2018, the Directors have attended the following trainings:-

Name	Title of Training	Date
Datuk Kamaludin Bin Yusoff	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018
Mr. Roland Chew Hon Foong	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018
Mr. Raymond Chew Hon Keong	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018
Mr. Yeoh Chong Keng	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018
Mr. Lee Kim Seng	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018
Datuk Hairuddin Bin Mohamed	Practical Approach and Guidelines for Risk Management & Internal Control	26 April2018

The Directors are also aware of their duty to undergo appropriate trainings from time to time to ensure that they are equipped to carry out their duties effectively. The Board have discussions with both the internal and external auditors to keep themselves abreast of changes in relevant developments in accounting and auditing standards, the regulatory and business environments as well as with relevant developments within the industry in which the Group operates. Whenever the need arises, the Company will provide briefings to new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

1.8 Supply of information

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Prior to each Board meeting, a full agenda together with relevant reports and comprehensive Board papers are distributed to all Directors in a timely manner to enable the Directors to consider the matters to be deliberated and where necessary, obtain further information. Proceedings of Board meetings are duly recorded and signed by the Chairman of the meeting.

Every Director has full and timely access to all Group information, records, documents and property to enable them to discharge their duties and responsibilities effectively. The Directors, whether collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expenses, if required.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.9 Board Meetings

The Board meets on a quarterly basis with additional meetings to be held whenever necessary. There were five (5) Board meetings held during the financial year ended 30 June 2018 and the details of attendance are as follows :-

Name of Director	Meeting attended by the Directors/Total Number of Meeting held during the financial year ended 30 June 2018	% of Attendance
Executive Directors		
Mr. Roland Chew Hon Foong	5/5	100%
Mr. Raymond Chew Hon Keong	5/5	100%
Non-Executive Directors		
Datuk Kamaludin Bin Yusoff	4/5	80%
Datuk Hairuddin Bin Mohamed	5/5	100%
Mr. Yeoh Chong Keng	5/5	100%
Mr. Lee Kim Seng	5/5	100%

During the financial year ended 30 June 2018, five (5) Board meetings were convened on 25 August 2017, 5 October 2017, 23 November 2017, 27 February 2018 and 24 May 2018.

1.10 Company Secretary

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to adherence to the Board policies, procedures, Companies Act 2016, Bursa Malaysia Main Market Listing Requirements and other relevant compliances with laws, rules, and regulations affecting the Company.

The Company Secretary should advise Directors of their obligations to adhere to matters relating to disclosure of interest in securities, any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. The Company Secretary maintains the statutory records in accordance with legal requirements, organizes and facilitates the convening of Board meetings, Board committee meetings and general meetings, in consultation with the Board members and the Chairman. The Board members have unlimited access to the professional advice and services of the Company Secretary.

1.11 Board Committees

The Board has established the following Committees to assist the Board in discharging its duties and responsibilities effectively :

- a. Audit Committee
- b. Nomination Committee
- c. Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.12 Audit Committee

The Board had established an Audit Committee with appropriate terms of reference on 28 September 2009. The members of the Audit Committee, currently comprising wholly three (3) Independent Non-Executive Directors, are as follows :-

Name	Designation	Directorship
Mr. Lee Kim Seng	Chairman	Independent Non-Executive Director
Datuk Hairuddin Bin Mohamed	Member	Independent Non-Executive Director
Mr. Yeoh Chong Keng	Member	Independent Non-Executive Director

The Audit Committee is to assist the Board of Directors ("Board") in its responsibility for overseeing the quality and integrity of the accounting, auditing, reporting practices, risk management, internal control framework, review of related party transactions, risk management framework and its compliance with the legal and regulatory requirements.

The members of Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent directors.

The Audit Committee is chaired by an independent director who is distinct from the Chairman of the Board and all members of the Audit Committee are financially literate. The Audit Committee has yet to adopt a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. Nonetheless, the Audit Committee shall observe the said application in the event that a former key audit partner is appointed to the Board of the Company.

The Audit Committee is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

The Audit Committee has reviewed the provision of non-audit services by the external auditors during the year 2018 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee had conducted annual assessment of the suitability and independence of Messrs. HLB Ler Lum having satisfied with their performance, the Audit Committee recommended the re-appointment of Messrs. HLB Ler Lum to the Board, upon which the shareholders' approval will be sought at the AGM. Based on the Audit Committee's assessment of the external auditors, the Board satisfied with the independence, quality of service and adequacy of resources provided by the external auditors in carrying out the annual audit for financial year 2018. In view thereof, the Board has recommended the re-appointment of the external auditors for the approval of shareholders at the forthcoming Annual General Meeting.

The composition of the Audit Committee, including its roles and responsibilities and summary of activities carried out in year 2018 are set out in the Audit Committee Report of this Annual Report. The terms of reference of the Audit Committee is updated and reviewed periodically and is published in the Company's website at www.yoongonn.com.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.13 The Nomination Committee

The Board had established a Nomination Committee with appropriate terms of reference on 28 September 2009. The members of the Committee, currently comprising wholly three (3) Independent Non-Executive Directors, are as follows :-

Name	Designation	Directorship
Mr. Yeoh Chong Keng	Chairman	Independent Non-Executive Director
Datuk Hairuddin Bin Mohamed	Member	Independent Non-Executive Director
Mr. Lee Kim Seng	Member	Independent Non-Executive Director

The primary objectives of the Nomination Committee is to assist the Board of Directors ("Board") in its responsibility in nominating new nominees to the Board of Directors in fulfilling their responsibilities to shareholders in ensuring that the Board comprised qualified individuals with the right criteria, qualifications, skills and experience. The Nomination Committee shall also assess the performance of the Directors of the Company on an on-going basis.

The Board shall elect the Nomination Committee members from amongst the Directors of the Company and shall comprise of three (3) members, exclusively of Non-Executive Directors, with a majority of whom must be independent.

No alternate director shall be appointed as a member of the Nomination Committee. The term of office and performance of the Nomination Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the Nomination Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members. In particular, Nomination Committee appointment has been expanded to a more diverse pool of candidates instead of being limited to Board and management recommendations.

The Nomination Committee is chaired by a Senior Independent Non-Executive Director identified by the Board, thereby enhancing the Committee's overall effectiveness. The Nomination Committee is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practised a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nomination Committee and recommendation to the Board.

The potential candidates may be proposed by an existing Director, senior management staff, shareholders or third parties referrals. Upon completion of the assessment and evaluation of the proposed candidates, the Nomination Committee would make its recommendation to the Board. Based on the recommendation, the Board would evaluate and decide on the appointment of the proposed candidates.

The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year and additional meetings are held as and when required.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.13 The Nomination Committee (Cont'd)

At each meeting, the Nomination Committee considered the compositions of the Board and its committees as well as their performance. As a result of discussion, succession planning has become an area frequently visited to ensure it would not become a material risk to the Company.

The Board annually reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.

The terms of reference of the Nomination Committee is updated and reviewed periodically and is published in the Company's website at www.yoongonn.com.

1.14 Remuneration Committee

The Board has established the Remuneration Committee with appropriate terms of reference on 28 September 2009 and the members of the Remuneration Committee comprises of a majority of Independent Directors In compliance with the MCGC as follow :

Name	Designation	Directorship
Mr. Yeoh Chong Keng	Chairman	Independent Non-Executive Director
Datuk Kamaludin Bin Yusoff	Member	Independent Non-Executive Chairman
Mr. Roland Chew Hon Foong	Member	Managing Director and Group Chief Executive Officer

During the financial year ended 30 June 2018, Remuneration Committee meeting were convened on 27 February 2018.

The primary objectives of the Remuneration Committee is to assist the Board of Directors ("Board") in its responsibility in assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Directors and Senior Management Staff to reflect and align with their respective job scope, responsibilities and performance.

The members of the Remuneration Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, consisting majority of Independent Non-Executive Directors. No alternate director shall be appointed as a member of the Remuneration Committee. The term of office and performance of the Remuneration Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the Remuneration Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Remuneration Committee reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.

The terms of reference of the Remuneration Committee is updated and reviewed periodically and is published in the Company's website at www.yoongonn.com.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 1 : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.15 Code of Conduct and Ethics

The Board has established a Code of Conducts and Ethics ("CCE") that engender integrity, ethical conduct, transparency and fairness in promoting good business conduct and maintaining a healthy corporate culture for 'the Group.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company. This Code of Ethics outlines a set of principles that affect decision-making and the Code of Conducts outlines the following specific behaviour that are required or prohibited as a condition of ongoing employment and all employees of the Group are duty-bound to observe and maintain at all times when they are acting for the Company.

The CCE reflects the commitment of the Company to run a business that is ethical, fair, efficient and effective, aligned to its business standards and is applicable to all Directors, Management and Employees should be reviewed and updated periodically by the Board to incorporate additional obligations and developments.

This CCE provides healthier work climate, direction to employees, protect shareholder' interest, safeguard company's assets in achieving the Group's corporate goals and objectives.

The CCE is published on the Company's website at www.yoongonn.com.

1.16 Whistleblowing Policy and Procedure

The Board is committed to maintain integrity, high standard of work ethics, good corporate governance practices in line with the code of conducts & ethics for the Group and has formulated Whistleblowing Policy and Procedures.

The objectives of this Whistleblowing Policy and Procedures are to provide avenues for employees, stakeholders and public members to report suspected and/or known improper or illegal activities, fraud, theft, corruption, irregularities, bad practices, abuse, criminal breach of trusts and all wrongdoings ("Misconduct") that will have significant impact on the Group's operations or resources to the Management or the Risk Management Committee so that the Company can conduct investigations and take appropriate corrective and remedial actions.

The Whistleblowing Policy and Procedure is published on the Company's website at www.yoongonn.com.

SECTION 2 : REMUNERATION

2.1 Remuneration Procedure

The remuneration of directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The determination of the remuneration package of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration and independent directors' remuneration must seek shareholders' approval via annual general meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 2 : REMUNERATION (CONT'D)

2.2 Directors and Senior Management Remuneration

a. Directors' Remuneration

Detailed disclosure of Directors Remuneration of each Director during the financial year 2018 are as follows:

	Fees (RM)	Salary, EPF and Bonus (RM)	Benefit in-kind (RM)	Meeting Allowances (RM)	Total (RM)
Company:					
<u>Executive Directors*</u>					
Roland Chew Hon Foong	-	-	-	-	-
Raymond Chew Hon Keong	-	-	-	-	-
<u>Non-Executive Directors</u>					
Datuk Kamaludin Bin Yusoff	54,000	-	-	3,000	57,000
Mr. Yeoh Chong Keng	42,000	-	-	3,750	45,750
Datuk Hairuddin Bin Mohamed	39,000	-	-	3,750	42,750
Mr. Lee Kim Seng	42,000	-	-	3,750	45,750
Group:					
<u>Executive Directors*</u>					
Roland Chew Hon Foong	-	737,628	13,325	-	750,953
Raymond Chew Hon Keong	-	632,228	13,325	-	645,553
<u>Non-Executive Directors</u>					
Datuk Kamaludin Bin Yusoff	54,000	-	-	3,000	57,000
Mr. Yeoh Chong Keng	42,000	-	-	3,750	45,750
Datuk Hairuddin Bin Mohamed	39,000	-	-	3,750	42,750
Mr. Lee Kim Seng	42,000	-	-	3,750	45,750

* The remuneration paid to the Executive Directors were in respect of their employment with the Company/Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 2 : REMUNERATION (CONT'D)

2.2 Directors and Senior Management Remuneration (Cont'd)

b. Top Five (5) Senior Management

Top five (5) Senior Management's Remuneration including Mr Roland Chew Hon Foong and Mr Raymond Chew Hon Keong consisting salary, bonus, benefits in-kind and other emoluments for the financial year ended 30 June 2018 within the successive bands of RM50,000 are summarised as follows:

Remuneration Band	Number of senior management
RM300,001 to RM350,000	2
RM500,001 to RM550,000	1
RM600,001 to RM650,000	1
RM750,001 to RM800,000	1

The above disclosure represents a departure from the Principles of MCCG, which prescribes individual disclosure of senior management's remuneration. The Board is of the opinion that individual disclosure would impinge upon the senior management's reasonable right to privacy whilst not significantly enhancing shareholders' information. Moreover, detailed disclosure of remuneration would adversely impact the Company in a highly competitive human resources market for requisite professional expertise and it would extensively impair the Company's interests.

SECTION 3 : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH THE STAKEHOLDERS

3.1 Communication with Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following :-

- the quarterly and annual financial statements and Report, which contains the financial and operational review of the Group's business, corporate information, financial statements and information on Audit Committee and Board of Directors;
- various timely disclosures and announcements made to the Bursa Securities, which include announcements on quarterly results;
- the Company website at <http://www.yoongonn.com>
- meetings with research analysts and fund managers to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general; and
- participation in surveys and research conducted by professional organisations as and when such requests arise.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 3 : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH THE STAKEHOLDERS (CONT'D)

3.2 The Annual General Meeting

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting, Annual Reports and Circulars are sent to shareholders twenty eight (28) days prior to the meeting.

The company holds its Annual General Meeting in a venue which is not a remote place and is accessible by public transport and the Company encourages shareholders whom are unable to attend are entitled to appoint proxy/proxies to vote on their behalf in their absence.

At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages attendance and participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

SECTION 4 : EFFECTIVE AUDIT AND RISK MANAGEMENT

4.1 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to the Bursa Securities as well as the Chairman's Statement, review of operations and annual financial statements in the Annual Report. The Audit Committee assists the Board in ensuring accuracy and adequacy of information by overseeing and reviewing the financial statements and quarterly announcements prior to the submission to Bursa Securities.

4.2 Statement on Directors' Responsibility in relation to the Audited Financial Statements

The Directors are responsible to ensure that the annual financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and Companies Act 2016. A Statement by the Directors of their responsibilities in preparing the financial statements is set out on this Annual Report.

4.3 Risk Management and Internal Control Framework

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. Information of the Group's internal control and risk management is presented in the Statement of Internal Control of this Annual Report.

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Audit Committee oversees the risk management of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The Audit Committee also reviews the action plans implemented and makes relevant recommendations to the Board to manage residual risks. The Group has established a formal risk management framework to oversee the risks management of the Company and engaged an external consultant to assist the Company in identifying, assessing and managing the risks in areas that are applicable to the Company's business and ensure that the risk management process in place and functioning effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SECTION 4 : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

4.3 Risk Management and Internal Control Framework (Cont'd)

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

The Company has outsourced its internal audit function to a professional services firm, namely IBDC (Malaysia) Sdn Bhd to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

The overview of the internal control framework adopted by the Company during the financial year ended 30 June 2018 is set out in the Statement on Risk Management and Internal Control in this Annual Report.

4.4 Relationship with the Auditors

The Board has established a formal and transparent professional relationship with the Group's Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to the Audit Committee and the Board from time to time on matters that require the Board's attention. The role of the Audit Committee in relation to the auditors, both internal and external is set out in the Audit Committee Report of this Annual Report.

This corporate governance statement is made in accordance with the resolution of the Board dated 2 October 2018.

AUDIT COMMITTEE REPORT

The Audit Committee of Yoong Onn Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2018.

COMPOSITION OF THE AUDIT COMMITTEE

The present member of the Audit Committee are :

Name	Designation	Directorship
Mr. Lee Kim Seng	Chairman	Independent Non-Executive Director
Datuk Hairuddin Bin Mohamed	Member	Independent Non-Executive Director
Mr. Yeoh Chong Keng	Member	Independent Non-Executive Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

(a) Terms of Membership

The Members of Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors. The Audit Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director. The Board shall at all the times ensure that at least one (1) member of the Audit Committee :-

- must be a member of the Malaysian Institute of Accountants ("MIA"); or
- if he is not a member of the MIA, he must have at least three (3) years' working experience; or
- passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
- must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- must hold a degree/master/doctorate in accounting or finance and have at least 3 years' post qualification experience in accounting or finance; or
- must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities")

No alternate director shall be appointed as a member of the Audit Committee. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

(b) Meetings and Quorum of the Audit Committee

The quorum for a meeting of the Audit Committee shall consist of not less than two (2) members, majority of members present must be Independent Non-Executive Directors. The Company Secretary shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Audit Committee met five (5) times during the financial year ended 30 June 2018. The details of the attendance of the meetings are disclosed under the heading "Attendance of the Audit Committee Meetings" on page 34 of this Annual Report.

The Audit Committee may require the attendance of the executive Directors, Chief Financial Officer and senior management staff deemed necessary together with a representative or representatives from the external auditors and/or internal auditors.

In all five (five) meetings, the Chief Financial Officer was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced. During these Audit Committee meetings, representatives from the internal auditors had also been present to provide updates on the progress of internal audit work that have been conducted to date, and to also provide comments and recommendations, where applicable to improve the risk management framework supporting the activities of the Group.

In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the Audit Committee may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

In any event, should the external auditors request, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

(c) Functions of the Audit Committee

The duties and responsibilities of the Audit Committee include the following :-

1. to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. to discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors;
4. to review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

(c) Functions of the Audit Committee (Cont'd)

5. To review the quarterly and audited annual financial statements of the Company and the Group where necessary, together with the external auditor, focus particularly on the following before recommending to the Board for approval
 - i. Any significant changes or implementation of major accounting policies and practices;
 - ii. Significant matters highlighted including financial reporting issues, major judgmental areas made by management, significant and unusual events or transactions, and how these matters are addressed;
 - iii. Significant adjustments arising from the audit;
 - iv. Compliance with applicable approved accounting standards, Bursa Malaysia Securities Berhad Listing Requirements and other statutory requirements; and
 - v. The Going concern assumption.
6. to discuss problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
7. to review the external auditor's management letter and management's response;
8. to do the following in relation to the internal audit functions:-
 - i. review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - ii. review the internal audit programme and the results of the internal audit processes or investigation undertaken and where necessary to ensure the appropriate action is taken on the recommendations of the internal audit function;
 - iii. review any appraisal or assessment of the performance of the internal audit function;
 - iv. approve any appointment or termination of the internal auditor; and
 - v. inform itself of resignations of internal auditor and provide the resigning internal auditor an opportunity to submit his reasons for resigning.
9. to consider the major findings of internal investigations and the management's response; and
10. to consider any other functions or duties as may be agreed by the Committee and the Board.

(d) Rights of the Audit Committee

The Audit Committee has ensured that it shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure determined by the Board :-

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company and Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. be able to obtain independent professional or other advice when needed; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

(e) Procedure of Audit Committee

The Audit Committee regulates its own procedures by :-

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. the custody, protection and inspection of such minutes.

(f) Review of the Audit Committee

The Board of Directors shall ensure that the term of office and performance of the Audit Committee and each of its members are being reviewed at least once in every three years to determine whether such an Audit Committee and members have carried out their duties in accordance with their terms of reference.

(g) Attendance of the Audit Committee Meetings

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 30 June 2018 are as follows :-

Name of Director	Meeting attended by the Directors/Total Number of Meeting held during the financial year ended 30 June 2018	% of Attendance
Mr. Lee Kim Seng	5/5	100%
Datuk Hairuddin Bin Mohamed	5/5	100%
Mr. Yeoh Chong Keng	5/5	100%

(h) Summaries of Activities of the Audit Committee

During the financial year up to the date of this Report, the Audit Committee carried out the following activities in discharging their duties and responsibilities:

1. Control

Evaluated the overall effectiveness of the system of internal control through the review of the results of work performed by the internal and external auditors and discussions with the key management.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

(h) Summaries of Activities of the Audit Committee (Cont'd)

2. Financial Results

Reviewed quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Securities. The review should focus primarily on :

- a) major judgmental areas, significant and unusual events;
- b) significant adjustments resulting from audit;
- c) the going concern assumptions;
- d) compliance with applicable approved accounting standards in Malaysia; and
- e) compliance with Listing Requirements of Bursa Securities and other regulatory requirements.

3. External Audit

- a) reviewed with the external auditors, their audit plan for the financial year ended 30 June 2018 to ensure that their scope of work adequately covers the activities of the Group;
- b) reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee;
- c) reviewed their performance and independence before recommending to the Board their reappointment and remuneration; and
- d) reviewed with the external auditors for the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

4. Internal Audit

- a) reviewed with the internal auditors, their audit plan for the financial year ended 30 June 2018 ensuring that principal risk areas were adequately identified and covered the plan;
- b) reviewed the recommendations by internal audit, representations made and corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;
- c) reviewed the competencies of the internal auditors to execute the plan, the audit programs used in the execution of the internal audit work and results of their work; and
- d) reviewed the adequacy of the terms of reference of internal audit.

5. Related Party Transactions/Conflict of Interest Situations

Reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets. The Board of Yoong Onn Corporation Berhad is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the Guidance for Directors of Public Listed Companies on the Statement on Risk Management and Internal Control which outlines the frameworks and processes the Board is to adopt in maintaining the adequacy and integrity of risk management and the system of internal control of the Group.

RESPONSIBILITY OF THE BOARD

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Yoong Onn Corporation Berhad ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

RISK MANAGEMENT FRAMEWORK

The Board is aware that a sound system of risk management and internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken. The Board has established a Risk Management Framework which consists of a structured approach covering the identification of risks, assessment of risks and reviewing and implementing strategies to mitigate those risks. The Board has established a Risk Management Committee comprising of Executive Director and Senior Management to oversee the risk management initiatives of the Group. The Board and the Audit Committee regularly reviews this process to ensure the effectiveness of its risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL AND INTERNAL AUDIT FUNCTION

The Board has outsourced the internal audit function of the Group to an independent professional firm, IBDC (Malaysia) Sdn Bhd for the year ended 30 June 2018. The audit planning memorandum presented annually by the Internal Auditors is adopted by the Audit Committee to review the effectiveness of the Group's system of internal control.

The Group's system of internal control comprises but not limited to the following activities:-

- The Audit Committee comprises solely of Independent Non-Executive Directors with full access to both the internal and external auditors. Audit Committee meetings are held separately from Board meetings;
- Periodic internal audits are conducted by the internal auditors to monitor compliance to established procedures and to review internal control measures. The internal audit reports would highlight any significant risks, non-compliances and areas for improvements;
- Each core business process function is audited on a rotational basis and the Audit Committee reviews the internal audit issues identified, and together with the Management recommends improvements to the Board; and
- Follow up reviews are conducted on previous audit issues highlighted to ensure that the recommendations highlighted had been addressed by Management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountant ("MIA") for inclusion in the annual report for the year ended 30 June 2018 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

CONCLUSION

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report. The Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control system, in all matters aspects is operating adequately and effectively.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This Statement of Internal Control is made in accordance with the resolution of the Board dated 2 October 2018.

STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of Yoong Onn Corporation Berhad ("YOOCB") and its subsidiary companies ("the Group") as at the end of the financial year, and of the results and cash flows for the financial year ended.

Therefore, in preparing the financial statements of YOOCB for the year ended 30 June 2018, the Directors have :

- adopted appropriate accounting policies and applied them on a consistent basis;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and
- ensured the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting and other records which disclose with reasonable accuracy the financial position of the Group and the Company, and ensuring that the financial statements comply with the provisions of the Companies Act 2016. The Directors have overall responsibilities for taking such steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This above statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 2 October 2018.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

DIRECTORS

The directors who served on the Board of the Company during the financial year and during the period commencing from the end of the financial year and ending on the date of this Report are :

Chew Hon Foong	Chew Hon Keong
Datuk Kamaludin Bin Yusoff	Datuk Hairuddin Bin Mohamed
Yeoh Chong Keng	Lee Kim Seng

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report :-

Chew Hon Yoong	Chew Hon Yoon
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PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation attributable to owners of the Company	25,022	7,499

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) an interim single tier dividend of 2.0 sen per ordinary share amounting to RM3,198,300 in respect of the financial year ended 30 June 2017; and
- ii) a final single tier dividend of 3.0 sen per ordinary share amounting to RM4,797,450 in respect of the financial year ended 30 June 2017.

The Company declared an interim single tier dividend of 2.0 sen per ordinary share amounting to RM3,198,300 in respect of the financial year ended 30 June 2018.

At the forthcoming Annual General Meeting, a final single tier dividend of 2.0 sen per ordinary share amounting to RM3,198,300 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the financial year ending 30 June 2019.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows :-

	Number Of Ordinary Shares			
	At 1.7.2017	Bought	Sold	At 30.6.2018
Direct Interests				
Datuk Kamaludin Bin Yusoff	41,833	-	-	41,833
Yeoh Chong Keng	144,000	-	-	144,000
Lee Kim Seng	27,599	-	27,500	99
Indirect Interests				
Chew Hon Foong	84,000,231 *	-	-	84,000,231 *
Chew Hon Keong	84,000,231 *	-	-	84,000,231 *

* - *By virtue of their shareholdings in the holding company, Chew Hon Foong and Chew Hon Keong are deemed to have interests in shares in the Company and its related corporations to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.*

The other director holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by 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 benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 to the Financial Statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Details of Directors' remuneration are set out in Note 27 to the Financial Statements.

Directors' liability insurance is in place to protect the Directors of the Company against potential costs and liabilities arising from claims brought against the Directors.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 30 June 2018, the Company held as treasury shares a total of 85,000 of its 160,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM70,610. Relevant details on the treasury shares are disclosed in the Note 16 to the Financial Statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 30 to the Financial Statements. At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANY

The Directors regard Casatex Cosmo Sdn. Bhd., a company incorporated in Malaysia, as the Company's holding company.

AUDITORS' REMUNERATION

Details of auditor's remuneration are set out in Note 22 to the Financial Statements.

AUDITORS

The auditors, Messrs. HLB Ler Lum, have expressed their willingness to continue in office.

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

Chew Hon Foong

Chew Hon Keong

Dated : 2 October 2018
Kuala Lumpur

STATEMENT BY DIRECTORS

We, Chew Hon Foong and Chew Hon Keong, being two of the Directors of Yoong Onn Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 30 June 2018 and of their financial performance and cash flows for the year then ended.

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

Chew Hon Foong

Chew Hon Keong

Dated : 2 October 2018
Kuala Lumpur

STATUTORY DECLARATION

I, Tan Peng, being the Officer primarily responsible for the financial management of Yoong Onn Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are 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 Tan Peng
at Kuala Lumpur on 2 October 2018

Tan Peng (MIA 6063)

Before me

Lai Din
No. W668
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YOONG ONN CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Yoong Onn Corporation Berhad, which comprise the Statements of Financial Position as at 30 June 2018 of the Group and of the Company, 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 97.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2018 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the 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.

Existence and valuation of inventories (Refer to Note 5(a)(iii), 5(i) and 9 to the Financial Statements)

As at financial year end, the carrying amount of inventories amounted to RM103,467,928. These inventories consist mainly of inventories in the outlets, consignment counters and warehouse. Inventories are stated in the financial statements at the lower of cost and net realisable value. Sales in the bedding and home linen industry can be volatile with consumer demand changing significantly based on current trends. This in combination with the significant share of inventories as part of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.

How our audit address this matter

Our audit procedures to test the existence of the inventories consist mainly of testing the effectiveness of relevant internal controls, specifically by testing the inventory counts performed by management. We have attended the inventory cycle count at financial year end in outlets, counters and warehouse, to validate counts performed by the Group. We compared our count results with the result of the counts by Group's representatives.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF YOONG ONN CORPORATION BERHAD

To validate the valuation of inventories, we

- understood and assessed the effectiveness of internal controls in place to assess the valuation of inventory.
- assessed the historical accuracy and reasonableness of inventory provisioning. We reviewed the ageing of inventories and analysed the level of slow-moving and out-of-season inventories and the associated writedown.
- tested the actual margins and valuation of inventories. We assessed whether there were inventories which were sold with a (consistent) negative margin by evaluating recent sales subsequent to year ended to validate management's assessment and decision whether inventories should or should not be written down.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF YOONG ONN CORPORATION BERHAD

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:

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF YOONG ONN CORPORATION BERHAD

Other Matter

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.

HLB LER LUM
AF 0276
Chartered Accountants

DATO' LER CHENG CHYE
00871/03/2019 J
Chartered Accountant

Dated : 2 October 2018
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	THE GROUP		THE COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	57,565	57,565
Property, plant and equipment	7	49,158	49,593	-	-
Goodwill	8	-	461	-	-
Deferred tax assets	17	1,835	1,384	-	-
		50,993	51,438	57,565	57,565
CURRENT ASSETS					
Inventories	9	103,468	84,576	-	-
Trade receivables	10	46,261	46,816	-	-
Other receivables, deposits and prepayments	11	7,828	8,263	18	15
Amount owing by subsidiaries	12	-	-	2,159	5,751
Tax refundable		-	574	-	-
Short-term investment	13	27,117	27,910	26,785	24,056
Deposits with financial institutions	14	2,871	4,693	1,503	1,503
Cash and bank balances		9,132	5,682	762	399
		196,677	178,514	31,227	31,724
TOTAL ASSETS		247,670	229,952	88,792	89,289
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	80,000	80,000	80,000	80,000
Treasury shares	16	(70)	(70)	(70)	(70)
Retained profits		132,858	115,832	5,558	6,055
TOTAL EQUITY		212,788	195,762	85,488	85,985
NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	1,145	1,430	-	-
Provision	18	274	261	-	-
Long-term borrowings	19	333	2,108	-	-
		1,752	3,799	-	-
CURRENT LIABILITIES					
Trade payables	20	6,709	6,167	-	-
Other payables and accruals		9,076	9,991	76	81
Dividend payable		3,198	3,198	3,198	3,198
Provision for taxation		1,408	1,025	30	25
Short-term borrowings	19	12,739	10,010	-	-
		33,130	30,391	3,304	3,304
TOTAL LIABILITIES		34,882	34,190	3,304	3,304
TOTAL EQUITY AND LIABILITIES		247,670	229,952	88,792	89,289

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	THE GROUP		THE COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
REVENUE	21	205,941	188,588	7,554	8,497
COST OF SALES		(109,997)	(103,248)	-	-
GROSS PROFIT		95,944	85,340	7,554	8,497
OTHER INCOME		2,216	3,485	952	861
		98,160	88,825	8,506	9,358
SELLING AND DISTRIBUTION EXPENSES		(15,060)	(12,554)	-	-
ADMINISTRATIVE AND OPERATING EXPENSES		(49,509)	(45,370)	(840)	(878)
FINANCE COSTS		(796)	(634)	-	-
PROFIT BEFORE TAXATION	22	32,795	30,267	7,666	8,480
INCOME TAX EXPENSE	23	(7,773)	(7,673)	(167)	(166)
PROFIT AFTER TAXATION		25,022	22,594	7,499	8,314
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		25,022	22,594	7,499	8,314
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		25,022	22,594	7,499	8,314
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		25,022	22,594	7,499	8,314
EARNINGS PER SHARE (SEN)	24				
- Basic/Diluted		16	14		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	TREASURY SHARES RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
THE GROUP				
	80,000	(70)	99,635	179,565
	-	-	22,594	22,594
25	-	-	(6,397)	(6,397)
	80,000	(70)	115,832	195,762
	-	-	25,022	25,022
25	-	-	(7,996)	(7,996)
	80,000	(70)	132,858	212,788
THE COMPANY				
	80,000	(70)	4,138	84,068
	-	-	8,314	8,314
25	-	-	(6,397)	(6,397)
	80,000	(70)	6,055	85,985
	-	-	7,499	7,499
25	-	-	(7,996)	(7,996)
	80,000	(70)	5,558	85,488

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	32,795	30,267	7,666	8,480
Adjustments for:-				
(Writeback)/Allowance for impairment losses on receivables (net)	(414)	402	-	-
Depreciation of property, plant and equipment	3,584	3,758	-	-
Dividend income	-	-	(6,500)	(7,500)
Gain on disposal of plant and equipment	(13)	(75)	-	-
Goodwill written off	461	-	-	-
Interest expense	796	634	-	-
Interest income	(1,211)	(1,262)	(952)	(860)
Plant and equipment written off	26	298	-	-
Writeback of inventories written down	-	(69)	-	-
Writedown of inventories	1,393	1,105	-	-
Unrealised loss/(gain) on foreign exchange	540	(410)	-	-
Operating profit before working capital changes	37,957	34,648	214	120
Inventories	(20,284)	(9,133)	-	-
Receivables	865	(8,792)	(3)	24
Payables	(382)	3,607	(5)	(15)
Amount owing by subsidiaries	-	-	(167)	(152)
CASH FROM/(ABSORBED BY) OPERATIONS	18,156	20,330	39	(23)
Income tax paid	(7,552)	(7,422)	(162)	(140)
Interest paid	(790)	(625)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	9,814	12,283	(123)	(163)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	THE GROUP		THE COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		9,814	12,283	(123)	(163)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		1,211	1,262	952	860
Dividend received		-	-	6,500	7,500
Purchase of plant and equipment		(3,160)	(2,078)	-	-
Proceeds from disposal of plant and equipment		13	75	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,936)	(741)	7,452	8,360
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		(7,996)	(6,397)	(7,996)	(6,397)
Repayment of bank borrowings		(2,125)	(4,025)	-	-
Drawdown/(Repayment) of bankers acceptance		3,078	(9,095)	-	-
Repayment from/(Advance to) subsidiaries		-	-	3,759	(1,498)
NET CASH FOR FINANCING ACTIVITIES		(7,043)	(19,517)	(4,237)	(7,895)
NET CHANGES IN CASH AND CASH EQUIVALENTS		835	(7,975)	3,092	302
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		38,285	46,260	25,958	25,656
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26	39,120	38,285	29,050	25,958

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Reconciliation of liabilities arising from financing activities:

	At 1.7.2017 RM'000	Others RM'000	Principal and interest payments RM'000	Non-cash changes Drawdown RM'000	Interest expense RM'000	At 30.6.2018 RM'000
Bank borrowings						
- banker acceptance	8,887	-	(35,954)	38,359	673	11,965
- term loan	3,231	-	(2,241)	-	117	1,107
	12,118	-	(38,195)	38,359	790	13,072

Analysis of acquisition of property, plant & equipment:

	2018 RM'000	2017 RM'000
Cash	3,160	2,078
Provision (Note 18)	16	41
	3,176	2,119

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office is located at Suite 13.01, Level 13, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business is located at Lot No. PT 16690 - 16692, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 2 October 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Casatex Cosmo Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (a) On 1 July 2017, the Group has adopted the following new and amendments to MFRS and IC interpretation which are mandatory for annual financial year beginning on or after 1 January 2017:-

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Adoption of the above new and amendments to MFRS and IC interpretation did not have any material effect on the financial position and policy of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

- (b) At the date of authorisation of these financial statements, the following new and amendments to MFRS and IC interpretation have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group:-

Description	Effective for financial periods beginning on or after
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 cycle	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

The Group has performed a preliminary impact assessment of adopting MFRS 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts MFRS 9 in 2019.

- (a) Classification and measurement

For unit trust securities, the Group will continue to measure its currently held-for-trading securities of equity at fair value through profit or loss (FVTPL). The Group does not expect any significant impact arising from these changes.

- (b) Impairment

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantee; either on a 12-month or lifetime basis. The Group expects to apply simplified approach and record lifetime expected losses on all trade receivables and contract assets.

The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Group is carrying out internal verification of the calculations performed based on MFRS 9 requirements and expects reliable quantitative effects to be available upon completion of the verification process

MFRS 9 is to be applied retrospectively but comparatives are not required to be restated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The residual value and useful lives of the property, plant and equipment are reviewed at each financial year end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes. The estimation of the residual value and useful lives involve significant judgment.

(ii) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(iii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(b) Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

- Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

- Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently

- Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(iii) Equity Instruments (Cont'd)

- Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity when the consideration received is more than the carrying amount. Where the consideration received is different from the carrying amount, the difference is offset against reserves.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the 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.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect investee's returns.

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. Intragroup transactions, balances, income and expenses are eliminated on consolidation.

Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of the accounting policies within those of the Group.

The acquisitions resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

(i) Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

(ii) Acquisition Method of Accounting for Non-Common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(iii) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

(iv) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 of the Group.

(v) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation are as follows:-

	Depreciation Rate
Buildings	3%
Plant and machinery	10%
Motor vehicles	20%
Office equipment and counter display	10% - 25%
Electrical appliances	20%
Furniture and fittings	10%
Renovation	20%
Factory and warehouse equipment	10% -15%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment (Cont'd)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of the reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 asset will flow to the Group and the cost of the asset can 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(h) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and the to reduce the carrying amount of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress include the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements. When its inflows of economic benefit is virtually certain, then the related assets is recognised in the statement of financial position.

(k) Income Taxes

Income taxes for the reporting period comprise current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Income Taxes (Cont'd)

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 taxes relate to the same taxation entity and the same authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

(m) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(o) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Fair Value Measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(r) Revenue Recognition

(i) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and service tax, returns, cash and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Dividend Income

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

(iv) Management Fees and Rental Income

Management fees and rental income are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost	57,565	57,565

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

NAME OF THE COMPANIES	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
	2018	2017	
Monsieur (M) Sdn. Bhd.	100%	100%	Retailing of home linen and homeware.
Syarikat Yoong Onn Sdn. Bhd.	100%	100%	Distribution and trading of home linen and homeware.
Elegant Total Home Sdn. Bhd.	100%	100%	Distribution and trading of home linen and homeware.
Sleep Focus Sdn. Bhd.	100%	100%	Design and manufacture of home linen and bedding accessories and trading of home linen.

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.7.2017 RM'000	ADDITIONS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2018 RM'000
Net Book Value					
Freehold land	14,557	-	-	-	14,557
Buildings	26,871	18	-	(929)	25,960
Plant and machinery	668	111	-	(193)	586
Factory and warehouse equipment	2,423	100	-	(584)	1,939
Motor vehicles	760	268	-	(323)	705
Office equipment and counter display	1,442	1,525	(2)	(783)	2,182
Electrical appliances	340	437	(1)	(151)	625
Renovation	1,007	672	(2)	(345)	1,332
Furniture and fittings	1,525	44	(21)	(276)	1,272
Total	49,593	3,175	(26)	(3,584)	49,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT 1.7.2016 RM'000	ADDITIONS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2017 RM'000
Net Book Value					
Freehold land	14,557	-	-	-	14,557
Buildings	27,799	-	-	(928)	26,871
Plant and machinery	663	204	-	(199)	668
Factory and warehouse equipment	2,986	15	-	(578)	2,423
Motor vehicles	919	325	(29)	(455)	760
Office equipment and counter display	1,791	439	(59)	(729)	1,442
Electrical appliances	374	167	(31)	(170)	340
Renovation	852	569	(37)	(377)	1,007
Furniture and fittings	1,589	400	(142)	(322)	1,525
Total	51,530	2,119	(298)	(3,758)	49,593

THE GROUP At 30.6.2018	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
Freehold land	14,557	-	14,557
Buildings	30,969	(5,009)	25,960
Plant and machinery	6,605	(6,019)	586
Factory and warehouse equipment	4,821	(2,882)	1,939
Motor vehicles	4,615	(3,910)	705
Office equipment and counter display	6,852	(4,670)	2,182
Electrical appliances	1,908	(1,283)	625
Renovation	4,994	(3,662)	1,332
Furniture and fittings	3,677	(2,405)	1,272
	78,998	(29,840)	49,158

At 30.6.2017

Freehold land	14,557	-	14,557
Buildings	30,951	(4,080)	26,871
Plant and machinery	6,523	(5,855)	668
Factory and warehouse equipment	4,721	(2,298)	2,423
Motor vehicles	4,503	(3,743)	760
Office equipment and counter display	5,399	(3,957)	1,442
Electrical appliances	1,646	(1,306)	340
Renovation	4,752	(3,745)	1,007
Furniture and fittings	3,694	(2,169)	1,525
	76,746	(27,153)	49,593

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	AT DEPRECIATION		AT
	1.7.2017	CHARGE	30.6.2018
	RM'000	RM'000	RM'000
Net Book Value			
Office equipment	-	-	-

	AT DEPRECIATION		AT
	1.7.2016	CHARGE	30.6.2017
	RM'000	RM'000	RM'000
Net Book Value			
Office equipment	-	-	-

THE COMPANY	AT ACCUMULATED		NET BOOK
	COST	DEPRECIATION	VALUE
	RM'000	RM'000	RM'000
At 30 June 2018			
Office equipment	10	(10)	-

	AT ACCUMULATED		NET BOOK
	COST	DEPRECIATION	VALUE
	RM'000	RM'000	RM'000
At 30 June 2017			
Office equipment	10	(10)	-

A freehold land and building of the Group with net book value of RM15,057,218 (2017 – RM15,335,290) has been pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Note 19 to the Financial Statements.

8. GOODWILL

The goodwill relates to the retailing segment and had been written-off during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

9. INVENTORIES

	THE GROUP	
	2018	2017
	RM'000	RM'000
At cost :-		
Raw materials	15,704	17,212
Work in progress	2,662	1,692
Finished goods	74,116	58,136
Stock-in-transit	4,797	3,215
	97,279	80,255
At net realisable value:-		
Raw materials	3,019	1,564
Finished goods	3,170	2,757
	6,189	4,321
Total inventories	103,468	84,576
Recognised in profit or loss:-		
Inventories recognised as cost of sales	100,226	94,521
Amount written down to net realisable value	1,393	1,105
Writeback of inventories written down	-	(69)

10. TRADE RECEIVABLES

	THE GROUP	
	2018	2017
	RM'000	RM'000
Trade receivables	50,475	51,443
Allowance for impairment losses	(4,214)	(4,627)
	46,261	46,816
Allowance for impairment losses:		
At beginning of the year	(4,627)	(4,227)
Addition during the financial year	(84)	(660)
Writeback during the financial year	497	260
At end of the year	(4,214)	(4,627)

The Group's normal credit terms of trade receivables range from 30 to 120 days (2017 - 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments of the Group is an amount of RM2,943,728 (2017 – RM5,300,548), being deposits paid to suppliers for future supply of materials and finished goods.

These deposits shall be recovered by way of set-off against the supply of materials and finished goods.

12. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount of RM1,700,000 (2017 – RM5,500,000) which bore an interest rate of 3.15% (2017 - 2.95%) per annum in accordance with the commercial bank's 1 month fixed deposit rate. The amounts are to be settled in cash.

13. SHORT-TERM INVESTMENT

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed income trust fund, at fair value	27,117	27,910	26,785	24,056
At market value	27,117	27,910	26,785	24,056

The investment in fixed income trust fund represents investment in highly liquid money market instruments, which are readily convertible to a known amount of cash. The fund aims to provide a higher level of liquidity while providing better return from non-taxable income by predominantly investing its assets in money market and other fixed income instruments.

The effective interest rates ranged approximately from 2.78% to 3.70% (2017 – 2.59% to 3.56%) per annum. The short-term investment is designated as fair value through profit or loss and is measured at fair value.

14. DEPOSITS WITH FINANCIAL INSTITUTIONS

The effective interest rates of the deposits with financial institutions at the end of the reporting period ranged from 3.60% to 4.10% (2017 - 3.35% to 3.83%) per annum. The deposits have a maturity period of 30 days and 1 year (2017 – 30 days and 1 year).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

15. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2018		2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and Fully Paid-Up:				
At 30 June	160,000	80,000	160,000	80,000

The new Companies Act 2016 which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

16. TREASURY SHARES

Of the total 160,000,000 issued and fully paid-up ordinary shares at the end of the reporting period, 85,000 ordinary shares are held as treasury shares by the Company. The treasury shares are held at a carrying amount of RM70,610. None of the treasury shares were resold or cancelled during the financial year.

17. DEFERRED TAX LIABILITIES/(ASSETS)

	THE GROUP	
	2018 RM'000	2017 RM'000
At beginning of the year	46	340
Recognised in profit or loss (Note 23)	(736)	(294)
At end of the year	(690)	46

Presented after appropriate offsetting as follows:

	THE GROUP	
	2018 RM'000	2017 RM'000
Deferred tax assets	(1,835)	(1,384)
Deferred tax liabilities	1,145	1,430
	(690)	46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

17. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

The deferred tax liabilities are attributable to the following:-

	THE GROUP	
	2018	2017
	RM'000	RM'000
Surpluses on revaluation of properties	1,214	1,260
Accelerated capital allowances on qualifying costs of property, plant and equipment	488	962
Provisions and other temporary differences	(557)	(792)
	1,145	1,430

The deferred tax assets are attributable to the following:-

	THE GROUP	
	2018	2017
	RM'000	RM'000
Accelerated capital allowances on qualifying costs of property, plant and equipment	425	153
Provisions and other temporary differences	(2,260)	(1,537)
	(1,835)	(1,384)

18. PROVISION

Provision for restoration/relocation costs

Provision for restoration/relocation costs is included in the carrying amounts of renovation. 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.

	THE GROUP	
	2018	2017
	RM'000	RM'000
At beginning of the year	261	226
Recognised in property, plant and equipment	16	41
Recognised in profit or loss (Note 22)	6	10
Utilised during the financial year	(9)	(16)
At end of the year	274	261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

19. BANK BORROWINGS

	THE GROUP	
	2018 RM'000	2017 RM'000
Bankers' acceptances (unsecured)	11,965	8,887
Term loan (secured)	1,107	3,231
	13,072	12,118

The bank borrowings at the end of the reporting period bore interest rates ranging from 4.56% to 4.88% (2017 – 4.10% to 4.65%) per annum.

The bank borrowings obtained from licensed banks are secured by:

- charges over certain freehold land and building of a subsidiary; and
- a corporate guarantee of the Company for the subsidiaries.

	THE GROUP	
	2018 RM'000	2017 RM'000
<u>Non-current</u>		
Term loan (secured)	333	2,108
<u>Current</u>		
Bankers' acceptances (unsecured)	11,965	8,887
Term loan (secured)	774	1,123
	12,739	10,010
	13,072	12,118

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days (2017 - 30 to 120 days).

21. REVENUE

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sale of goods	205,941	188,588	-	-
Management fee	-	-	1,054	997
Dividend income	-	-	6,500	7,500
	205,941	188,588	7,554	8,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

22. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before taxation is arrived at after charging:				
Audit fee:				
- for the financial year	100	100	24	24
Depreciation of property, plant and equipment	3,584	3,758	-	-
Impairment loss:				
- trade receivables	84	660	-	-
- other receivables	-	1	-	-
Interest expense:				
- bankers' acceptances	673	409	-	--
- term loan	117	215	-	-
- unwinding of discount on provision for restoration/relocation costs	6	10	-	-
Writedown of inventories	1,393	1,105	-	-
Plant and equipment written off	26	298	-	-
Rental of premises	7,731	6,821	-	-
Staff costs:				
- short-term benefits	36,446	32,863	364	391
- defined contribution plans	2,991	2,637	42	45
- estimated non-monetary benefits-in-kind	27	37	-	-
Write off of impairment loss for other receivable	-	5	-	-
and crediting:				
Interest income	(1,211)	(1,262)	(952)	(860)
(Gain)/Loss on foreign exchange:				
- realised	(814)	(1,282)	-	-
- unrealised	540	(410)	-	-
Gain on disposal of plant and equipment	(13)	(75)	-	-
Writeback of allowance for impairment losses:				
- trade receivable	(497)	(260)	-	-
- other receivable	(1)	(4)	-	-
Writeback of inventories written down	-	(69)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

23. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense:				
- for the financial year	8,420	7,756	167	163
- under provision in the previous financial year	89	211	-	3
	8,509	7,967	167	166
Deferred tax expense (Note 17):				
- relating to originating and recognition of temporary differences	(589)	(252)	-	-
- overprovision in the previous financial year	(147)	(42)	-	-
	(736)	(294)	-	-
	7,773	7,673	167	166

During the current financial year, the statutory tax rate was 24%.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before taxation	32,795	30,267	7,666	8,480
Tax at the statutory tax rate of 24% (2017 – 24%)	7,871	7,264	1,840	2,035
Tax effects of:-				
Non-taxable gain	(1,821)	(2,380)	(1,751)	(1,954)
Non-deductible expenses	1,783	2,622	78	82
Double deduction	(2)	(2)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	89	211	-	3
- deferred tax	(147)	(42)	-	-
Tax for the financial year	7,773	7,673	167	166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

24. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation attributable to owners of the Company of RM25,021,863 (2017 – RM22,593,685) by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year of 159,915,000 (2017 – 159,915,000).

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

25. DIVIDENDS

	THE GROUP/THE COMPANY	
	2018 RM'000	2017 RM'000
Recognised as distribution to owners:-		
- Final single tier dividend of 2.0 sen per ordinary share for the financial year ended 30 June 2016	-	3,199
- Interim single tier dividend of 2.0 sen per ordinary share for the financial year ended 30 June 2017	-	3,198
- Final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2017	4,798	-
- Interim single tier dividend of 2.0 sen per ordinary share for the financial year ended 30 June 2018	3,198	-
	7,996	6,397
Net dividend per share (sen)	5.0	4.0

26. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	9,132	5,682	762	399
Deposits with financial institutions (Note 14)	2,871	4,693	1,503	1,503
Short-term investment (Note 13)	27,117	27,910	26,785	24,056
	39,120	38,285	29,050	25,958

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

27. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
- non-fee emoluments	1,223	1,163	-	-
- defined contribution plan	147	140	-	-
- estimated non-monetary benefits-in-kind	27	27	-	-
	1,397	1,330	-	-
Non Executive:				
- non-fee emoluments	14	16	14	16
- fee	177	177	177	177
	191	193	191	193

The aggregate amount of emoluments received and receivable by the directors of the Company during the financial year in bands of RM50,000 are as follows:-

THE GROUP	Number of Directors	Directors' Fee RM'000	Directors' Other Emoluments RM'000	Total RM'000
2018				
Non Executive:				
- Below RM50,000	3	123	11	134
- Between RM50,001 and RM100,000	1	54	3	57
	4	177	14	191
Executive:				
- Between RM600,001 and RM650,000	1	-	646	646
- Between RM750,001 and RM800,000	1	-	751	751
	2	-	1,397	1,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

27. DIRECTORS' REMUNERATION (CONT'D)

THE GROUP	Number of Directors	Directors' Fee RM'000	Directors' Other Emoluments RM'000	Total RM'000
2017				
Non Executive:				
- Below RM50,000	3	123	12	135
- Between RM50,001 and RM100,000	1	54	4	58
	4	177	16	193
Executive:				
- Between RM600,001 and RM650,000	1	-	615	615
- Between RM700,001 and RM750,000	1	-	715	715
	2	-	1,330	1,330
THE COMPANY				
2018				
Non Executive				
- Below RM50,000	3	123	11	134
- Between RM50,001 and RM100,000	1	54	3	57
	4	177	14	191
2017				
Non Executive				
- Below RM50,000	3	123	12	135
- Between RM50,001 and RM100,000	1	54	4	58
	4	177	16	193

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

(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 or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationship with:

- (i) its subsidiaries;
 - (ii) the directors and officers who are the key management personnel; and
 - (iii) entities controlled by the key management personnel/directors/substantial shareholders.
- (b) In addition to the information disclosed elsewhere in the financial statements, the Group carried out the following transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subsidiaries:				
- Management fees receivable	-	-	1,054	997
- Interest income receivable	-	-	100	159
- Dividend income receivable	-	-	6,500	7,500
Related parties:				
- Rental of premises from Yoon Fah Realty Sdn. Bhd. *	109	213	-	-

* - This company is an entity deemed to be controlled by certain directors of the Company.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(c) Key management personnel

Compensation to key management personnel relating to those of Directors are disclosed in Note 27 to the Financial Statements.

	THE GROUP	
	2018 RM'000	2017 RM'000
Other key management personnel:-		
Short-term employee benefits	1,630	1,906
Defined contribution plans	180	229
Estimated non-monetary benefits-in-kind	27	37
	1,837	2,172

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

29. OPERATING SEGMENTS

The Group has three reportable segments, as disclosed below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- Manufacturing - design and manufacturing of home linen and bedding accessories.
- Distribution and trading - distribution and trading of home linen and homeware.
- Retailing - retailing of home linen and homeware.

2018	MANUFACTURING RM'000	DISTRIBUTION & TRADING RM'000	RETAILING RM'000	ELIMINATION RM'000	THE GROUP RM'000
Inter-segment revenue	28,525	5,555	1,390	(35,470)	-
External revenue	27,615	124,372	53,954	-	205,941
Total revenue	56,140	129,927	55,344	(35,470)	205,941
Segment results	6,496	20,286	6,797	-	33,579
Unallocated income					12
Operating profits					33,591
Finance costs	(183)	(458)	(155)	-	(796)
Profit before taxation					32,795
Income tax expense					(7,773)
Profit after taxation					25,022
Other information					
Segment assets	63,207	103,894	49,664	-	216,765
Unallocated assets					29,760
					246,525
Segment liabilities	3,771	17,885	7,399	-	29,055
Unallocated liabilities					4,682
					33,737

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

2017	MANUFACTURING RM'000	DISTRIBUTION & TRADING RM'000	RETAILING RM'000	ELIMINATION RM'000	THE GROUP	
Inter-segment revenue		29,814	5,469	1,208	(36,491)	-
External revenue		31,680	111,618	45,290	-	188,588
Total revenue		61,494	117,087	46,498	(36,491)	188,588
Segment results		7,503	18,952	4,623	-	31,078
Unallocated expenses						(177)
Operating profits						30,901
Finance costs		(178)	(363)	(93)	-	(634)
Profit before taxation						30,267
Income tax expense						(7,673)
Profit after taxation						22,594
Other information						
Segment assets		68,941	87,564	45,515	-	202,020
Unallocated assets						26,548
						228,568
Segment liabilities		9,739	10,124	8,594	-	28,457
Unallocated liabilities						4,349
						32,806

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

2018	MANUFACTURING RM'000	DISTRIBUTION & TRADING RM'000	RETAILING RM'000	THE GROUP RM'000
Capital expenditure	553	1,466	1,157	<u>3,176</u>
Depreciation	712	1,271	1,601	<u>3,584</u>
Impairment loss for receivables	195	132	87	<u>414</u>
Writedown of inventories	343	419	631	<u>1,393</u>
Interest income	(51)	(248)	(60)	(359)
Unallocated interest income				(852)
				<u>1,211</u>
Interest expense	183	342	271	<u>796</u>
2017				
Capital expenditure	225	387	1,507	<u>2,119</u>
Depreciation	699	1,370	1,689	<u>3,758</u>
Impairment loss for receivables	212	363	86	<u>661</u>
Writedown of inventories	803	-	302	<u>1,105</u>
Writeback of inventories written down	-	(69)	-	<u>(69)</u>
Interest income	(52)	(483)	(26)	(561)
Unallocated interest income				(701)
				<u>(1,262)</u>
Interest expense	178	147	309	<u>634</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

No financial information based on geographical location has been presented for non-current assets as these assets are located wholly in Malaysia.

Revenue information based on the geographical location of customers respectively are as follows:

	REVENUE	
	2018 RM'000	2017 RM'000
Malaysia	178,448	158,221
Singapore	19,666	24,009
Others	7,827	6,358
	205,941	188,588

Major customers

The following are major customers with revenue approximate to or more than 10% of the Group's revenue:

	REVENUE		SEGMENT
	2018 RM'000	2017 RM'000	
A local departmental store	56,011	49,585	Distribution and trading.
An overseas distributor	19,296	21,441	Manufacturing, distribution and trading.

30. CONTINGENT LIABILITIES

The directors are of the opinion that provisions are not required in respect of the following corporate guarantees, as it is not probable that a future outflow of economic benefits will arise:-

	THE GROUP		THE COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unsecured:-				
Corporate guarantee given to licensed banks for credit facilities granted to its subsidiaries	-	-	61,070	61,070
Guarantee issued in favour of third parties	500	709	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

31. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	2018 RM	2017 RM
United States Dollar	4.04	4.29
Singapore Dollar	2.96	3.12

32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purpose.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	TOTAL RM'000
2018			
Financial assets			
Trade receivables	11,094	4,995	16,089
Cash and bank balances	179	378	557
	11,273	5,373	16,646
Financial liabilities			
Trade payables	5,448	-	5,448
Currency exposure			
Net financial assets	5,825	5,373	11,198

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	TOTAL RM'000
2017			
Financial assets			
Trade receivables	1,670	16,742	18,412
Cash and bank balances	102	3	105
	1,772	16,745	18,517
Financial liabilities			
Trade payables	4,449	41	4,490
Currency exposure			
Net financial assets	(2,677)	16,704	14,027

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2018 RM'000	2017 RM'000
Effects on profit after taxation and equity		
USD/RM:		
- strengthened by 5%	221	(102)
- weakened by 5%	(221)	102
SGD/RM:		
- strengthened by 5%	204	635
- weakened by 5%	(204)	(635)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its cash and cash equivalents and long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The interest rate profile of the Group's significant interest bearing financial instruments, based on their carrying amounts as at the reporting date were:

	THE GROUP	
	2018	2017
	RM'000	RM'000
Variable rate instruments		
Financial assets		
Short term investments	27,117	27,910
Fixed deposits	2,871	4,693
	29,988	32,603
Financial liabilities		
Term loan	1,107	3,231

Interest rate risk sensitivity analysis

At the reporting date, if the interest rates had been 100 basis points higher/lower, with all other variables held constant, the Group's profit after tax would have immaterial impact.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) (2017: 2) customers which constituted approximately 56% (2017: 59%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

Ageing analysis

The ageing analysis of the Group's trade receivables as at end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
2018			
Not past due	31,072	-	31,072
Past due:			
- less than 3 months	10,842	-	10,842
- 3 to 6 months	4,039	-	4,039
- over 6 months	4,522	(4,214)	308
	50,475	(4,214)	46,261
2017			
Not past due	30,074	-	30,074
Past due:			
- less than 3 months	11,644	(44)	11,600
- 3 to 6 months	5,066	(91)	4,975
- over 6 months	4,659	(4,492)	167
	51,443	(4,627)	46,816

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash and bank balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	CONTRACTUAL		CONTRACTUAL	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000
	INTEREST RATE %	CARRYING AMOUNT RM'000	UNDISCOUNTED CASH FLOWS RM'000		
2018					
Trade payables	-	6,709	6,709	6,709	-
Other payables and accruals	-	9,350	9,350	9,076	274
Dividend payable	-	3,198	3,198	3,198	-
Bank borrowings	4.56 – 4.88	13,072	13,176	12,810	366
		32,329	32,433	31,793	640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	
2017						
Trade payables	-	6,167	6,167	6,167	-	
Other payables and accruals	-	10,252	10,252	9,991	261	
Dividend payable	-	3,198	3,198	3,198	-	
Bank borrowings	4.10 – 4.65	12,118	12,340	10,128	2,212	
		31,735	31,957	29,484	2,473	
THE COMPANY						
			CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000
2018						
Other payables and accruals	-	76	-	76	76	76
Dividend payable	-	3,198	-	3,198	3,198	3,198
				3,274	3,274	3,274
2017						
Other payables and accruals	-	81	-	81	81	81
Dividend payable	-	3,198	-	3,198	3,198	3,198
				3,279	3,279	3,279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. The Group includes within net debts, payables and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	THE GROUP	
	2018	2017
	RM'000	RM'000
Trade payables	6,709	6,167
Other payables and accruals	9,350	10,252
Dividend payable	3,198	3,198
Bank borrowings	13,072	12,118
	32,329	31,735
Less: Short-term investment	(27,117)	(27,910)
Less: Deposits with financial institutions	(2,871)	(4,693)
Less: Cash and bank balances	(9,132)	(5,682)
Net debt	(6,791)	(6,550)
Total equity	212,788	195,762
Debt-to-equity ratio	Not Applicable	Not Applicable

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Short-term investment	27,117	27,910	26,785	24,056
<u>Loans and receivables</u>				
Trade receivables	46,261	46,816	-	-
Other receivables and deposits	3,821	2,289	17	14
Amount owing by subsidiaries	-	-	2,159	5,751
Deposits with financial institutions	2,871	4,693	1,503	1,503
Cash and bank balances	9,132	5,682	762	399
	62,085	59,480	4,441	7,667
Financial liabilities				
<u>Other financial liabilities</u>				
Bank borrowings	13,072	12,118	-	-
Trade payables	6,709	6,167	-	-
Other payables and accruals	9,350	10,252	76	81
Dividend payable	3,198	3,198	3,198	3,198
	32,329	31,735	3,274	3,279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2018								
<u>Financial Asset</u>								
Short-term investment	27,117	-	-	-	-	-	27,117	27,117
<u>Financial Liability</u>								
Term loan	-	-	-	-	1,107	-	1,107	1,107
2017								
<u>Financial Asset</u>								
Short-term investment	27,910	-	-	-	-	-	27,910	27,910
<u>Financial Liability</u>								
Term loan	-	-	-	-	3,231	-	3,231	3,231

The fair value of the short term investment is estimated based on its quoted market price at the end of the reporting period.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

33. OPERATING LEASE ARRANGEMENTS

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date are as follows:-

	THE GROUP	
	2018 RM'000	2017 RM'000
Not later than 1 year	2,517	3,730
Later than 1 year and not later than 5 years	2,508	1,383
	5,025	5,113

34. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the current year's presentation,

	AS REPORTED RM'000	RECLASSIFICATION RM'000	AS RESTATED RM'000
THE GROUP			
Statement of Financial Position			
<u>As at 30 June 2017</u>			
Deferred tax assets	-	1,384	1,384
Deferred tax liabilities	(46)	(1,384)	(1,430)

ADDITIONAL COMPLIANCE INFORMATION

1) Share Buy-Backs

There was no share buy-backs by the Company during the financial year ended 30 June 2018.

All shares purchased by the Company were retained as treasury shares in accordance with Section 127(4) of the Companies Act 2016. As at 30 June 2018, the number of treasury shares was 85,000. None of the treasury shares were re-sold or cancelled during the financial year under review.

2) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year ended 30 June 2018.

3) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2018.

4) Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

5) Non-Audit Fees

The amount of non-audit fees pay/payable to External Auditors, Messrs. HLB Ler Lum for the current financial year are as follows :-

	Company	Group
Audit Fees	RM24,000	RM100,000
Non-Audit Fees	RM4,000	RM14,000

6) Variation in Results

There were no variations of 10% or more between the audited results of the Group for the financial year ended 30 June 2018 and the unaudited results announced on 28 August 2018.

7) Material Contracts with Related Parties

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

8) Corporate Social Responsibility

The Group recognizes its role as a responsible corporate citizen and no company can exist by maximizing shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

a) Environment

The Group has always complied with the relevant environmental legislation and promoting environmental awareness as part of its commitment to protect the environment and contribute towards sustainable development.

b) Safety and Health

The Group is committed to provide a safe and healthy working environment for its all employees under the requirements of Health, Safety and Environment ("HSE"). The Group constantly ensure a safe and healthy working environment and keep itself updated with the latest HSE requirements and regulations through various training programmes.

c) Charity Works and Donations to Charitable Organisations

The Group has donated bedding products to the trusted organizations and charitable organizations. The Group has also made cash donations to Asrama Darul Falah Perkim, Hospis Malaysia, Malaysia Association for the Prevention of Tuberculosis, Malaysia Association for the Blind, Malaysian Council for Rehabilitation Monfort Youth Centre, Rumah Kebajikan Kanak-Kanak Shelter, Ray of Hope, Society of The Blind in Malaysia, Persatuan Perayaan Zhong Yuan Seri Petaling Kuala Lumpur, The Salvation Army and Yayasan Jantung Malaysia.

d) Employees

The Group places strong emphasis on personal development and provides various training courses for its employees to enhance and upgrade their work skills for better opportunities of career advancements.

9) Profit Forecast/Profit Guarantee

The Group did not provide any profit forecast/guarantee in any public documents during the financial year ended 30 June 2018.

10) Recurrent Related Parties Transactions

The breakdown of the aggregate value of transactions conducted during the financial year ended 30 June 2018 is as follows:

Transacting Companies within the Group	Related Transacting Parties	Nature of Transaction	Amount of Transaction (RM'000)
Syarikat Yoong Onn Sdn Bhd ("SYOSB")	Yoon Fah Realty Sdn Bhd	Rental of property which is currently used as SYOSB's office cum warehouse	70
Sleep Focus Sdn Bhd ("SFSB")	Yoon Fah Realty Sdn Bhd	Rental of property which is currently used as SFSB 's staff house	11
Monsieur (M) Sdn Bhd ("MSB")	Yoon Fah Realty Sdn Bhd	Rental of property which is currently used as MSB's warehouse	28

YOCB Group has relocated its office, warehouse and ceased renting the property for its staff during the year ended 30 June 2018.

GROUP PROPERTIES

Location	Description / Existing use	Land Area (Sq M)	Built-up Area (Sq M)	Tenure	Approximate Age of Building	Years	Land Net Book Value as at 30.6.2018 (RM'000)	Building Net Book Value as at 30.6.2018 (RM'000)	Financial Year of Valuation
a) Syarikat Yoong Onn Sdn Bhd									
No. Pt. 16690 - 16692, Jalan Permata 2, Arab Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan Darul Khusus	Three (3) adjoining industrial lands erected with a factory complex which comprises the following buildings: a. A single storey factory; b. A double storey office; c. A Fibre plant; d. Guard house; e. Warehouse A; f. Warehouse B; g. A canteen; h. A workshop; i. Warehouse C	37,637	21,205	Freehold	a. A single storey factory b. A double storey office c. A Fibre Plant d. Guard house e. Warehouse A f. Warehouse B g. A Canteen h. A workshop i. Warehouse C	16 16 16 16 12 10 12 10 6	8,650	16,810	2011
No. Pt. 16750 Jalan Permata 2, Arab Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan Darul Khusus	Industrial lands erected with a warehouse cum office comprises the following buildings: a. A single storey mezzanine floor high bay racking warehouse, office and showroom b. Guard house c. TNB sub-station	88,985	6,393	Freehold	a. A single storey high bay racking warehouse, office and showroom b. Guard house c. TNB sub-station	3 3 3	5,907	9,150	NA

ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2018

Issued and fully paid-up capital	:	RM80,000,000 divided into 160,000,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares	:	85,000 shares
Adjusted share capital (after netting Treasury Shares)	:	RM79,957,500 divided into 159,915,000 ordinary shares

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHAREHOLDINGS	% OF ISSUED CAPITAL
Less than 100	60	3.57	1,840	*
100 to 1,000	565	33.67	215,765	0.13
1,001 to 10,000	652	38.86	3,309,688	2.07
10,001 to 100,000	325	19.37	10,087,084	6.31
100,001 to less than 5% of issued shares	75	4.47	62,300,392	38.96
5% and above of issued shares	1	0.06	84,000,231	52.53
TOTAL	1,678	100.00	159,915,000[^]	100.00

Note :

[^] - Excluding Share Buy Back

* - Negligible

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDER	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Casatex Cosmo Sdn Bhd	84,000,231	52.53	-	-
Roland Chew Hon Foong	-	-	84,000,231	52.53 (a)
Raymond Chew Hon Keong	-	-	84,000,231	52.53 (a)
Eric Chew Hon Yoong	-	-	84,000,231	52.53 (a)
Nelson Chew Hon Yoon	-	-	84,000,231	52.53 (a)

Note :

(a) - Deemed interest by virtue of his direct interest in Casatex Cosmo Sdn Bhd pursuant to Section 8 of Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

NO.	DIRECTORS	DIRECT INTEREST		INDIRECT INTEREST	
			%		%
1.	Datuk Kamaludin Bin Yusoff	41,833	0.03	-	0.03
2.	Roland Chew Hon Foong	-	-	84,000,231	52.53 [^]
3.	Raymond Chew Hon Keong	-	-	84,000,231	52.53 [^]
4.	Datuk Hairuddin Bin Mohamed	-	-	-	-
5.	Yeoh Chong Keng	144,000	0.09	-	-
6.	Lee Kim Seng	99	*	-	-

Note :

[^] - Deemed interest by virtue of their direct shareholdings in Casatex Cosmo Sdn Bhd pursuant to Section 8 of Companies Act 2016.

* - Negligible

ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2018 (CONT'D)

THIRTY LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

NO.	NAME	NO. OF SHARES	%
1	CASATEX COSMO SDN BHD	84,000,231	52.53%
2	HLB NOMINEES (ASING) SDN BHD WANG SHOUHU (CUST.SIN91144-4)	7,866,666	4.92%
3	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	7,027,700	4.39%
4	CHAN FOOK HONG	5,333,333	3.34%
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	5,244,400	3.28%
6	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL - CAP FUND	4,110,200	2.57%
7	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABU SAHID BIN MOHAMED (MARGIN)	3,333,333	2.08%
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,936,500	1.84%
9	TEO KWEE HOCK	1,366,800	0.85%
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)	1,366,600	0.85%
11	NG YOONG SANG	1,339,333	0.84%
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8095789)	1,000,000	0.63%
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND	999,100	0.62%
14	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	974,700	0.61%
15	LEE CHAI HUA	928,800	0.58%
16	AMANAHRAYA TRUSTEES BERHAD BSN DANA DIVIDEN AL-IFRAH	830,000	0.52%
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEJUTAAAN HOLDINGS SDN BHD (E-IMO)	809,000	0.51%
18	RHB NOMINEES (TEMPATAN) SDN BHD AMARA INVESTMENT MANAGEMENT SDN BHD FOR WONG YEE HUI	800,000	0.50%
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG	700,000	0.44%
20	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABU SAHID BIN MOHAMED	666,666	0.42%
21	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	584,000	0.37%
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BANK SIMPANAN NASIONAL	560,000	0.35%
23	KOK FOONG MENG	507,233	0.32%
24	FONG AH CHAI	500,000	0.31%
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (8109706)	470,000	0.29%
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG LAI MOEY (E-IMO)	460,000	0.29%
27	LOO LAI YOKE	450,000	0.28%
28	SUN KIEN KEONG	444,000	0.28%
29	TEH BEE GAIK	442,000	0.28%
30	CHEW SWEE TEE @ CHEW SWEE LEE	440,200	0.28%
		136,490,795	85.37%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Spring 1 Room, Nilai Springs Golf & Country Club, PT 4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus on Tuesday, 27 November 2018 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fee of **(Resolution 2)**
 - (a) RM177,000.00 for the financial year ended 30 June 2018
 - (b) RM177,000.00 for the financial year ending 30 June 2019 until the next Annual General Meeting of the Company.
3. To re-elect the following Directors who are retiring in accordance with Article 129 of the Company's Constitution:
 - (a) Raymond Chew Hon Keong **(Resolution 3)**
 - (b) Lee Kim Seng **(Resolution 4)**
4. To declare single tier final dividend 2.0 sen per ordinary share in respect of the financial year ended 30 June 2018. **(Resolution 5)**
5. To re-appoint Messrs. HLB Ler Lum as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business :

To consider and if thought fit, to pass the following Ordinary Resolutions:-

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

"That Datuk Kamaluddin Bin Yusoff who has served the Board as Independent Non-Executive Director of the Company for a cumulative term or more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **(Resolution 7)**

"That Datuk Hairuddin Bin Mohamed who has served the Board as Independent Non-Executive Director of the Company for a cumulative term or more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **(Resolution 8)**

"That Mr Yeoh Chong Keng who has served the Board as Independent Non-Executive Director of the Company for a cumulative term or more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **(Resolution 9)**

"That subject to the passing of Ordinary Resolution 4, Mr Lee Kim Seng who has served the Board as Independent Non-Executive Director of the Company for a cumulative term or more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act (Resolution 11) 2016.**

"That pursuant to Sections 75 and 76 of the Companies Act 2016, the Articles of Association of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed Authority for the Company to Purchase Its Own Shares of Up to Ten Percent (10%) of the Issued and Paid-Up Share Capital of the Company ("Proposed Share Buy-Back Authority")**

"THAT subject to the provisions of Section 127(4) of the Companies Act 2016, the Constitution of the Company, Chapter 12 of the Main Market Listing Requirements of Bursa Securities and all other prevailing laws, rules and regulations and orders issued and/or amended from time to time and the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the maximum aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the issued and paid up ordinary share capital of the Company at any point in time;
- (ii) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company. The audited retained profits and share premium of the Company stood at RM 5,559,188 and RM Nil respectively as at 30 June 2018.
- (iii) the authority conferred by this resolution shall continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the forthcoming AGM, at which time the said authority will lapse, unless the authority is renewed at that meeting, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

- (i) cancel all the shares so purchased;
- (ii) retain the shares so purchased as treasury shares
- (iii) distribute the treasury shares as share dividends to shareholders
- (iv) resell the treasury shares on Bursa Securities in accordance to the Main Market Listing Requirements of Bursa Securities; and
- (v) any combination of (i), (ii), (iii) and (iv) above.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back Authority with full power to assent to any modifications and/or amendments as may be required by the relevant authorities."

9. **To transact any other business for which due notice shall have been given.**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final single tier dividend of 2.0 sen per share for the financial year ended 30 June 2018, if approved the Eleventh Annual General Meeting, will be paid on 18 January 2019 to Depositors whose names appear in the Record of Depositors on 21 December 2018.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Share transferred to the Depositor's Securities Account before 4.00 p.m. on 21 December 2018 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on the cum entitlement basis according to Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Dato' Tang Swee Guan (MIA 5393)
Secretary

Kuala Lumpur
30 October 2018

Notes:

- (i) *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/ proxies who need not be a member/members of the Company, an advocate, an approved Company auditor, or a person approved by the Registrar to attend and vote in his/her stead.*
- (ii) *A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account.*
- (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.*
- (iv) *The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Suite 13.01, Level 13, Wisma Goldhill, 67 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Special Business

Resolution 7, 8, 9, 10

Retention of Independent Non-Executive Director

The Board has accessed the independence of Datuk Kamaludin Bin Yusoff, Datuk Hairuddin Bin Mohamed, Mr. Yeoh Chong Keng and Mr. Lee Kim Seng who have served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and has recommended that the approval of the shareholders be sought to retain them as the Independent Non-Executive Directors, as they possess the following attributes necessary in discharging their roles and functions of an Independent Non-Executive Director:-

- (i) Fulfill the criterias of an Independent Director as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- (ii) Has served the Board for more than nine (9) years and therefore possess great knowledge on the strategies, operations of the Group.
- (iii) Able to bring independent and objective judgement to the Board deliberations, without the influence of the Management.
- (iv) Participate actively in Board and Board Committees deliberations and provides objective judgement and input to the Board.
- (v) Exercise due care in carrying out their professional duties in the best interest of the Group.

Resolution 11

Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 11, if passed, will grant a general mandate and empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting.

This general mandate is new and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment, working capital and/or acquisitions.

Resolution 12

Proposed Renewal of Authority for the Company to Purchase Its Own Shares Up to Ten Percent (10%) of the Issued and Paid-Up Share Capital of the Company ("Proposed Share Buy-Back Authority")

The proposed Ordinary Resolution 13, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up share capital of the Company at any point in time, by utilizing the funds allocated which shall not exceed the total retains profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to the Circular to Shareholders dated 30 October 2018 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors standing for re-election and re-appointment at the Eleventh Annual General Meeting of the Company are set out in the Directors' profiles on page 4 to 7 of this Annual Report.



FORM OF PROXY

No. of Shares held	
--------------------	--

I/We _____ NRIC No./Passport No./Company No. _____
 _____ of _____

being a member(s) of Yoong Onn Corporation Berhad hereby appoint _____
 _____ of _____
 _____ or failing him/her, _____
 _____ of _____

or failing him/her, *the Chairman of the Meeting as my/our proxy(ies), to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Springs 1 Room, Nilai Springs Golf & Country Club, PT 4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus on Tuesday, 27 November 2018 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below:

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements		
2.	To approve the payment of Directors' fees		
3.	To re-elect Raymond Chew Hon Keong as Director		
4.	To re-elect Lee Kim Seng as Director		
5.	To declare single tier final dividend 2.0 sen per ordinary share in respect of the financial year ended 30 June 2018		
6.	To re-appoint Messrs. HLB Ler Lum as Auditors of the Company as Auditors of the Company		
	Special business		
7.	To re-appoint Datuk Kamaluddin Bin Yusoff as Independent Non-Executive Director		
8.	To re-appoint Datuk Hairuddin Bin Mohamed as Independent Non-Executive Director		
9.	To re-appoint Mr Yeoh Chong Keng as Independent Non-Executive Director		
10.	To re-appoint Mr Lee Kim Seng as Independent Non-Executive Director		
11.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
12.	To approve the Renewal of Authority for the Purchase by the Company of up to Ten Percent (10%) of its own issued and paid-up capital		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

Signed this _____ day of _____, 2018

For appointment of two proxies, the shareholdings to be represented by the proxies:	
Proxies	% of shares
Proxy 1	
Proxy 2	
Total	100%

 Signature of Shareholder

**Strike out whichever not applicable*



Notes:

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please fold here

Affix Stamp

The Company Secretary
Yoong Onn Corporation Berhad
Suite 13.01,
Level 13 Wisma Goldhill
67 Jalan Raja Chulan
50200 Kuala Lumpur

please fold here

HEAD OFFICE & FACTORY

Lot No. PT 16690 - 16692,
Jalan Permata 2,
Arab-Malaysian Industrial Park,
71800 Nilai,
Negeri Sembilan, Malaysia

Tel : 606 - 799 6012
Fax : 606 - 799 7015
Email : info@yoongonn.com

SHOWROOM & WAREHOUSE

Lot No. PT 16750,
Jalan Permata 2,
Arab-Malaysian Industrial Park,
71800 Nilai, Negeri Sembilan,
Malaysia

Tel : 606 - 799 3688
Fax : 606 - 799 8826
Email : inventory@homes-harmony.com

MARKETING

Unit A-3A, Blok A,
Mines Waterfront Business Park,
No. 3, Jalan Tasik Mine Resort City,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia

Tel : 603 - 8942 8988
Fax : 603 - 8942 9899
Email : marketing@yoongonn.com

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