

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	16,131	339
Attributable to:		
Owners of the parent	16,045	339
Non-controlling interests	86	-
	16,131	339

## DIVIDEND

The Directors proposed a first and final single tier dividend of 1.0 sen per ordinary share, amounting to RM1,386,000 in respect of the financial year ended 31 December 2017, subject to the approval of shareholders at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of the Companies Act 2016 as disclosed in Note 15 to the financial statements.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

**DIRECTORS**

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

Tan Sri Datuk Dr Ng Teck Fong\*  
 Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad  
 Datuk Ng Yih Pyng\*  
 Datin Nonadiah Binti Abdullah  
 Datuk M Chareon Sae Tang @ Tan Whye Aun  
 Lau Tiang Hua  
 Datin Choong Chow Mooi\*  
 Ng Yih Chen\*  
 Ng Sheau Chyn\*  
 Ng Sheau Yuen\*

\* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

The Director of a subsidiary who had held for office since the date of the last report and at the date of this report, not including those Directors listed above is David Cheng Tak Wai.

In accordance with Article 84 of the Company's Articles of Association, Tan Sri Datuk Dr. Ng Teck Fong, Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad and Datuk M Chareon Sae Tang @ Tan Whye Aun retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

	-- Number of ordinary shares --			Balance as at 31.12.2017
	Balance as at 1.1.2017	Acquired	Sold	
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Datuk Ng Yih Pyng	581,239	-	-	581,239
Datin Nonadiah Binti Abdullah	2,000,000	-	-	2,000,000
Datin Choong Chow Mooi	2,100,000	-	-	2,100,000
Ng Yih Chen	100,000	-	(100,000)	-
Ng Sheau Chyn	548,700	-	(80,000)	468,700
Ng Sheau Yuen	100,000	-	-	100,000
<u>Indirect interests</u>				
Tan Sri Datuk Dr Ng Teck Fong <sup>1</sup>	83,823,299	-	-	83,823,299
Datuk Ng Yih Pyng <sup>2</sup>	63,282,177	-	-	63,282,177
Ng Yih Chen <sup>2</sup>	63,282,177	-	-	63,282,177

	-- Number of ordinary shares --			Balance as at 31.12.2017
	Balance as at 1.1.2017	Acquired	Sold	
<b>Shares in the ultimate holding company</b>				
<b>Teck Fong Corporation Sdn. Bhd.</b>				
<u>Direct interests</u>				
Tan Sri Datuk Dr Ng Teck Fong	100,000	-	-	100,000
Datuk Ng Yih Pyng	100,000	-	-	100,000
Ng Yih Chen	80,000	-	-	80,000
Ng Sheau Chyn	60,000	-	-	60,000
Ng Sheau Yuen	60,000	-	-	60,000

**Notes:**

1. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Teck Fong Corporation Sdn. Bhd., Tropical Bliss Sdn. Bhd., and his wife Puan Sri Datin Gan Sao Wah's shareholding and being a trustee for Ng Teck Fong Foundation.
2. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Teck Fong Corporation Sdn. Bhd. and being trustees for Ng Teck Fong Foundation.

By virtue of their interests in the ordinary shares of the Company, Tan Sri Datuk Dr. Ng Teck Fong, Datuk Ng Yih Pyng and Ng Yih Chen are also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Other than the above, none of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The details of Directors' remuneration are disclosed in Notes 22 and 30 to the financial statements.

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

The Group and the Company effected Directors' and Officers liability insurance during the financial year to protect the Directors and Officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and Officers. The insurance premium paid by the Group during the financial year amounted to RM9,000.

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

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)****(I) AS AT THE END OF THE FINANCIAL YEAR (continued)**

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**HOLDING COMPANY**

The Directors regard Teck Fong Corporation Sdn. Bhd., a company incorporated in Malaysia, as the holding and ultimate holding company.

**AUDITORS**

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2017 are disclosed in Note 22 to the financial statements.

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

.....  
Tan Sri Datuk Dr Ng Teck Fong  
Director

.....  
Datuk Ng Yih Pyng  
Director

Kuala Lumpur  
5 April 2018

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 115 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....  
Tan Sri Datuk Dr Ng Teck Fong  
Director

Kuala Lumpur  
5 April 2018

.....  
Datuk Ng Yih Pyng  
Director

# STATUTORY DECLARATION

I, Tan Syn Wooi (CA 14662), being the officer primarily responsible for the financial management of Tomei Consolidated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed )  
at Kuala Lumpur this )  
5 April 2018 )

Before me:

Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOMEI CONSOLIDATED BERHAD (INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Tomei Consolidated Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 audit 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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters (continued)****Carrying amount of inventories at the lower of cost and net realisable value**

As at 31 December 2017, the carrying amount of inventories was RM348.4 million as disclosed in Note 10 to the financial statements. The management determined that inventories written down recognised in profit or loss amounted to RM1.0 million during the financial year ended 31 December 2017.

We have focused on audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value. This is due to the main component of inventories is gold and it is a commodity that is subject to price volatility. Judgement is required in estimating their net realisable value, which have been derived based on specific assessment by the Directors that involved judgement about the ageing and design of inventories, coupled with market knowledge and fluctuations of gold price.

**Audit response**

Our audit procedures included:

- I. analysed inventories turnover period by comparing that to the assessment of the Directors on the identification of slow moving inventories, which was based on the age, design and future demand of the inventories;
- II. challenged assessment of Directors that write down or write back of inventories was appropriate by verifying actual margins and vouching subsequent sales invoices for sales recorded subsequent to the end of the reporting period; and
- III. assessed the reasonableness of the forecasted margins by comparing to the actual margins achieve with reference to the movements of gold price based on available industry data.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

**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 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 MFRSs, IFRSs, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
5. 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.
6. 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.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

**Other Matters**

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

**BDO**  
AF: 0206  
Chartered Accountants  
Kuala Lumpur  
5 April 2018

**Ng Soe Kei**  
02982/08/2019 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	17,632	17,285	-	-
Prepaid lease payments for land	6	485	503	-	-
Investments in subsidiaries	7	-	-	104,900	111,623
Other investment	8	471	-	471	-
Deferred tax assets	9	2,290	2,782	-	-
		20,878	20,570	105,371	111,623
<b>Current assets</b>					
Inventories	10	348,415	334,941	-	-
Derivative assets	11	-	20	-	-
Trade and other receivables	12	35,435	31,523	1,828	3,398
Current tax assets		664	22	9	2
Cash and bank balances	13	12,048	8,620	4	108
		396,562	375,126	1,841	3,508
<b>TOTAL ASSETS</b>		417,440	395,696	107,212	115,131

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	14	73,336	69,300	73,336	69,300
Reserves	15	126,201	115,629	5,913	9,610
		199,537	184,929	79,249	78,910
<b>Non-controlling interests</b>	7	4,029	5,077	-	-
<b>TOTAL EQUITY</b>		203,566	190,006	79,249	78,910
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payable	19	582	-	-	-
Borrowings	16	3,597	4,777	-	-
Deferred tax liabilities	9	331	461	-	-
		4,510	5,238	-	-
<b>Current liabilities</b>					
Trade and other payables	19	32,898	29,401	27,963	31,540
Borrowings	16	176,466	169,909	-	4,681
Current tax liabilities		-	1,142	-	-
		209,364	200,452	27,963	36,221
<b>TOTAL LIABILITIES</b>		213,874	205,690	27,963	36,221
<b>TOTAL EQUITY AND LIABILITIES</b>		417,440	395,696	107,212	115,131

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	20	617,020	472,209	13,000	5,000
Cost of sales		(469,923)	(341,010)	-	-
Gross profit		147,097	131,199	13,000	5,000
Other income		6,771	3,722	120	4
Selling and distribution expenses		(92,780)	(85,285)	-	-
Administrative expenses		(25,702)	(26,342)	(495)	(453)
Other expenses		(3,081)	(3,466)	(6,154)	-
Finance costs	21	(11,023)	(11,775)	(1,569)	-
Profit before tax	22	21,282	8,053	4,902	4,551
Tax expense	23	(5,151)	(3,787)	(4,563)	-
Profit for the financial year		16,131	4,266	339	4,551

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		(515)	(33)	-	-
Reclassification adjustment relating to subsidiary disposed of during the financial year	7(h)	(938)	-	-	-
Other comprehensive loss, net of tax		(1,453)	(33)	-	-
Total comprehensive income		14,678	4,233	339	4,551
Profit attributable to:					
Owners of the parent		16,045	4,687	339	4,551
Non-controlling interests	7	86	(421)	-	-
		16,131	4,266	339	4,551
Total comprehensive income attributable to:					
Owners of the parent		14,608	4,729	339	4,551
Non-controlling interests		70	(496)	-	-
		14,678	4,233	339	4,551
Earnings per ordinary share attributable to equity holders of the parent (sen)					
- Basic and diluted	24	11.58	3.38		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	[-----Non-distributable-----]		Distributable			Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000		
Balance as at 1 January 2016		69,300	4,036	3,257	103,607	180,200	5,573	185,773
Profit for the financial year		-	-	-	4,687	4,687	(421)	4,266
Foreign currency translations, net of tax		-	-	42	-	42	(75)	(33)
Total comprehensive income		-	-	42	4,687	4,729	(496)	4,233
Balance as at 31 December 2016		69,300	4,036	3,299	108,294	184,929	5,077	190,006
Balance as at 1 January 2017		69,300	4,036	3,299	108,294	184,929	5,077	190,006
Profit for the financial year		-	-	-	16,045	16,045	86	16,131
Foreign currency translations, net of tax		-	-	(499)	-	(499)	(16)	(515)
Reclassification adjustment relating to subsidiary disposed of during the year	7(h)	-	-	(938)	-	(938)	-	(938)
Total comprehensive income		-	-	(1,437)	16,045	14,608	70	14,678
<b>Transaction with owners</b>								
Disposal of a subsidiary	7(h)	-	-	-	-	-	(1,118)	(1,118)
Transfer pursuant to Companies Act 2016	14	4,036	(4,036)	-	-	-	-	-
Balance as at 31 December 2017		73,336	-	1,862	124,339	199,537	4,029	203,566

# STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	[-----Non-distributable-----] Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2016		69,300	4,036	1,023	74,359
Profit for the financial year		-	-	4,551	4,551
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	4,551	4,551
Balance as at 31 December 2016		69,300	4,036	5,574	78,910
Balance as at 1 January 2017		69,300	4,036	5,574	78,910
Profit for the financial year		-	-	339	339
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	339	339
Transfer pursuant to Companies Act 2016	14	4,036	(4,036)	-	-
Balance as at 31 December 2017		73,336	-	5,913	79,249



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		21,282	8,053	4,902	4,551
Adjustments for:					
Amortisation for prepaid lease payments for land	6	18	18	-	-
Depreciation of property, plant and equipment	5	6,156	6,420	-	-
Fair value gain on derivative assets	11	-	(20)	-	-
Fair value adjustment on other investment	22	-	-	774	-
Finance costs	21	11,023	11,775	1,569	-
Gain on disposal of property, plant and equipment		(160)	(99)	-	-
(Gain)/Loss on disposal of a subsidiary	7(h)	(934)	-	4,687	-
Gross dividend income	20	-	-	(13,000)	(5,000)
Impairment loss on trade and other receivables	12	63	96	-	-
Interest income		(2)	(1)	(99)	-
Inventories written down	10	1,002	-	-	-
Inventories written off	10	16	652	-	-
Property, plant and equipment written off	5	604	560	-	-
Reversal of impairment losses on trade and other receivables	12	-	(36)	-	-
Unrealised (gain)/loss on foreign exchange		(1,263)	(199)	8	(4)
Unrealised loss/(gain) on gold price fluctuation		142	(28)	-	-
Operating profit/(loss) before changes in working capital		37,947	27,191	(1,159)	(453)

STATEMENTS OF CASH FLOWS FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Operating profit/(loss) before changes in working capital (continued)		37,947	27,191	(1,159)	(453)
Changes in working capital:					
Inventories		(16,725)	1,741	-	-
Trade and other receivables		(4,982)	(6,381)	(74)	187
Trade and other payables		6,956	(519)	(59)	(1)
Cash generated from/(used in) operations		23,196	22,032	(1,292)	(267)
Interest paid		(10,275)	(10,719)	-	-
Tax paid		(7,017)	(5,183)	(7)	(3)
Tax refunded		-	962	-	504
Net cash from/(used in) operating activities		5,904	7,092	(1,299)	234
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		2	1	-	-
Net repayments from subsidiaries		-	-	5,976	1,889
Purchase of property, plant and equipment	5	(7,013)	(2,871)	-	-
Proceeds from disposal of property, plant and equipment		166	99	-	-
Net cash outflow from disposal of a subsidiary	7	(192)	-	-	-
Acquisition of additional interest in subsidiary	7	-	-	(100)	-
Net cash (used in)/from investing activities		(7,037)	(2,771)	5,876	1,889

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(560)	(1,056)	-	-
Net drawdown/(repayments) of:					
- short term borrowings		12,210	16,406	-	-
- term loans		(259)	(8,931)	(694)	(1,111)
- hire-purchase creditors		(3,338)	(3,940)	-	-
Net cash from/(used in) financing activities		8,053	2,479	(694)	(1,111)
Net increase in cash and cash equivalents		6,920	6,800	3,883	1,012
Effects of exchange rate changes on cash and cash equivalents		460	191	-	-
Cash and cash equivalents at beginning of financial year		(32,590)	(39,581)	(3,879)	(4,891)
Cash and cash equivalents at end of financial year	13(d)	(25,210)	(32,590)	4	(3,879)

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2017

### 1. CORPORATE INFORMATION

Tomei Consolidated Berhad ('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 of the Company is located at Suite B13A-4, Tower B, Level 13A, Northpoint Offices, Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 8-1, Jalan 2/131A, Project Jaya Industrial Estate, Batu 6, Jalan Kelang Lama, 58200 Kuala Lumpur.

The holding and ultimate holding company is Teck Fong Corporation Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2017 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 April 2018.

### 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 31 to the financial statements.

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

### 4. OPERATING SEGMENTS

Tomei Consolidated Berhad and its subsidiaries are principally engaged in manufacturing and wholesales and in retailing of gold ornaments and jewellery.

Tomei Consolidated Berhad has arrived at two (2) reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows:

- (a) Manufacturing and wholesales
- (b) Retail

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates the operating segments' performance on the basis of profit or loss before tax.

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

**4. OPERATING SEGMENTS (continued)**

Segment assets exclude investments in subsidiaries and tax assets used primarily for corporate purpose.

Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the group position.

2017	Manufacturing and wholesales RM'000	Retail RM'000	Total RM'000
<b>Segment revenue</b>			
Total revenue	193,274	551,220	744,494
Inter-segment sales	(26,590)	(100,884)	(127,474)
Revenue from external customers	166,684	450,336	617,020
Interest income	-	2	2
Finance costs	(1,567)	(9,456)	(11,023)
Net finance expense	(1,567)	(9,454)	(11,021)
Depreciation and amortisation	539	5,635	6,174
<b>Segment profit before tax</b>	<b>4,027</b>	<b>24,405</b>	<b>28,432</b>
Tax expense	(728)	(4,423)	(5,151)
Other material non-cash items:			
- Gain on disposal of property, plant and equipment	26	134	160
- Gain on disposal of a subsidiary	-	934	934
- Impairment loss on trade and other receivables	(63)	-	(63)
- Inventories written off	-	(16)	(16)
- Inventories written down	(775)	(227)	(1,002)
- Property, plant and equipment written off	(263)	(341)	(604)
- Unrealised gain on foreign exchange	317	946	1,263
- Unrealised loss on gold price fluctuation	(142)	-	(142)
Capital expenditure	319	7,410	7,729
<b>Segment assets</b>	<b>73,910</b>	<b>448,628</b>	<b>522,538</b>
<b>Segment liabilities</b>	<b>28,431</b>	<b>187,553</b>	<b>215,984</b>

## 4. OPERATING SEGMENTS (continued)

2016	Manufacturing and wholesales RM'000	Retail RM'000	Total RM'000
<b>Segment revenue</b>			
Total revenue	136,606	359,375	495,981
Inter-segment sales	(19,914)	(3,858)	( 23,772)
Revenue from external customers	116,692	355,517	472,209
Interest income	-	1	1
Finance costs	(1,408)	(10,367)	(11,775)
Net finance expense	(1,408)	(10,366)	(11,774)
Depreciation and amortisation	390	6,048	6,438
<b>Segment profit before tax</b>	<b>5,423</b>	<b>4,481</b>	<b>9,904</b>
Tax expense	(1,258)	(2,529)	(3,787)
Other material non-cash items:			
- Fair value gain on derivative assets	20	-	20
- Gain on disposal of property, plant and equipment	3	96	99
- Impairment loss on trade and other receivables	(96)	-	(96)
- Inventories written off	(652)	-	(652)
- Property, plant and equipment written off	(1)	(559)	(560)
- Reversal of impairment loss on trade and other receivables	36	-	36
- Unrealised gain/(loss) on foreign exchange	214	(15)	199
- Unrealised gain on gold price fluctuation	-	28	28
Capital expenditure	159	5,551	5,710
<b>Segment assets</b>	<b>76,809</b>	<b>456,134</b>	<b>532,943</b>
<b>Segment liabilities</b>	<b>34,891</b>	<b>306,100</b>	<b>340,991</b>

**4. OPERATING SEGMENTS (continued)**

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

	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Profit for the financial year</b>		
Total profit for reportable segments	28,432	9,904
Elimination of inter-segmental profits	(7,150)	(1,851)
	<hr/>	<hr/>
Profit before tax	21,282	8,053
Tax expense	(5,151)	(3,787)
	<hr/>	<hr/>
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	16,131	4,266
	<hr/> <hr/>	<hr/> <hr/>
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Assets</b>		
Total assets for reportable segments	522,538	532,943
Elimination of inter-segment balances	(108,052)	(140,051)
	<hr/>	<hr/>
Tax assets	414,486	392,892
	2,954	2,804
	<hr/>	<hr/>
Assets of the Group per consolidated statement of financial position	417,440	395,696
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Total liabilities for reportable segments	215,984	340,991
Elimination of inter-segment balances	(2,441)	(136,904)
	<hr/>	<hr/>
Tax liabilities	213,543	204,087
	331	1,603
	<hr/>	<hr/>
Liabilities of the Group per consolidated statement of financial position	213,874	205,690
	<hr/> <hr/>	<hr/> <hr/>

**Geographical information**

No geographical information is presented as the overseas operations of the Group are still insignificant. The Group operates predominantly in Malaysia.

**Major customers**

There are no major customers with revenue equal or more than ten (10%) percent of the Group revenue. As such, information on major customers is not presented.

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Balance as at 1 January RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Disposal of a subsidiary (Note 7(h)) RM'000	Balance as at 31 December RM'000
<b>Carrying amount</b>								
Buildings	151	-	-	-	(18)	14	-	147
Computer equipment	435	413	-	(19)	(349)	22	(75)	427
Plant and machineries	1,161	-	-	-	(264)	(2)	-	895
Motor vehicles	2,093	1,344	(6)	-	(833)	(16)	(1)	2,581
Furniture and fittings	7,915	2,527	-	(392)	(2,650)	(89)	(57)	7,254
Office equipment	1,400	830	-	(24)	(564)	(10)	(44)	1,588
Renovation and electrical installations	4,039	2,550	-	(169)	(1,439)	(191)	(167)	4,623
Tools, equipment and moulds	91	65	-	-	(39)	-	-	117
	17,285	7,729	(6)	(604)	(6,156)	(272)	(344)	17,632

## At 31 December 2017

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	311	(164)	147
Computer equipment	3,464	(3,037)	427
Plant and machineries	6,577	(5,682)	895
Motor vehicles	6,460	(3,879)	2,581
Furniture and fittings	23,918	(16,664)	7,254
Office equipment	6,485	(4,897)	1,588
Renovation and electrical installations	13,012	(8,389)	4,623
Tools, equipment and moulds	1,072	(955)	117
	61,299	(43,667)	17,632



5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2016	Balance as at 1 January RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Balance as at 31 December RM'000
<b>Carrying amount</b>							
Buildings	171	-	-	-	(18)	(2)	151
Computer equipment	654	195	-	(6)	(410)	2	435
Plant and machineries	1,349	106	-	-	(294)	-	1,161
Motor vehicles	2,523	455	*	-	(885)	-	2,093
Furniture and fittings	8,163	2,980	-	(380)	(2,871)	23	7,915
Office equipment	1,448	584	#	(37)	(597)	2	1,400
Renovation and electrical installations	4,047	1,353	-	(137)	(1,297)	73	4,039
Tools, equipment and moulds	106	37	-	-	(48)	(4)	91
	18,461	5,710	-	(560)	(6,420)	94	17,285

At 31 December 2016			
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	234	(83)	151
Computer equipment	3,294	(2,859)	435
Plant and machineries	6,580	(5,419)	1,161
Motor vehicles	5,914	(3,821)	2,093
Furniture and fittings	22,989	(15,074)	7,915
Office equipment	6,057	(4,657)	1,400
Renovation and electrical installations	11,689	(7,650)	4,039
Tools, equipment and moulds	1,009	(918)	91
	57,766	(40,481)	17,285

\* Motor vehicle disposed with nil carrying amount  
# Office equipment disposed with carrying amount of RM195.

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) Each class of property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

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

Buildings	2% - 3%
Computer equipment	20%
Plant and machineries	10% - 20%
Motor vehicles	20%
Furniture and fittings	20%
Office equipment	17% - 20%
Renovation and electrical installations	17% - 20%
Tools, equipment and moulds	20%

Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these asset and therefore, future depreciation charges could be revised.

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of property, plant and equipment	7,729	5,710
Financed by hire-purchase arrangements	(716)	(2,839)
	<hr/>	<hr/>
Cash payments on purchase of property, plant and equipment	<u>7,013</u>	<u>2,871</u>

- (c) The net carrying amount of the property, plant and equipment of the Group held under hire-purchase arrangements at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Motor vehicles	2,416	1,989
Furniture and fittings	2,526	4,925
Office equipment	165	566
Renovation and electrical installations	889	1,505
	<hr/>	<hr/>
	<u>5,996</u>	<u>8,985</u>

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

## (d) Impairment assessment on the carrying amount of property, plant and equipment

The Group has loss-making outlets, which held RM1.712 million (2016: RM3.519 million) of non-moveable plant and equipment as at 31 December 2017, thus requiring the Group to perform an impairment assessment on these Cash Generating Units ('CGUs'). The Directors have made estimates about the future results and key assumptions applied to cash flow forecasts of the CGUs in determining their recoverable amounts using the value-in-use model.

Recoverable amount of property, plant and equipment for both financial years has been determined based on value-in-use using the following assumptions:

- (i) The anticipated annual revenue growth rates used in cash flow budgets and plans of the CGUs at rates range from 8.97% to 67.23% (2016: 7.04% to 73.59%) per annum.

The forecasted growth rates are based on published industry data and do not exceed the sustainable long-term average growth rate for the relevant industries.

- (ii) Profit margins are projected based on the historical averages achieved in the preceding three financial years, adjusted to reflect anticipated efficiency and productivity improvements.

Based on these assumptions, the Directors are of the view that no impairment loss is required as the recoverable amount determined is higher than the carrying amount of the CGU.

## 6. PREPAID LEASE PAYMENTS FOR LAND

Group 2017	Balance as at 1 January RM'000	Amortisation charge for the financial year RM'000	Balance as at 31 December RM'000
<b>Carrying amount</b>			
Leasehold land	503	(18)	485
<b>At 31 December 2017</b>			
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	610	(125)	485
<b>Group 2016</b>	Balance as at 1 January RM'000	Amortisation charge for the financial year RM'000	Balance as at 31 December RM'000
<b>Carrying amount</b>			
Leasehold land	521	(18)	503
<b>At 31 December 2016</b>			
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	610	(107)	503

- (a) Prepaid lease payments for land are initially measured at cost. Following initial recognition, prepaid lease payments are measured at cost less accumulated amortisation and accumulated impairment losses, if any.
- (b) Prepaid lease payments for land are amortised over the lease term of thirty-three (33) years on a straight line basis.
- (c) Prepaid lease payments for land have a remaining tenure of 27 years (2016: 28 years).
- (d) The classification of leasehold land as a finance lease or an operating lease required the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Due to the fact there would be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land and that the present value of the minimum lease payments amounts to not at least substantially all of the fair value of the land at the inception of the lease, management had determined that the leasehold land lease does not transfer substantially all the risks and rewards to the Group and hence it is classified as operating lease.

**7. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares - at cost	70,500	78,923
Less: Impairment losses	-	(1,700)
	70,500	77,223
Equity loans to subsidiaries	34,400	34,400
	104,900	111,623
	104,900	111,623

An investment in subsidiary is stated in the separate financial statements of the Company at cost less impairment losses, if any.

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of the fair values less cost to sell and the value in use of the respective subsidiaries.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and others relevant factors.

Equity loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are considered to be part of Company's net investments in its subsidiaries.

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2017	2016	
<i>Direct subsidiaries</i>				
Tomei Gold & Jewellery Manufacturing Sdn. Bhd. ('TGJM')	Malaysia	100%	100%	Investment holding and design and manufacturing of jewellery
Tomei Gold & Jewellery Holdings (M) Sdn. Bhd. ('TGJH')	Malaysia	100%	100%	Investment holding and distribution of jewellery
Yi Xing Goldsmith Sdn. Bhd.	Malaysia	100%	100%	Design and manufacturing of jewellery
Tomei Marketing Sdn. Bhd.	Malaysia	100%	100%	Distribution of jewellery
Tomei Retail Sdn. Bhd. ('TR')	Malaysia	100%	100%	Investment holding and retailing of jewellery
Emas Assayer Sdn. Bhd.	Malaysia	100%	100%	Dormant
Flawless Skin Care Sdn. Bhd.	Malaysia	100%	100%	Retailing of skin care products
Gemas Precious Metals Industries Sdn. Bhd. ('GPMI')	Malaysia	100%	100%	Design and manufacturing of jewellery, including gold and silver chains and refining of gold and jewellery
Tomei International Limited <sup>(1)</sup>	Hong Kong	100%	100%	Dormant
O M Design Sdn. Bhd.	Malaysia	55%	55%	Distribution of jewellery
Wealthy Concept Limited ('WCL') <sup>(2)</sup>	Hong Kong	-	55%	Investment holding
<i>Subsidiaries of TR</i>				
Tomei Signature Sdn. Bhd.	Malaysia	100%	100%	Retailing of jewellery
My Diamond Sdn. Bhd.	Malaysia	100%	100%	Retailing of jewellery
Goldheart Collections Sdn. Bhd.	Malaysia	100%	100%	Retailing of jewellery
Le Lumiere Sdn. Bhd.	Malaysia	100%	100%	Retailing of jewellery
De Beers Diamond Jewellers Sdn. Bhd.	Malaysia	100%	100%	Retailing of jewellery
Cindai Permata Sdn. Bhd.	Malaysia	100%	100%	Rental of motor vehicles to companies of the Group
MyTomei Sdn. Bhd.	Malaysia	100%	100%	Selling of gold and silver
Tomei Worldwide Franchise Sdn. Bhd.	Malaysia	100%	100%	Dormant
J & G Collections Sdn. Bhd. <sup>(3)</sup>	Malaysia	-	100%	Dormant

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

(a) The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2017	2016	
<u>Subsidiary of TGJH</u>				
Tomei (Vietnam) Company Limited <sup>(4)</sup>	Socialist Republic of Vietnam	100%	100%	Manufacturing and retailing of jewellery
<u>Subsidiary of TGJM</u>				
Lumiere 2006 Limited <sup>(4)</sup>	Hong Kong	100%	100%	Distribution of jewellery
<u>Subsidiary of WCL</u>				
Tomei (Shenzhen) Company Limited <sup>(2)</sup>	Hong Kong	-	100%	Distribution of jewellery

(1) *Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2017. The financial statements of the subsidiary are not required to be audited in its country of incorporation as it was dormant since the previous financial years. On 20 February 2018, application had been made for member's voluntary winding-up. The subsidiary was wound up subsequent to the end of the financial year.*

(2) *During the financial year, the Company has disposed of 36% of its shareholding in its 55% owned subsidiary company, Wealthy Concept Limited for HKD1,621,000. The transaction was completed on 30 June 2017. Upon the disposal, the Company has no control over WCL as well as the subsidiary of WCL, Tomei (Shenzhen) Company Limited. Therefore, management is of the view that investment in WCL should be treated as other investment.*

(3) *The subsidiary had been dissolved on 12 December 2017.*

(4) *Subsidiaries audited by BDO Member Firms.*

(b) On 14 March 2017, the Company had subscribed for additional 100,000 of ordinary shares in its wholly-owned subsidiary company, Tomei Gold & Jewellery Holdings (M) Sdn Bhd for a cash consideration of RM100,000.

(c) In the previous financial year, the Company subscribed additional shares in its wholly-owned subsidiaries, which are Flawless Skin Care Sdn. Bhd., Tomei Gold & Jewellery Manufacturing Sdn. Bhd., Tomei Marketing Sdn. Bhd. and Tomei Retail Sdn. Bhd. by way of capitalization of amounts owing by these subsidiaries amounting to RM400,000.

(d) In the previous financial year, the Company as part of its internal group restructuring plan has acquired 2,500,000 ordinary shares of RM1 each in its indirect subsidiary, Tomei Gold & Jewellery Holdings (M) Sdn. Bhd., by way for capitalisation of amounts owing by the subsidiaries amounting to RM26,360,466 from its subsidiary, Tomei Retail Sdn. Bhd..

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

(e) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:

<b>2017</b>	<b>O M Design Sdn. Bhd.</b>	<b>Wealthy Concept Limited</b>	<b>Total</b>
NCI percentage of ownership and voting interests	45%	-	-
Carrying amount of NCI (RM'000)	4,029	-	4,029
Profit/(Loss) allocated to NCI (RM'000)	298	(212)	86
<b>2016</b>	<b>O M Design Sdn. Bhd.</b>	<b>Wealthy Concept Limited</b>	<b>Total</b>
NCI percentage of ownership and voting interests	45%	45%	-
Carrying amount of NCI (RM'000)	3,731	1,346	5,077
Profit/(Loss) allocated to NCI (RM'000)	243	(664)	(421)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of the financial year are as follows:

<b>2017</b>	<b>O M Design Sdn. Bhd.</b>
<b>Assets and liabilities</b>	
Non-current assets	12,204
Current assets	220
Non-current liabilities	(98)
Current liabilities	(3,373)
Net assets	8,953
<b>Results</b>	
Revenue	18,643
Profit for the financial year	663
Total comprehensive income	663
Cash flows used in operating activities	(259)
Cash flows used in investing activities	(110)
Cash flows used in financing activities	(148)
Net decrease in cash and cash equivalents	(517)



**7. INVESTMENTS IN SUBSIDIARIES (continued)**

(f) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of the financial year are as follows: (continued)

	<b>O M Design Sdn. Bhd. RM'000</b>	<b>Wealthy Concept Limited RM'000</b>
<b>2016</b>		
<b>Assets and liabilities</b>		
Non-current assets	35	344
Current assets	11,453	3,575
Non-current liabilities	(100)	-
Current liabilities	(3,098)	(928)
Net assets	<u>8,290</u>	<u>2,991</u>
<b>Results</b>		
Revenue	16,394	963
Profit/(Loss) for the financial year	539	(1,474)
Total comprehensive income/(loss)	<u>539</u>	<u>(1,474)</u>
Cash flows used in operating activities	(751)	(471)
Cash flows used in investing activities	(12)	(29)
Cash flows from financing activities	84	-
Net decrease in cash and cash equivalents	<u>(679)</u>	<u>(500)</u>

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

(g) The following subsidiaries have significant restrictions imposed by bank covenants apply to their assets as follows:

- (i) The covenants of borrowings taken by Tomei Gold & Jewellery Manufacturing Sdn. Bhd. and Tomei Gold & Jewellery Holdings (M) Sdn. Bhd., direct subsidiaries of the Company, restrict the ability of these subsidiaries to declare dividends to their shareholders in excess of their profit after tax for their respective financial year.
- (ii) The covenants of borrowings taken by Yi Xing Goldsmith Sdn. Bhd. and O M Design Sdn. Bhd., direct subsidiaries of the Company, restrict the ability of these subsidiaries to declare dividends to their shareholders in excess of 50% of their profit after tax for their respective financial year.

(h) Disposal of interest in a subsidiary - Wealthy Concept Limited

On 30 May 2017, the Group had disposed 36% of its equity interest in Wealthy Concept Limited for a total consideration of RM892,000. The disposal of Wealthy Concept Limited was completed on 30 June 2017 and resulted in gain on disposal of RM934,000 to the Group and loss on disposal of RM4,687,000 to the Company.

(i) Carrying amounts of the identifiable assets and liabilities of Wealthy Concept Limited as at the date of disposal are as follow:

	<b>2017 RM'000</b>
Property, plant and equipment (Note 5)	344
Inventories	2,233
Trade and other receivables	392
Cash and bank balances	192
	<hr/>
Total identifiable assets	3,161
Trade and other payables	(676)
	<hr/>
Total identifiable net assets	2,485
	<hr/> <hr/>

(ii) Consideration for the disposal of Wealthy Concept Limited is as follows:

	<b>2017 RM'000</b>
Deemed disposal consideration	892
Less: Outstanding balance included in trade payables	(892)
	<hr/>
Disposal consideration received in cash	-
	<hr/> <hr/>

(iii) Effects of disposal of Wealthy Concept Limited on cash flows are as follow:

	<b>2017 RM'000</b>
Deemed disposal consideration received in cash	-
Less: Cash and bank balances disposed of	(192)
	<hr/>
	(192)
	<hr/> <hr/>

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

(h) Disposal of interest in a subsidiary - Wealthy Concept Limited (continued)

(iv) The (gain)/loss on disposal of Wealthy Concept Limited during the financial year is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Cost of investment	-	5,579
Total identifiable assets	3,161	-
Total identifiable liabilities	(676)	-
<b>Total identifiable net assets</b>	<b>2,485</b>	<b>5,579</b>
Less: Non-controlling interests	(1,118)	-
Less: Exchange translation reserve reclassified to profit or loss	(938)	-
<b>Total identifiable net assets and reserve</b>	<b>429</b>	<b>5,579</b>
Less: Fair value of investment retained	(471)	-
Less: Proceeds from disposal	(892)	(892)
<b>(Gain)/Loss on disposal</b>	<b>(934)</b>	<b>4,687</b>

**8. OTHER INVESTMENT**

	<b>Group and Company 2017 RM'000</b>	<b>2016 RM'000</b>
<b>Financial asset at fair value through profit or loss</b>		
- Unquoted shares outside Malaysia	471	-

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

(b) The fair value of unquoted shares is categorised as Level 3 in the fair value hierarchy and is estimated based on the price to book valuation model.

**9. DEFERRED TAX**

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

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 January	(2,321)	(778)
Recognised in profit or loss (Note 23)		
- current year	268	(1,564)
- prior years	94	21
	(1,959)	(2,321)
Balance as at 31 December	(1,959)	(2,321)
Presented after appropriate offsetting:		
Deferred tax assets, net	(2,290)	(2,782)
Deferred tax liabilities, net	331	461

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

	Group	
	2017 RM'000	2016 RM'000
<b>Deferred tax assets</b>		
Balance as at 1 January	2,782	1,513
Recognised in profit or loss		
Property, plant and equipment	(53)	560
Unused tax losses	(535)	1,168
Other deductible temporary differences	123	(50)
	(465)	1,678
Deferred tax assets as at 31 December, prior to offsetting	2,317	3,191
Set-off of tax	(27)	(409)
	2,290	2,782
Deferred tax assets as at 31 December, net	2,290	2,782

**9. DEFERRED TAX (continued)**

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

	Group	
	2017 RM'000	2016 RM'000
<b>Deferred tax liabilities</b>		
Balance as at 1 January	461	735
Recognised in profit or loss		
Property, plant and equipment	(64)	(215)
Other taxable temporary differences	(39)	350
	(103)	135
Deferred tax liabilities as at 31 December, prior to offsetting	358	870
Set-off of tax	(27)	(409)
	331	461
	331	461

(c) The components of deferred tax assets and liabilities as at the end of each reporting period comprise the tax effects of:

	Group	
	2017 RM'000	2016 RM'000
<b>Deferred tax assets</b>		
Property, plant and equipment	246	129
Unused tax losses	1,446	2,245
Other deductible temporary differences	625	817
	2,317	3,191
	2,317	3,191
<b>Deferred tax liabilities</b>		
Property, plant and equipment	141	733
Other taxable temporary differences	217	137
	358	870
	358	870

**9. DEFERRED TAX (continued)**

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

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Other deductible temporary differences	7,548	6,190
Unused tax losses	3,718	5,958
	11,266	12,148
	11,266	12,148

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

The deductible temporary differences do not expire under current tax legislation.

**10. INVENTORIES**

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<b>At cost</b>		
Gold ornaments	137,640	159,332
Silver	433	338
Jewellery	160,480	169,081
Skin care products	1,902	1,881
Consumables	1,670	2,766
	302,125	333,398
<b>At net realisable value</b>		
Gold ornaments	44,944	-
Silver	1,346	1,543
	46,290	1,543
	348,415	334,941

(a) Cost is determined on a weighted average basis or specific identification as appropriate and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

(b) Cost of inventories of the Group recognised as cost of sales during the financial year amounted to RM456,959,000 (2016: RM317,767,000).

(c) Inventories written down and written off recognised as cost of sales during the financial year amounted to RM1,002,000 (2016: RM nil) and RM16,000 (2016: RM652,000) respectively.

(d) The Group writes down its slow moving inventories amounted to RM227,000 (2016: RM nil) based on specific assessment by Directors which involved judgement about the ageing and design of inventories, coupled with market knowledge of merchandising department and the valuation of inventories which is subject to the fluctuation of the market price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Directors specifically analyses sales trends and current economic trends when making a judgement to evaluate the adequacy of the write down for slow moving inventories.

(e) The Group writes down its inventories to its net realisable values amounted to RM775,000 (2016: RM nil) based on the fluctuations of gold price.

## 11. DERIVATIVE ASSETS

Group	2017		2016	
	Contract amount RM'000	Financial assets RM'000	Contract amount RM'000	Financial assets RM'000
Gold futures contracts	-	-	1,007	20

- (a) In the previous financial year, the Group entered into one (1) gold futures contract with a financial institution and recognised a net gain of RM20,187 arose from fair value changes of derivative assets.
- (b) Gold futures contracts were entered into with the objective of managing and hedging the exposure of the Group to adverse price movements in gold bullions. The fair values of the components have been determined based on counter parties' quotes as at the end of each reporting period.
- (c) The above derivatives were initially recognised at fair value on the date the derivative contracts are entered into and were subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement was recognised in profit or loss.
- (d) Fair value of gold future contracts as at the end of the reporting period were categorised as Level 3 in the fair value hierarchy. Fair value was calculated using discounted cash flows model based on prevailing market interest rate. The Group has guidelines in respect to the measurement of fair values of financial instruments. Management regularly views significant unobservable inputs and valuation adjustments.
- (e) Fair value hierarchy

The following table shows a reconciliation of Level 3 fair values.

Group	2017 RM'000	2016 RM'000
<b>Financial assets</b>		
Balance as at 1 January	20	107
Deposits placed	-	2,145
Deposits refunded	(20)	(1,672)
Fair value gain on derivative assets		
- Other operating income	-	20
Settlement	-	(580)
Balance as at 31 December	-	20

- (f) The following table shows the sensitivity analysis for the Level 3 fair value measurements.

Group	2017 RM'000 Profit after tax	2016 RM'000 Profit after tax
Gold price		
- strengthen by 5%	-	- 38
- weaken by 5%	-	+ 38

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade receivables</b>				
Third parties	16,271	17,051	-	-
Less: Impairment losses	(274)	(221)	-	-
	15,997	16,830	-	-
<b>Other receivables and deposits</b>				
Amounts owing by subsidiaries	-	-	1,808	3,452
Other receivables	7,078	2,830	74	-
Deposits	7,668	7,978	2	2
	14,746	10,808	1,884	3,454
Less: Impairment losses				
Third party	(10)	-	-	-
Subsidiary	-	-	(59)	(59)
	14,736	10,808	1,825	3,395
<b>Loans and receivables</b>	30,733	27,638	1,825	3,395
<b>Prepayments</b>				
Prepayments	4,702	3,885	3	3
	35,435	31,523	1,828	3,398

- (a) Loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 to 90 days (2016: 7 to 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amounts owing by subsidiaries represent advances, which are unsecured, bear interest at a rate of 6% (2016: nil) per annum and payable upon demand in cash and cash equivalents.



**12. TRADE AND OTHER RECEIVABLES (continued)**

(d) The currency exposure profile of trade and other receivables (exclude prepayments) are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	25,590	24,507	1,751	3,333
US Dollar	3,531	1,451	-	-
Vietnamese Dong	592	536	-	-
Singapore Dollar	232	145	-	-
Hong Kong Dollar	75	405	74	62
Others	713	594	-	-
	<u>30,733</u>	<u>27,638</u>	<u>1,825</u>	<u>3,395</u>

(e) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the USD, SGD, and VND exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2017 RM'000 Profit after tax	2016 RM'000 Profit after tax
USD/RM	-strengthen by 5%	+134	+55
	-weaken by 5%	-134	-55
SGD/RM	-strengthen by 5%	+9	+5
	-weaken by 5%	-9	-5
VND/RM	-strengthen by 5%	+22	+20
	-weaken by 5%	-22	-20

Any change in other foreign currencies exchange rates against the respective functional currencies of the Group entities would not have any significant impact to the Group's financial statements.

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

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	13,662	15,657
Past due, not impaired		
91 to 120 days	1,991	560
121 to 150 days	313	222
More than 150 days	31	391
	<u>2,335</u>	<u>1,173</u>
Past due and impaired	274	221
	<u>16,271</u>	<u>17,051</u>

**12. TRADE AND OTHER RECEIVABLES (continued)**

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

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. Trade receivables of the Group of more than 84% (2016: 91%) arise from customers with more than two (2) years of experience with the Group and have never defaulted.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,335,000 (2016: RM1,173,000) that are past due at the end of the reporting period but not impaired. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables of the Group that are past due and impaired at the end of the reporting period had been individually impaired.

(g) The reconciliation of movement in the impairment loss is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade Receivables</b>				
At 1 January	221	161	-	-
Impairment loss	53	96	-	-
Reversal of impairment losses	-	(36)	-	-
At 31 December	274	221	-	-
<b>Other receivables</b>				
At 1 January	-	-	-	-
Impairment losses	10	-	-	-
At 31 December	10	-	-	-
<b>Amount owing by a subsidiary subsidiary</b>				
At 1 January	-	-	59	59
Impairment losses	-	-	-	-
At 31 December	-	-	59	59

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**12. TRADE AND OTHER RECEIVABLES (continued)**

- (h) The Group has no major concentration of credit risk as at 31 December 2017. The past experience of the Group in collection of trade receivables falls within the recorded allowances. The Directors believe that no additional credit risk beyond the amounts provided for impairment loss is inherent to the trade receivables of the Group.

As at the end of the reporting period, the Company has significant exposure in respect of amounts owing by subsidiaries. The Directors believe that the credit risk is relatively low because the Company has a control over the conduct of these subsidiaries.

- (i) The carrying amounts of trade and other receivables are reasonable approximation of fair value due to their short-term nature.

**13. CASH AND BANK BALANCES**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	12,048	8,620	4	108

- (a) The exposure to interest risk is insignificant as the cash and bank balances are short term in nature and they are not held for speculative purposes.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	11,387	7,570	4	108
Singapore Dollar	172	42	-	-
US Dollar	205	344	-	-
Others	284	664	-	-
	12,048	8,620	4	108

- (c) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the USD and SGD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2017 RM'000 Profit after tax	2016 RM'000 Profit after tax
USD/RM	-strengthen by 5%	+8	+13
	-weaken by 5%	-8	-13
SGD/RM	-strengthen by 5%	+7	+2
	-weaken by 5%	-7	-2

Any change in other foreign currencies exchange rates against the respective functional currencies of the Group entities would not have any significant impact to the Group's financial statements.

**13. CASH AND BANK BALANCES (continued)**

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	12,048	8,620	4	108
Less:				
Bank overdrafts included in borrowings (Note 16)	(37,258)	(41,210)	-	(3,987)
	<u>(25,210)</u>	<u>(32,590)</u>	<u>4</u>	<u>(3,879)</u>

**14. SHARE CAPITAL**

	Group and Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
Balance as at 1 January	138,600	69,300	138,600	69,300
Transfer from share premium account pursuant to the Companies Act 2016	-	4,036	-	-
	<u>138,600</u>	<u>73,336</u>	<u>138,600</u>	<u>69,300</u>

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM4,036,000 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

## 15. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Share premium	-	4,036	-	4,036
Exchange translation reserve	1,862	3,299	-	-
Distributable:				
Retained earnings	124,339	108,294	5,913	5,574
	<u>126,201</u>	<u>115,629</u>	<u>5,913</u>	<u>9,610</u>

## (a) Share premium

With the introduction of the Companies Act 2016 effective 31 January 2017, the balance within the share premium account of RM4,036,000 has been transferred to the share capital account as disclosed in Note 14(b) to the financial statements.

## (b) Exchange translation reserve

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

## 16. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current liabilities</b>				
<b>Secured</b>				
Hire-purchase creditors (Note 17)	2,270	3,130	-	-
<b>Unsecured</b>				
Bank overdrafts	37,258	41,210	-	3,987
Bankers' acceptances	77,331	68,121	-	-
Revolving credits	57,300	54,300	-	-
Term loans (Note 18)	2,307	3,148	-	694
	<u>174,196</u>	<u>166,779</u>	<u>-</u>	<u>4,681</u>
	<u>176,466</u>	<u>169,909</u>	<u>-</u>	<u>4,681</u>

## 16. BORROWINGS (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current liabilities</b>				
<b><u>Secured</u></b>				
Hire-purchase creditors (Note 17)	1,395	3,157	-	-
<b><u>Unsecured</u></b>				
Term loans (Note 18)	2,202	1,620	-	-
	<u>3,597</u>	<u>4,777</u>	<u>-</u>	<u>-</u>
<b>Total borrowings</b>				
Bank overdrafts	37,258	41,210	-	3,987
Bankers' acceptances	77,331	68,121	-	-
Revolving credits	57,300	54,300	-	-
Hire-purchase creditors (Note 17)	3,665	6,287	-	-
Term loans (Note 18)	4,509	4,768	-	694
	<u>180,063</u>	<u>174,686</u>	<u>-</u>	<u>4,681</u>

(a) All bank overdrafts, bankers' acceptances, revolving credits, term loans and hire-purchase creditors of the Group are either guaranteed by the Company or its subsidiaries.

(b) All borrowings are denominated in RM.

(c) Significant covenants

Borrowings of the Group and of the Company are subject to the following significant covenants:

- (i) not to permit a Debt to Equity Ratio of the Group to exceed one point two (1.2) times;
- (ii) not to permit total bank borrowings of the Group to exceed one point five (1.5) times of its tangible net worth;
- (iii) not to permit a gearing ratio of the Group to exceed one point two (1.2) times; and
- (iv) not to permit to declare dividend in excess of the net profit after tax of the Group unless with the consent of the financial institution.

The Group and the Company have complied with these externally imposed capital requirements as at the end of reporting period.

**16. BORROWINGS (continued)**

(d) At the end of the reporting period, the interest rate profile of the loans and borrowings were as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rates	3,665	6,287	-	-
Floating rates	176,398	168,399	-	4,681
	<u>180,063</u>	<u>174,686</u>	<u>-</u>	<u>4,681</u>

(e) At the end of reporting period, the weighted average effective interest rates for the loans and borrowings were as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Fixed rate</b>				
Hire-purchase creditors	6.51%	6.72%	-	-
<b>Floating rate</b>				
Bank overdrafts	7.97%	7.31%	-	8.05%
Bankers' acceptances	5.05%	4.97%	-	-
Revolving credits	6.37%	6.28%	-	-
Term loans	6.16%	6.33%	-	8.25%

(f) The following table demonstrates the sensitivity analysis of the Group if interest rates for the floating rate instruments at the end of each reporting period changed by twenty-five (25) basis points with all other variables held constant:

	Group	
	2017 RM'000 Profit after tax	2016 RM'000 Profit after tax
- increase by 25 basis points	-335	-320
- decrease by 25 basis points	+335	+320

Sensitivity analysis for fixed rate loans and borrowings as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

**16. BORROWINGS (continued)**

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

<b>Group</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2017</b>				
<b>Financial liabilities:</b>				
Borrowings	176,825	3,803	-	180,628
<b>As at 31 December 2016</b>				
<b>Financial liabilities:</b>				
Borrowings	170,406	4,966	-	175,372
<b>Company</b>				
<b>Company</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2017</b>				
<b>Financial liabilities:</b>				
Borrowings	-	-	-	-
<b>As at 31 December 2016</b>				
<b>Financial liabilities:</b>				
Borrowings	4,681	-	-	4,681

(h) A reconciliation of liabilities arising from financing activities is as follows:

	<b>Bankers' acceptance RM'000</b>	<b>Revolving credits RM'000</b>	<b>Hire purchase creditors RM'000</b>	<b>Term loans RM'000</b>
At 1 January 2017	68,121	54,300	6,287	4,768
Cash flows from financing activities	9,210	3,000	(3,338)	(259)
Non-cash changes				
- Acquisition of property, plant and equipment (Note 5)	-	-	716	-
At 31 December 2017	77,331	57,300	3,665	4,509



## 17. HIRE-PURCHASE CREDITORS

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Minimum hire-purchase payments:		
- not later than one (1) year	2,422	3,465
- later than one (1) year but not later than five (5) years	1,473	3,293
	<hr/>	<hr/>
Total minimum hire-purchase payments	3,895	6,758
Less: Future interest charges	(230)	(471)
	<hr/>	<hr/>
Present value of hire-purchase liabilities	3,665	6,287
	<hr/> <hr/>	<hr/> <hr/>
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	2,270	3,130
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	1,395	3,157
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

(a) Financial instruments that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	<b>2017</b>		<b>2016</b>	
	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
Hire-purchase creditors	3,665	3,618	6,287	6,217
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The fair values of hire purchase liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.

## 18. TERM LOANS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Term loan I repayable by 60 equal monthly instalments commencing 9 December 2011	-	98	-	-
Term loan II repayable by 48 equal monthly instalments commencing 5 February 2012	-	678	-	-
Term loan III repayable by 60 equal monthly instalments commencing 10 June 2012	-	694	-	694
Term loan IV repayable by 48 equal monthly instalments commencing 5 March 2015	1,600	2,875	-	-
Term loan V repayable by 36 equal monthly instalments commencing 5 December 2017	2,909	423	-	-
	<u>4,509</u>	<u>4,768</u>	<u>-</u>	<u>694</u>
Repayable as follows:				
- within one (1) year	2,307	3,148	-	694
- later than one (1) year but not later than five (5) years	2,202	1,620	-	-
	<u>4,509</u>	<u>4,768</u>	<u>-</u>	<u>694</u>

Term loans of the Group are secured by corporate guarantees from the Company.

## 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
<b>Other payable</b>				
Provision for restoration cost	582	-	-	-
<b>Current</b>				
<b>Trade payables</b>				
Third parties	8,034	9,732	-	-
<b>Other payables</b>				
Amounts owing to subsidiaries	-	-	27,705	31,223
Customer loyalty points	452	397	-	-
Other payables	5,812	4,593	3	6
Deposits received	1,247	1,218	-	-
Accruals	17,353	13,461	255	311
	24,864	19,669	27,963	31,540
	32,898	29,401	27,963	31,540
<b>Total trade and other payables</b>	<b>33,480</b>	<b>29,401</b>	<b>27,963</b>	<b>31,540</b>

- (a) Trade and other payables are classified as other financial liabilities and are measured at amortised cost using effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 180 days (2016: 30 to 180 days) from date of invoices.
- (c) Amounts owing to subsidiaries represent payments made on behalf by subsidiaries, which are unsecured, bear interest at a rate of 6% (2016: nil) and payable upon demand in cash and cash equivalents.
- (d) A reconciliation of the customer loyalty points is as follows:

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 January	397	1,251
Additions during the financial year	138	464
Redemptions	(40)	(35)
Redemption points expired	(43)	(1,283)
Balance as at 31 December	452	397

The Group maintains a customer loyalty program that allows its member to accumulate customer loyalty points on the purchases of the products of the Group sold in its own retail outlets. These customer loyalty points are then converted into rebate vouchers and sent to the customers based on the term and conditions in force.

The deferred revenue arising from customer loyalty points are estimated based on the amount of loyalty points outstanding as at the end of the reporting period that are expected to be redeemed within two (2) years.

**19. TRADE AND OTHER PAYABLES (continued)**

(e) The provision for restoration cost is as follows:

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
At 1 January	-	-
Provision made during the year	397	-
Unwinding of discount	185	-
	<hr/>	<hr/>
At 31 December	582	-
	<hr/> <hr/>	<hr/> <hr/>

Under the provision of lease agreements, the Group has an obligation to dismantle and remove refurbishments on the outlets and restore those outlets at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 6%.

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

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Ringgit Malaysia	26,510	22,061	27,963	31,540
Hong Kong Dollar	220	307	-	-
US Dollar	6,544	4,465	-	-
Others	206	2,568	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	33,480	29,401	27,963	31,540
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The transactional currency exposures of the Group and the Company mainly arise from substantial purchase of gold and jewellery from countries outside Malaysia, which are invoiced in foreign currencies. The Group and the Company does not use derivative financial instruments to hedge its risk. The Group and the Company monitors the movements in foreign currency exchange rates closely to ensure that its risk to transactional currency exposures is minimal.

(g) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the USD and HKD exchange rates against the functional currency of the Group, with all other variables held constant.

		<b>Group</b>	
		<b>2017 RM'000 Profit after tax</b>	<b>2016 RM'000 Profit after tax</b>
USD/RM	-strengthen by 5%	-249	- 170
	-weaken by 5%	+249	+ 170
HKD/RM	-strengthen by 5%	-8	- 12
	-weaken by 5%	+8	+ 12
		<hr/> <hr/>	<hr/> <hr/>

Any change in other foreign currencies exchange rates against the respective functional currencies of the Group entities would not have any significant impact to the Group's financial statements.

(h) The maturity profile of the Group's and the Company's trade and other payables at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

**19. TRADE AND OTHER PAYABLES (continued)**

(i) The carrying amount of current trade and other payables are reasonable approximation of fair value due to their short-term nature.

**20. REVENUE**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods:					
Gold ornaments and jewellery		517,747	449,228	-	-
Gold bar		86,157	14,727	-	-
Silver		2,644	2,280	-	-
Skin care products		10,527	5,120	-	-
Gross dividend income from subsidiaries		-	-	13,000	5,000
Deferred revenue from customer loyalty points	19(d)	(55)	854	-	-
		<u>617,020</u>	<u>472,209</u>	<u>13,000</u>	<u>5,000</u>

(a) Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

## (i) Sales of goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

## (ii) Dividend income

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

## (iii) Revenue from customer loyalty points

Revenue from customer loyalty points is recognised either when the obligation in respect of the awards is fulfilled or upon the expiry of the customer loyalty points. Deferred revenue on customer loyalty points is recognised as a reduction in revenue upon granting of loyalty points to customers in accordance with the announced loyalty points scheme.

(b) The Group is exposed to the fluctuation of gold price risk arising from sales and purchase of gold with customers and suppliers. In the previous financial year, the Group entered into gold futures contract as disclosed in Note 11 to the financial statements to manage and hedge its exposure to price volatility of certain portion of gold inventories. For those unhedged gold inventories, the Group continues to monitor the movement in gold price closely to ensure that its risk of gold price fluctuation is minimal.

(c) The following table demonstrates the sensitivity analysis of the Group if gold price at the end of each reporting period changes by 5% with all other variables held constant:

Group		2017 RM'000 Profit after tax	2016 RM'000 Profit after tax
Gold price	- strengthen by 5%	+ 3,982	+ 5,230
	- weaken by 5%	- 3,982	- 5,230
		<u>                    </u>	<u>                    </u>

**21. FINANCE COSTS**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:					
- bankers' acceptances		3,770	3,612	-	-
- bank overdrafts		3,070	3,848	-	-
- gold loans		-	152	-	-
- hire-purchase		337	412	-	-
- revolving credits		3,435	3,107	-	-
- term loans		223	644	-	-
- unwinding of discount	19(e)	185	-	-	-
- subsidiaries		-	-	1,569	-
- others		3	-	-	-
		<u>11,023</u>	<u>11,775</u>	<u>1,569</u>	<u>-</u>

**22. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- statutory audit:				
- current year	193	201	33	33
- under provision in prior years	2	-	1	-
- non-statutory audit	40	40	15	15
Directors' fee	293	263	293	263
Fair value adjustment on other investment	-	-	774	-
Loss on foreign exchange:				
- realised	1,443	475	-	-
- unrealised	100	324	8	-
Loss on gold price fluctuation:				
- realised	-	1,346	-	-
- unrealised	142	-	-	-
Rental expenses:				
- exhibition booths	608	382	-	-
- plant and machineries	5	4	-	-
- premises	29,312	26,372	-	-
	<u>29,312</u>	<u>26,372</u>	<u>-</u>	<u>-</u>

**22. PROFIT BEFORE TAX (continued)**

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
And crediting:				
Fair value gain on derivative assets	-	20	-	-
Gain on disposal of property, plant and equipment	160	99	-	-
Gain on foreign exchange:				
- realised	3,795	1,594	-	-
- unrealised	1,363	523	-	4
Gain on gold price fluctuation:				
- realised	-	230	-	-
- unrealised	-	28	-	-
Interest income	2	1	99	-

**23. TAX EXPENSE**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense based on profit for the financial year:				
- current year	4,790	5,198	-	-
- (over)/under provision in prior years	(1)	132	4,563	-
	4,789	5,330	4,563	-
Deferred tax (Note 9):				
- relating to origination and reversal of temporary differences	268	(1,564)	-	-
- under provision in prior years	94	21	-	-
	5,151	3,787	4,563	-

**23. TAX EXPENSE (continued)**

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2016: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Tax at Malaysian statutory tax rate of 24% (2016:- 24%)	24.0	24.0	24.0	24.0
Tax effects in respect of:-				
Non-allowable expenses	14.4	9.6	32.5	0.6
Non-taxable income	(13.6)	(0.7)	(56.5)	(24.6)
Movements in deferred tax assets not recognised	(1.0)	12.2	-	-
	23.8	45.1	-	-
Under-provision in prior years	0.4	1.9	93.1	-
Effective tax rate	24.2	47.0	93.1	-

- (d) Tax on each component of other comprehensive loss is as follows:

	Group					
	Before tax RM'000	2017 Tax effect RM'000	After tax RM'000	Before tax RM'000	2016 Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations	(515)	-	(515)	(33)	-	(33)



**24. EARNINGS PER ORDINARY SHARE****(a) Basic earnings per ordinary share**

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

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Profit attributable to equity holders of the parent	16,045	4,687
Weighted average number of ordinary shares outstanding ('000)	138,600	138,600
Basic earnings per ordinary share (sen)	11.58	3.38

**(b) Diluted earnings per ordinary share**

The diluted earnings per ordinary share for the financial year is the same as the basic earnings per ordinary share for the financial year as there were no dilutive potential ordinary shares.

**25. DIVIDEND**

A first and final single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ended 31 December 2017 amounting to RM1,386,000 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2018.

**26. EMPLOYEE BENEFITS**

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Directors' emoluments	3,344	2,928
Salaries, wages, overtime and allowances	40,235	39,480
Defined contribution plan	5,590	5,484
Staff commissions	5,071	5,070
Other employee benefits	5,769	5,418
	60,009	58,380

**27. COMMITMENTS**

## (a) Rental commitments

The Group had entered into several tenancy agreements for the rental of retail space, office blocks and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised upon its maturity based on prevailing market rates.

The Group has aggregate future commitments as at the end of the financial year as follows:

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Not later than one (1) year	15,519	21,134
Later than one (1) year but not later than five (5) years	16,813	22,344
	32,332	43,478
	32,332	43,478

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

The Group has entered into tenancy agreements for the lease of outlets, which contain contingent rental features based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risk of these contingent rental features are closely related to the economic characteristics and risk of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

## (b) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Approved but not contracted for	10,900	4,558
	10,900	4,558
	10,900	4,558

**28. CONTINGENT LIABILITIES - UNSECURED**

Corporate guarantees given to financial institutions  
for credit facilities granted to subsidiaries

	<b>Company</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	299,056	229,138
	299,056	229,138
	299,056	229,138

**28. CONTINGENT LIABILITIES - UNSECURED (continued)**

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The determination and treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the likelihood of the financial institutions calling upon the corporate guarantees is remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

**29. CAPITAL AND FINANCIAL RISK MANAGEMENT****(a) Capital management**

The primary objective of the capital management of the Group is to safeguard the ability of the Group to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and total debt to be the key components in the capital structure of the Group. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and bank balances to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The net gearing ratios as at 31 December 2017 and 31 December 2016, which are within the objectives of the Group for capital management, are as follows:

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowing	16	180,063	174,686	-	4,681
Less: Cash and bank balances	13	(12,048)	(8,620)	(4)	(108)
Net debt		168,015	166,066	(4)	4,573
Total equity		203,566	190,006	79,249	78,910
Net gearing ratio		83%	87%	N/A	6%

The Company has complied with Practice Note No. 17/2005 of the Bursa Malaysia Securities for the financial year ended 31 December 2017.

**(b) Financial risk management**

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from interest rate risk, foreign currency risk, credit risk, liquidity and cash flow risk and market price risk.

**29. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

## (b) Financial risk management (continued)

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors through the Risk Management Committee. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. Information on the risk management of the related exposures is detailed below:

## (i) Interest rate risk

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

The exposure of the Group to interest rate risk arises primarily from its bank borrowings. The Group does not use derivative financial instruments to hedge its risk.

The interest rate profile and sensitivity analysis of interest rate risk has been disclosed in Note 16 to the financial statements.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arose from transactions that are denominated in currencies other than functional currencies of operating entities.

The transactional currency exposures of the Group mainly arise from substantial purchase of gold and jewellery from countries outside Malaysia, which are invoiced in foreign currencies. The Group does not use derivative financial instruments to hedge its risk. The Group monitors the movements in foreign currency exchange rates closely to ensure that its risk to transactional currency exposures is minimal.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 12, 13 and 19 to the financial statements respectively.

## (iii) Credit risk

Cash deposit and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The respective analysis of credit risk has been disclosed in Note 12 to the financial statements.

## (iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating and financing needs are met. It is the policy of the Group to ensure its ability to service its cash obligations by maintaining a level of cash and cash equivalents deemed adequate to the operations of the Group. The Group also maintains flexibility in funding by keeping committed credit lines available.

The sensitivity analysis of liquidity and cash flow risk has been disclosed in Notes 16 and 19 to the financial statements respectively.

## (v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The sensitivity analysis of market price risk has been disclosed in Note 20 to the financial statements.

**30. RELATED PARTY DISCLOSURES**

## (a) Identities of related parties

The Company has controlling related party relationship with its direct and indirect subsidiaries and its ultimate holding company.

The Group also has related party relationships with the following parties:

<b>Related parties</b>	<b>Relationships</b>
Ong Tiong Yee & Sons Sdn. Bhd. (‘OTY’)	Related by connected person - Ong Kee Liang, a director and shareholder of OTY, is the spouse of Ng Sheau Chyn, who is a director and shareholder of the Company.
Gexcel Asia Sdn. Bhd. (‘Gexcel’)	Related by common Directors, Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng and Ng Sheau Chyn. Ng Teck Fong Holdings Sdn. Bhd. (‘NTFH’) is the major shareholder of Gexcel. Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng, Ng Yih Chen, Ng Sheau Chyn and Ng Sheau Yuen are directors and major shareholders of NTFH.
Unique Avenue Sdn. Bhd. (‘UASB’)	Related by common Directors and shareholders, Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng, Ng Yih Chen, Ng Sheau Chyn and Ng Sheau Yuen.
Best Arcade Sdn. Bhd. (‘BASB’)	Related by common Directors and major shareholders, Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng, Ng Yih Chen, Ng Sheau Chyn and Ng Sheau Yuen.
Oasis College Sdn. Bhd. (‘Oasis College’)	Related by common Directors and major shareholders, Tan Sri Datuk Dr Ng Teck Fong and Ng Yih Chen.
Teck Fong Property Sdn. Bhd. (‘TFP’)	Related by common Directors, Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng, Ng Yih Chen, Ng Sheau Chyn and Ng Sheau Yuen. BASB is the sole shareholder of TFP.
Oasis Properties Sdn. Bhd. (‘Oasis’)	Related by common Directors and major shareholders, Tan Sri Datuk Dr Ng Teck Fong, Datuk Ng Yih Pyng, Ng Yih Chen, Ng Sheau Chyn and Ng Sheau Yuen.
Teck Fong Property (Subang) Sdn. Bhd. (‘TFP (Subang)’)	Related by common Directors, Tan Sri Datuk Dr Ng Teck Fong and Ng Yih Chen. TFP is the sole shareholder of TFP (Subang).
Pajak Gadai JP Sdn. Bhd. (‘PGJP’)	Related by common Directors and major shareholders, Tan Sri Datuk Dr Ng Teck Fong and Datuk Ng Yih Pyng.
C.S. Tang & Co. (‘CS Tang’)	Related by a Director, Datuk M Chareon Sae Tang @ Tan Whye Aun who is the partner of CS Tang.
Permata Sagu Sdn. Bhd. (‘PSSB’)	Related by common Directors and major shareholders, Ng Yih Chen and Ng Sheau Yuen.
AU Properties Sdn. Bhd. (‘AUP’)	Related by common Directors and shareholders, Datuk Ng Yih Pyng and Datin Choong Chow Mooi.
M Design Solutions Sdn. Bhd. (‘MDS’)	Related by common Director and shareholder, Ng Sheau Yuen.

**30. RELATED PARTY DISCLOSURES (continued)**

## (b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group	
	2017 RM'000	2016 RM'000
Sales of goods to:		
- OTY	583	678
Purchase of goods from:		
- PGJP	308	-
- OTY	223	-
Purchase of manufacturing tools from:		
- Gexcel	107	114
Rental of premises paid to:		
- UASB	47	56
- BASB	546	521
- TFP (Subang)	153	150
- TFP	221	306
- Oasis	1,044	975
- PGJP	36	36
- PSSB	11	42
- Datin Choong Chow Mooi	97	97
- Datuk Ng Yih Pyng	18	-
- AUP	105	210
Advertising expenses paid to:		
- MDS	5	51
Legal fee paid to:		
- CS Tang	99	10
Staff training expenses paid to:		
- Oasis College	-	11
	-	11
	Company	
	2017 RM'000	2016 RM'000
Gross dividend income received from subsidiaries	13,000	5,000
Promotional expenses paid to a subsidiary	-	6
Interest expenses payable to subsidiaries	1,569	-
Interest income receivable from subsidiaries	99	-
	99	-

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

**30. RELATED PARTY DISCLOSURES (continued)**

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors during the financial year was as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term employee benefits	3,080	2,698
Contributions to defined contribution plan	264	230
	3,344	2,928
	3,344	2,928

The estimated monetary value of benefit-in-kind received by the Directors of the Group amounted to RM137,750 (2016: RM127,125).

**31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****(a) New MFRSs adopted during the financial year**

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

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

**(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019



**31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company: (continued)

Title	Effective Date
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
<i>Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

# LIST OF PROPERTY AS AT 31 DECEMBER 2017

Property Address	Property Description	Existing Use	Net Book Value (RM)	Built Up	Status	Age	Purchase Date
Lot 104/2-8, Road 4A, AMATA Industrial Park, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam.	Land and factory lot	Factory	631,888	1,975 sqm	Leasehold (50 years)	23 years	15 Apr 2011

# SHAREHOLDINGS ANALYSIS AS AT 31 MARCH 2018

## ANALYSIS OF SHAREHOLDINGS

Issued Share Capital	:	RM 73,336,000 (138,600,000 shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	47	3.51	1,058	0.00
100 to 1,000	217	16.21	144,397	0.10
1,001 to 10,000	727	54.30	3,791,280	2.74
10,001 to 100,000	287	21.43	8,534,700	6.16
100,001 to 1,000,000	58	4.33	33,446,166	24.13
1,000,000 and above issued shares	3	0.22	92,682,399	66.87
	<b>1,339</b>	<b>100.00</b>	<b>138,600,000</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	%
Teck Fong Corporation Sdn. Bhd.	63,132,177	45.55
Tropical Bliss Sdn. Bhd.	19,550,222	14.11
Lembaga Tabung Amanah Warisan Negeri Terengganu	10,000,000	7.22

## DIRECTORS' SHAREHOLDINGS

Name	Direct	%	Indirect	%
Tan Sri Datuk Dr Ng Teck Fong	0	0.00	83,823,299 *	60.48
Datuk Ng Yih Pyng	581,239	0.42	63,282,177 **	45.66
Ng Yih Chen	0	0.00	63,282,177 **	45.66
Datin Choong Chow Mooi	2,100,000	1.52	0	0.00
Datin Nonadiah Binti Abdullah	2,000,000	1.44	0	0.00
Ng Sheau Chyn	468,700	0.34	150,000 ***	0.11
Ng Sheau Yuen	100,000	0.07	150,000 ***	0.11

\* Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn. Bhd., Tropical Bliss Sdn. Bhd., and his wife Puan Sri Datin Gan Sao Wah's shareholding and being a trustee for Ng Teck Fong Foundation pursuant to Section 59 of the Act.

\*\* Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn. Bhd. and being trustees for Ng Teck Fong Foundation pursuant to Section 59 of the Act.

\*\*\* Deemed interested by virtue of being trustees for Ng Teck Fong Foundation pursuant to Section 59 of the Act.

## THIRTY (30) LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. Teck Fong Corporation Sdn. Bhd.	63,132,177	45.55
2. Tropical Bliss Sdn. Bhd.	19,550,222	14.11
3. Lembaga Tabung Amanah Warisan Negeri Terengganu	10,000,000	7.22
4. CIMB Group Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for DBS Bank Ltd (SFS)	4,999,000	3.61
5. Citigroup Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for Citibank New York (Norges Bank 14)	3,359,600	2.42
6. Choong Chow Mooi	2,100,000	1.52
7. HLB Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Nonadiah Binti Abdullah	2,000,000	1.44
8. Maybank Nominees (Tempatan) Sdn. Bhd. Beneficiary: Ng Wei King	1,344,500	0.97
9. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Wong Yee Hui (8095789)	1,270,000	0.92
10. Gan Sao Wah @ Gan Sao Eng	990,900	0.71
11. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Kong Kok Choy (8092812)	944,300	0.68
12. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Ang Kooi Phing (6000914)	888,800	0.64
13. Teo Chiang Hong	820,000	0.59
14. Lee Guan Seong	738,400	0.53
15. Lee Yee Sheng	732,600	0.53
16. Lee Chern Chin	713,000	0.51
17. Cheng Gek Hong	700,000	0.51
18. Tay Pin Sun	695,600	0.50
19. Mah Yoke Lian	632,000	0.46
20. Ng Yih Pyng	581,239	0.42
21. CIMB Group Nominees (Tempatan) Sdn. Bhd. Beneficiary: CIMB Commerce Trustee Berhad for Interpac Social Enterprise and Responsibility Fund	523,000	0.38
22. Eng Watt Ya @ Eng Watt Ying	500,000	0.36
23. CIMB Group Nominees (Tempatan) Sdn. Bhd. Beneficiary: CIMB Commerce Trustee Berhad for Interpac Dynamic Equity Fund (50142 TR01)	485,000	0.35
24. Ng Sheau Chyn	448,700	0.32
25. Choong Siew Mooi	412,007	0.30
26. Ong Ho Thaw	400,000	0.29
27. Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Beneficiary: Inter-Pacific Asset Management Sdn. Bhd. for Khaw Seang Chuan	344,000	0.25
28. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Ong Kah Huat (M0008)	340,000	0.25
29. Tan Ming Kian	330,000	0.24
30. Choong Kwei Mooi	312,007	0.22
	<b>120,287,052</b>	<b>86.80</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirteenth Annual General Meeting of the Company will be held at the Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 17 May 2018 at 10.00 a.m. for the following purposes:-

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of Directors' and Auditors' thereon.	<b>(Please refer to explanatory note below)</b>
2.	To declare a First and Final Single Tier Dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2017.	<b>Resolution 1</b>
3.	To approve the payment of Directors' Fees amounting to RM292,500 in respect of the financial year ended 31 December 2017.	<b>Resolution 2</b>
4.	To approve the payment of Directors' Benefits (excluding Directors' Fees) amounting to RM9,000 from 18 May 2018 until the next Annual General Meeting of the Company.	<b>Resolution 3</b>
5.	To re-elect the following Directors retiring in accordance with Article 84 of the Articles of Association of the Company:-	
	(i) Tan Sri Datuk Dr Ng Teck Fong	<b>Resolution 4</b>
	(ii) Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	<b>Resolution 5</b>
	(iii) Datuk M Chareon Sae Tang @ Tan Whye Aun	<b>Resolution 6</b>
6.	To re-appoint BDO as Auditor of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<b>Resolution 7</b>

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions with or without amendments or modifications:-

7. **ORDINARY RESOLUTION 1  
AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016**

“**THAT** pursuant to Section 76 of the Companies Act 2016 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 and upon such terms and conditions, for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued in any one financial year of the Company does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

**Resolution 8**

8. **ORDINARY RESOLUTION 2  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF A REVENUE OR TRADING NATURE WITH RELATED PARTY (“PROPOSED SHAREHOLDERS' MANDATE”)**

“**THAT** subject to provisions of the Companies Act 2016 (“Act”), the Constitution of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into category of RRPT as set out in Section 2.1 of the Circular to Shareholders dated 19 April 2018, subject to the following:-

- (i) **THAT** the RRPTs are:-
- (a) necessary for the day-to-day operations;
  - (b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
  - (c) are not detrimental to the shareholders of the Company; and
- (ii) **THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:-
- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution.”

**Resolution 9**

**AS SPECIAL BUSINESS (continued)****9. ORDINARY RESOLUTION 3  
PROPOSED RENEWAL OF AUTHORITY FOR SHARES BUY-BACK**

“**THAT** subject to provisions of the Companies Act 2016 (“Act”), the Constitution of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Malaysia Securities Berhad, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:-

- (i) the aggregate number of ordinary shares bought-back does not exceed 10% of the total number of issued shares of the Company at the time in question;
- (ii) the maximum amount of funds to be allocated for the shares buy-back shall not exceed the aggregate of retained earnings of the Company. Based on the latest audited account of the Company as at 31 December 2017, its retained earnings stood at approximately RM5,913,000.00; and
- (iii) the ordinary shares purchased shall be treated in the following manner:-
  - (a) the purchased ordinary shares shall be cancelled; or
  - (b) the purchased ordinary shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad and/or cancellation subsequently; or
  - (c) part of the purchased ordinary shares shall be retained as treasury shares and the remainder shall be cancelled; or
  - (d) in such other manner as Bursa Malaysia Securities Berhad and other relevant authorities may allow from time to time.

**AND THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, unless the authority granted is renewed, either unconditionally or subject to conditions, at the said AGM; or
  - (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); but not so as to prejudice the completion of the purchase(s) by the Company made before the aforesaid expiry date and, in any event in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad or any other relevant authorities and the applicable law; or
  - (iii) revoked or varied by resolution passed by the shareholders in general meeting;
- whichever is the earlier.

**AS SPECIAL BUSINESS (continued)**

<p><b>AND FURTHER THAT</b> authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depositor account(s) under the Securities (Central Depository) Industry Act, 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the proposed share buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought back) in accordance with the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant statutory and/or regulatory requirements.”</p>	<b>Resolution 10</b>
<p>10. <b>ORDINARY RESOLUTION 4 CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – YANG MULIA RAJA TAN SRI DATO’ SERI AMAN BIN RAJA HAJI AHMAD</b></p> <p>“<b>THAT</b> authority be and is hereby given to Yang Mulia Raja Tan Sri Dato’ Seri Aman Bin Raja Haji Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”</p>	<b>Resolution 11</b>
<p>11. <b>ORDINARY RESOLUTION 5 CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – DATIN NONADIAH BINTI ABDULLAH</b></p> <p>“<b>THAT</b> authority be and is hereby given to Datin Nonadiah Binti Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”</p>	<b>Resolution 12</b>
<p>12. <b>ORDINARY RESOLUTION 6 CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – DATUK M CHAREON SAE TANG @ TAN WHYE AUN</b></p> <p>“<b>THAT</b> authority be and is hereby given to Datuk M Chareon Sae Tang @ Tan Whye Aun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”</p>	<b>Resolution 13</b>
<p>13. <b>ORDINARY RESOLUTION 7 CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – MR LAU TIANG HUA</b></p> <p>“<b>THAT</b> authority be and is hereby given to Mr Lau Tiang Hua who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”</p>	<b>Resolution 14</b>



**AS SPECIAL BUSINESS (continued)**

- 
14. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016.
- 

**BY ORDER OF THE BOARD**

**TEOH KOK JONG** (LS 04719)  
Company Secretary

Kuala Lumpur

Date: 19 April 2018

**NOTICE OF DIVIDEND PAYMENT**

**NOTICE IS HEREBY GIVEN THAT**, subject to the approval of the shareholders at the Thirteenth Annual General Meeting, the First and Final Single Tier Dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2017 shall be paid on 8 June 2018 to the shareholders registered in the Record of Depositors at the close of business on 22 May 2018.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 May 2018 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**Notes:**

1. Only depositors whose names appear in the Record of Depositors as at 10 May 2018 be regarded as members and entitled to attend, speak and vote at the meeting.
2. A proxy may but need not be a member of the Company.
3. To be valid this form duly completed must be deposited at the Registered Office of the Company at Suite B13A-4, Tower B, Level 13A, Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
4. A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
7. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint more than one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

**EXPLANATORY NOTES ON ORDINARY BUSINESS****Item 1**

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

**Resolution 2**

It is proposed that the fee for the Non-Executive Directors of the Company be increased from RM194,400 per annum to RM216,000 per annum. The proposed increased in the fee for the Non-Executive Directors is for the purpose of attaining closer parity after comparing the Company's practice against market benchmarks and considering their increased responsibilities and accountability in respect of corporate governance.

**EXPLANATORY NOTES ON ORDINARY BUSINESS (continued)****Resolution 3**

The proposed payment of Directors' Benefits (excluding Directors' Fees) amounting to RM9,000 comprise the Directors and Officers Liability Insurance from 18 May 2018 until the next AGM of the Company.

**EXPLANATORY NOTES ON SPECIAL BUSINESS****Resolution 8**

The proposed Resolution 8, is a renewal of the previous year mandate and if passed, is to empower the Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being.

The previous mandate approved on 23 May 2017 was not utilized and accordingly no proceeds were raised.

The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

**Resolution 9**

The proposed Resolution 9, is a renewal of the previous year Shareholders' Mandate and if passed will allow the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature in order to comply with Paragraph 10.09 of Chapter 10 and Practice Note 12 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The mandate will take effect from the date of the passing of the Ordinary Resolution until the next AGM of the Company.

Further information on the Proposed Mandate is set out in the Circular to Shareholders of the Company dated 19 April 2018 which is despatched together with the Company's Annual Report 2017.

**Resolution 10**

The proposed Resolution 10, if passed, will empower the Directors to purchase up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

Further information on the Proposed Renewal of Authority for Share Buy Back is set out in the Circular to Shareholders dated 19 April 2018, which is dispatched together with the Company's Annual Report 2017.

**Resolution 11****Continuing in Office as Independent Non-Executive Director  
– YANG MULIA RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD**

The Nomination Committee has assessed the independence of Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b) he has been with the Company for more than 9 years and is familiar with the Company's business operations;
- c) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

**EXPLANATORY NOTES ON SPECIAL BUSINESS (continued)****Resolution 12****Continuing in Office as Independent Non-Executive Director  
– DATIN NONADIAH BINTI ABDULLAH**

The Nomination Committee has assessed the independence of Datin Nonadiah Binti Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended her to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a) she fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, she would able to function as a check and balance, bring an element of objectivity to the Board;
- b) she has been with the Company for more than 9 years and is familiar with the Company's business operations;
- c) she has devoted sufficient time and attention to her professional obligations for informed and balanced decision making; and
- d) she has exercised her due care during her tenure as an Independent Non-Executive Director of the Company and carried out her professional duties in the interest of the Company and shareholders.

**Resolution 13****Continuing in Office as Independent Non-Executive Director  
– DATUK M CHAREON SAE TANG @ TAN WHYE AUN**

The Nomination Committee has assessed the independence of Datuk M Chareon Sae Tang @ Tan Whye Aun, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
- b) he has been with the Company for more than 9 years and is familiar with the Company's business operations;
- c) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

**Resolution 14****Continuing in Office as Independent Non-Executive Director  
– MR LAU TIANG HUA**

The Nomination Committee has assessed the independence of Mr Lau Tiang Hua, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
- b) he has been with the Company for more than 9 years and is familiar with the Company's business operations;
- c) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

## 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE THIRTEENTH ANNUAL GENERAL MEETING

Pursuant to Article 84 of the Articles of Association of the Company:-

- i ) TAN SRI DATUK DR NG TECK FONG
- ii ) YANG MULIA RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
- iii ) DATUK M CHAREON SAE TANG @ TAN WHYE AUN

Pursuant to Principle 4.2 of the Malaysian Code of Corporate Governance 2017:-

- i ) YANG MULIA RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
- ii ) DATIN NONADIAH BINTI ABDULLAH
- iii ) DATUK M CHAREON SAE TANG @ TAN WHYE AUN
- iv ) MR LAU TIANG HUA

The profiles of the above Directors are set out in pages 8 and 9.

## 2. THE DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS

The details of attendance of each Director at the Board Meetings for the financial year ended 31 December 2017 (a total of 5 were held for the financial year).

DIRECTORS	ATTENDANCE
i ) TAN SRI DATUK DR NG TECK FONG	5/5
ii ) DATUK NG YIH PYNG	5/5
iii ) YANG MULIA RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD	5/5
iv ) DATIN NONADIAH BINTI ABDULLAH	5/5
v ) DATUK M CHAREON SAE TANG @ TAN WHYE AUN	5/5
vi ) MR LAU TIANG HUA	5/5
vii ) DATIN CHOONG CHOW MOOI	5/5
viii) MR NG YIH CHEN	5/5
ix ) MS NG SHEAU CHYN	5/5
x ) MS NG SHEAU YUEN	5/5

The profiles of the above Directors are set out in the section entitled "Profile of the Board of Directors" on pages 8 to 9. Their respective shareholding in the Company are set out in the section entitled "Directors' Shareholding" on page 117.

**3. THE DATE, TIME AND VENUE OF THE BOARD MEETINGS**

The date, time and venue of the Board Meetings were as follows:-

<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>
20 <sup>th</sup> February 2017	11.00 a.m.	Menara CenTARa
17 <sup>th</sup> April 2017	10.30 a.m.	Tomei Head Office
23 <sup>rd</sup> May 2017	12.20 p.m.	Bukit Kiara Resort
17 <sup>th</sup> August 2017	11.00 a.m.	Tomei Head office
16 <sup>th</sup> November 2017	11.00 a.m.	Tomei Head office

**Note:-**

Tomei Head Office	: No. 8, Jalan 2/131A, Project Jaya Industrial Estate, Batu 6, Jalan Kelang Lama, 58200 Kuala Lumpur.
Menara CenTARa	: The Boardroom, 8 <sup>th</sup> Floor, BDO @ Menara CenTARa, 360 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.
Bukit Kiara Resort	: Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur.

**4. VENUE, DATE AND TIME OF THE THIRTEENTH ANNUAL GENERAL MEETING**

VENUE: Dewan Berjaya,  
Bukit Kiara Resort Berhad,  
Jalan Bukit Kiara, Off Jalan Damansara,  
60000 Kuala Lumpur.

DATE: 17<sup>th</sup> May 2018

TIME: 10.00 a.m.

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**TOMEI CONSOLIDATED BERHAD** (692959-W)

I/We \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS) (I/C No: \_\_\_\_\_)

of \_\_\_\_\_ (ADDRESS)

being a member/members of TOMEI CONSOLIDATED BERHAD hereby appoint \_\_\_\_\_

(I/C No: \_\_\_\_\_) of \_\_\_\_\_ (ADDRESS)

or failing whom \_\_\_\_\_ (I/C No: \_\_\_\_\_)

of \_\_\_\_\_ (ADDRESS)

as my/our proxy to vote for me/us on my/our behalf, at the Thirteenth Annual General Meeting of the Company to be held at the Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 17 May 2018 at 10.00 a.m. or at any adjournment thereof, as indicated below:-

No.	Ordinary Resolutions	For	Against
1.	Declaration of First and Final Single Tier Dividend		
2.	Approval for the payment of Directors' Fees		
3.	Approval for the payment of Directors' Benefits		
4.	Re-election of Tan Sri Datuk Dr Ng Teck Fong as Director		
5.	Re-election of Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad as Director		
6.	Re-election of Datuk M Chareon Sae Tang @ Tan Whye Aun as Director		
7.	Re-appointment of BDO as Auditors		
<b>Special Business</b>			
8.	Ordinary Resolution 1 Authority to Allot & Issue Shares		
9.	Ordinary Resolution 2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
10.	Ordinary Resolution 3 Proposed Renewal of Authority for Shares Buy-Back		
11.	Ordinary Resolution 4 Continuing in Office as Independent Non-Executive Director - Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad		
12.	Ordinary Resolution 5 Continuing in Office as Independent Non-Executive Director - Datin Nonadiah Binti Abdullah		
13.	Ordinary Resolution 6 Continuing in Office as Independent Non-Executive Director - Datuk M Chareon Sae Tang @ Tan Whye Aun		
14.	Ordinary Resolution 7 Continuing in Office as Independent Non-Executive Director - Mr Lau Tiang Hua		

Please indicate with a (✓) in the appropriate box against the resolution how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

**Notes:**

- Only depositors whose names appear in the Record of Depositors as at 10 May 2018 be regarded as members and entitled to attend, speak and vote at the meeting.
- A proxy may but need not be a member of the Company.
- To be valid this form duly completed must be deposited at the Registered Office of the Company at Suite B13A-4, Tower B, Level 13A, Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
- Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint more than one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

No. of shares	CDS Account No.

Signature/Seal of the Shareholder: \_\_\_\_\_

Date: \_\_\_\_\_

fold this flap for sealing

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AFFIX  
STAMP

*THE COMPANY SECRETARY*  
**TOMEI CONSOLIDATED BERHAD** (692959-W)  
Suite B13A-4, Tower B, Level 13A,  
Northpoint Offices, Mid Valley City,  
No.1, Medan Syed Putra Utara,  
59200 Kuala Lumpur, Malaysia.

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**TOMEI CONSOLIDATED BERHAD** (692959-w)

8-1, JALAN 2/131A, PROJECT JAYA INDUSTRIAL ESTATE,

BATU 6, JALAN KELANG LAMA, 58200 KUALA LUMPUR, MALAYSIA. Phone: 03-7784 8136 Fax: 03-7784 8140

**TOMEI ONLINE:** [www.tomei.com.my](http://www.tomei.com.my) • [www.myjewelclub.com](http://www.myjewelclub.com) • [www.instagram.com/myTOMEI](https://www.instagram.com/myTOMEI)  
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