



MYNEWS HOLDINGS BERHAD ANNUAL REPORT 2018



MYNEWS HOLDINGS BERHAD
(1039846-T)

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w www.mynews.com.my

[mynews.com](https://www.facebook.com/mynews.com) [mynewsdotcom](https://www.instagram.com/mynewsdotcom)

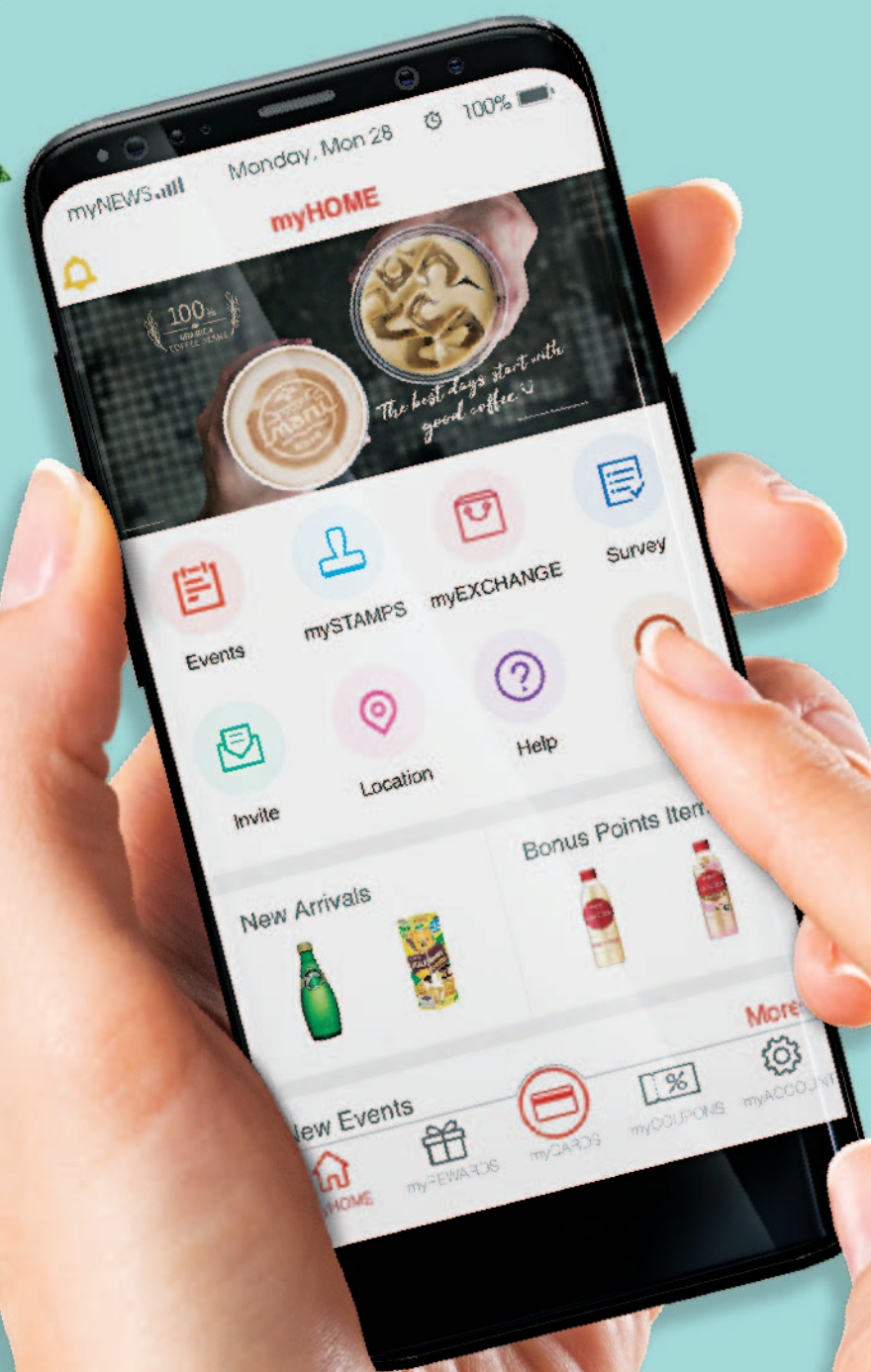


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Mynews Holdings Berhad (“Mynews” or “Company”) is an investment holding company established on 26 March 2013 as a private limited company. It was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) as Bison Consolidated Berhad on 29 March 2016. Its current name was adopted on 11 December 2017 in line with the Group’s retail business ‘myNEWS’ branding.

Mynews has grown from its first print media outlet, MAGBIT at One Utama in 1996 into a press and retail convenience outlet chain. In 1997, “myNEWS.com” brand name was launched with the first outlet at Mid-Valley Megamall. To date, the wholly-owned subsidiaries of Mynews are involved in the following businesses:

- **Mynews Retail Sdn Bhd, Eemerge Incorporated Sdn Bhd and Mynews Kuku Sdn Bhd**
Press and retail convenience chain outlets
- **Bison Foods Sdn Bhd**
Dine-in Café offering a variety of delightful local favorites
- **DKE Technology Sdn Bhd**
Information Technology (“IT”) support services
- **Mynews Management Sdn Bhd**
Management services
- **Mynews Food Sdn Bhd**
Investment holding in food related businesses, namely, Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd

It gained international recognition since 2012 through its partnership with WH Smith Travel Ltd, a UK based leading retailer. The 50:50 partnership named WH Smith Malaysia Sdn Bhd operates WH Smith outlets at Malaysia’s international airports.

In May 2016, the myNEWS.com brand name was licensed to two (2) outlets at the Yangon International Airport in Myanmar.

On 5 October 2017, Mynews further reaffirmed its standing as a credible and recognized global brand name in joint-investment projects with leading Japanese food industry players to produce premium quality Halal food products to serve Mynews outlets. Mynews Food Sdn Bhd will draw upon more than 50 years of industry experience and expertise from its partners.

These joint-venture manufacturing projects will complete a fully integrated Mynews Halal food supply chain that will conform to the Halal requirements from source to the point of consumer purchase. The joint venture companies are:

- **Mynews Kineya Sdn Bhd**
Mynews Food Sdn Bhd in collaboration with renowned Japanese company Gourmet Kineya Co. Limited, will manufacture Halal-certified Ready-To-Eat meals.
- **Mynews Ryoyupan Sdn Bhd**
Mynews Food Sdn Bhd in partnership with a leading and reputable Japanese bakery, Ryoyu Baking Co. Ltd. will produce fresh and the finest quality Halal bakery products.

Mynews is a truly 100% Malaysian home-grown brand that brings quality products, convenience and excellent shopping experience closer and closer to all Malaysians.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ding Lien Bing

Independent
Non-Executive Chairman

Soon Dee Hwee

Senior Independent
Non-Executive Director

Dang Tai Luk

Executive Director/
Chief Executive Officer

Dang Tai Hock

Non-Independent
Non-Executive Director

Dang Tai Wen

Executive Director/
Deputy Chief Executive Officer

Mohd Suffian Bin Suboh

Independent
Non-Executive Director



AUDIT COMMITTEE

Chairman Soon Dee Hwee

Members

Ding Lien Bing
Mohd Suffian Bin Suboh

REMUNERATION COMMITTEE

Chairman Mohd Suffian Bin Suboh

Members

Dang Tai Hock
Soon Dee Hwee

NOMINATING COMMITTEE

Chairman Ding Lien Bing

Members

Soon Dee Hwee
Mohd Suffian Bin Suboh

RISK MANAGEMENT COMMITTEE

Chairman Dang Tai Hock

Members

Ding Lien Bing
Mohd Suffian Bin Suboh

COMPANY SECRETARIES

Chong Siew Hoong (MIA 5062)
Chooi Sook Yee (MIA 35532)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Lot No.3, Jalan Teknologi 3/1
Taman Sains Selangor 1
Seksyen 3, PUJ 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No. : +603 6158 6000
Fax No. : +603 6158 6111

PRINCIPAL BANKERS

Hong Leong Bank Berhad
CIMB Bank Berhad

AUDITORS

Grant Thornton Malaysia (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : +603 2692 4022
Fax : +603 2691 5229

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PUJ 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603 7849 0777
Fax : +603 7841 8151/52

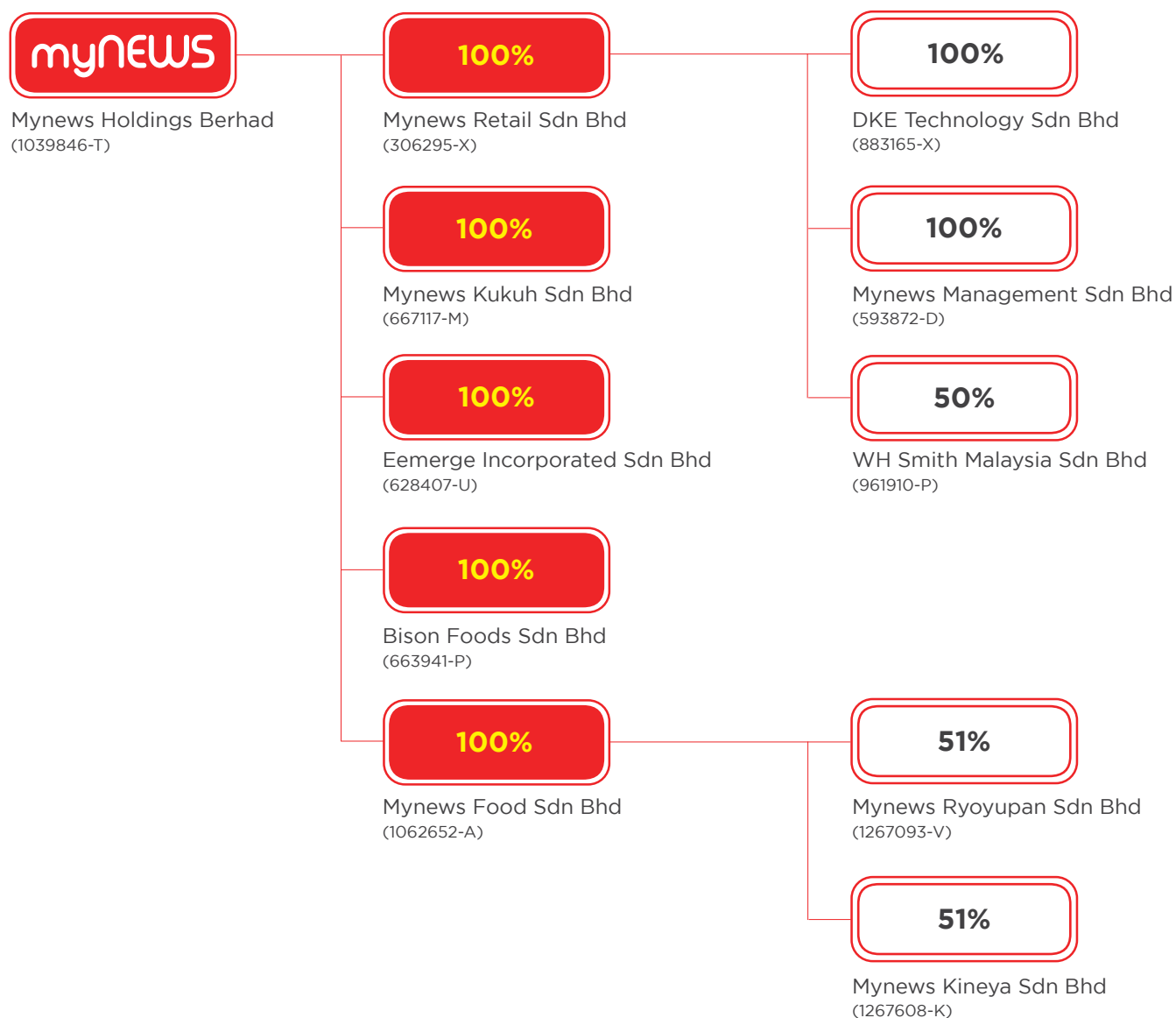
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : Mynews
Stock Code : 5275
Sector : Consumer products and services
Sub-sector : Retailers

WEBSITE

www.mynews.com.my

CORPORATE STRUCTURE



CORPORATE MILESTONES


1996

- 1st outlet - MAGBIT


1997

- 1st contemporary press and convenience retail outlet - myNEWS.com


1999

- 10th outlet


2007

- 100th outlet


2009

- The Most Promising Brand and Best Brands in Press Retail by The Brand Laureate SMEs Best Brands Award


2011

- CEO, Dang Tai Luk was recognised with the Silver Award, Entrepreneur of the Year 2011 by The Star Outstanding Business Awards


2012

- Equal joint venture with WH Smith Travel Limited to set up and operate "WH Smith" outlets within Malaysian international airports
- 150th outlet


2013

- Received the SME 100 Awards - Malaysia's Fast Moving Companies for 5 consecutive years (2009-2013)
- WH Smith Malaysia was awarded the Certificate of Recognition for Outstanding Brand Concept at KLIA2


2014

- 200th outlet
- Awarded Top 10 Ranking in the SME 100 Malaysia's Fast Moving Companies Awards


2015

- Received the Retail Excellence Award under Sin Chew Business Excellence Awards 2015


2016

- 300th outlet
- Listed on the Main Market of Bursa Securities
- Licensed 2 myNEWS.com stores in Myanmar
- Registered as franchisor of myNEWS.com brand


2017

- Collaboration with Gourmet Kineya Co. Ltd and Ryoyu Baking Co. Ltd. to produce Ready-To-Eat food and bakery products
- Acquired new headquarters at Kota Damansara
- Received the Investor Relations Award 2017 for Best IR for an IPO in 2016 by the Malaysian Investor Relations Association


2018

- 400th outlet
- Launched myNEWS Loyalty Programme nationwide, the first in the convenience retail segment
- Mynews headquarters relocated to Kota Damansara

MYNEWS HEADQUARTERS @ KOTA DAMANSARA



BOARD OF DIRECTORS

From left to right:

DANG TAI LUK

Executive Director/
Chief Executive Officer

DANG TAI WEN

Executive Director/
Deputy Chief Executive Officer

SOON DEE HWEE

Senior Independent
Non-Executive Director

MOHD SUFFIAN BIN SUBOH

Independent
Non-Executive Director

DING LIEN BING

Independent
Non-Executive Chairman

DANG TAI HOCK

Non-Independent
Non-Executive Director



BOARD OF DIRECTORS



DIRECTORS' PROFILE

DING LIEN BING

("Mr John Ding")

Independent Non-Executive Chairman
Male • Malaysian • 59 years old

Mr John Ding was appointed to the Board on 10 July 2015. He is also the Chairman of the Nominating Committee and a member of the Audit Committee and Risk Management Committee.

Mr John Ding, is a qualified Chartered Accountant of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Accountants. He was previously attached to MBf Holdings Berhad Group ("MBfH") for more than twenty (20) years, from 1988 until 2010. During that period, he left MBfH for eighteen (18) months to join OSK Holdings Berhad as Group Chief Financial Officer from May 2006 until October 2007 and thereafter re-joined MBfH. Mr John Ding started in MBfH as a Finance Manager with MBF Cards (M'sia) Sdn Bhd ("MBF Cards"), a subsidiary involved in the credit card and charge card business. He was the Senior Vice President - Finance & Operations of MBF Cards before he was transferred to the holding company to take charge of the Corporate Affairs and Finance functions of MBfH and MBf Capital Berhad which were both listed on Bursa Securities. Upon re-joining MBfH, Mr John Ding assumed a dual role as President of MBF Cards and Chief Financial Officer of MBfH.

In January 2011, Mr John Ding left MBfH to join MBf Corporation Berhad ("MBf Corp"). Currently, he is the President of MBf Corp, a public investment holding company which subsidiaries are involved in the promotion and sale of timeshare memberships, resort management services and properties investment. Mr John Ding is also the Chief Executive Officer and/or Director of the subsidiaries. He sits on the board of two (2) public companies, Leisure Holidays Berhad and Melawati Recreation Berhad (In Liquidation), a subsidiary of MBf Corp and MBfH respectively. He is also an Executive Committee Member of the Malaysian Holiday Timeshare Developers' Federation.

DANG TAI LUK

("Mr Luk")

Executive Director • Chief Executive Officer
Male • Malaysian • 59 years old

Mr Luk was appointed to the Board on 5 February 2015 and re-designated as Chief Executive Officer from Managing Director on 3 January 2017. He graduated with a Bachelor of Computer Science (Honours) and a Master of Science in Computer Science from the University of Manitoba, Canada.

After his graduation, Mr Luk was engaged in the IT industry during the years 1985 to 1996, majoring in banking applications, mainframe systems and computer network support. During those years, Mr Luk was attached to the Hongkong & Shanghai Bank Malaysia and the Development Bank of Singapore and Gendis Inc Canada.

Mr Luk left employment to be an entrepreneur and together with his family opened their first newsstand under the name of "MAGBIT" on 25 December 1996. This newsstand business evolves with time to be now a convenience store chain operating under different tradenames, most predominantly myNEWS.com. This homegrown myNEWS.com convenience store chain which has gained recognition, locally and abroad now comprises of more than 450 outlets.

DANG TAI WEN

("Mr Wen")

Executive Director • Deputy Chief Executive Officer
Male • Malaysian • 45 years old

Mr Wen was appointed to the Board on 25 April 2013 and is currently the Deputy Chief Executive Officer. He has a Bachelor of Environmental Design from the University of Manitoba, Canada. Prior to joining Mynews in late 1998, Mr Wen was an Architect attached to a local architect firm for two (2) years.

Mr Wen began his retail career with Mynews after his stint as an architect. He has accumulated more than twenty (20) years of experience in the press and retail convenience sector.

Apart from overseeing the entire outlets operations, he is instrumental for Mynews' branding and store concept.

DANG TAI HOCK

(“Mr Hock”)

Non Independent Non-Executive Director
Male • Malaysian • 61 years old

Mr Hock was appointed to the Board on 25 April 2013. He was an Executive Director from January 2014 until 31 October 2016, leading the Food & Beverage (“F&B”) division and overseeing the development and expansion of the F&B offerings for the retail business. Due to his other commitments, Mr Hock relinquished his executive functions and was re-designated as Non-Independent Non-Executive Director on 1 November 2016. He is also the Chairperson of the Risk Management Committee and a member of the Remuneration Committee.

Mr Hock graduated with a Bachelor of Science Degree from University of Manitoba, Canada in 1982 and a Bachelor of Arts Degree from University of Winnipeg, Canada, in 1983, majoring in Administrative Studies. He started his career in sales with Rank Xerox Malaysia Sdn Bhd from 1984 to 1985. Mr Hock was headhunted in 1985 to join Nationwide Express Sdn Bhd (now known as Nationwide Bhd) (“Nationwide”) as one of its pioneer staff in setting up its sales department. He was subsequently promoted to National Sales Manager in 1988. Thereafter, he joined Federal Express Services (M) Sdn Bhd (“FedEx”) in 1988 as their National Sales Manager in Malaysia.

Mr Hock left FedEx in 1990 to set up his own company, Alphanical Press Sdn Bhd, which is principally involved in printing and supplying of stationeries. He was actively involved in this company until January 2014 when he assumed an executive role in Mynews.

Currently, Mr Hock sits on the Board of Directors of Upayapadu Plantation Berhad which is involved in the cultivation of natural rubber and palm oil.

SOON DEE HWEE

(“Ms Soon”)

Senior Independent Non-Executive Director
Female • Malaysian • 58 years old

Ms Soon, a member of the Malaysian Institute of Accountants was appointed to the Board on 10 July 2015. She is also the Chairperson of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Ms Soon has more than 20 years of extensive experience in corporate finance where she was attached to Bumiputra Merchant Bankers Berhad, Alliance Investment Bank Berhad and Hwang DBS Investment Bank Berhad. Prior to that she had been in the auditing field attached to Messrs. Hanafiah Raslan & Mohd and subsequently Messrs KPMG. She is currently the Senior Vice President of HDM Capital Sendirian Berhad.

Ms Soon is also a director on the board of Prudential Assurance Malaysia Berhad and Asian Pac Holdings Berhad.

MOHD SUFFIAN BIN SUBOH

(“En Suffian”)

Independent Non-Executive Director
Male • Malaysian • 42 years old

En Suffian was appointed to the Board on 10 July 2015 and is also the Chairman of the Remuneration Committee and a member of the Audit Committee, Nominating Committee and Risk Management Committee.

He graduated from George Washington University, United States of America with a Bachelor of Business Administration in 1999 and Master of Science in Information Systems Technology in 2000.

En Suffian began his career with Petroliam Nasional Berhad as a Systems Analyst, overseeing the SAP (systems, applications & products in data processing) systems. He then joined an engineering company having diverse business activities such as construction and property development, project management, oil and gas support services, manufacturing and electronics and communication.

Thereafter he joined a tin and anthracite trading firm as Logistic Manager and was later in charge of the coal and anthracite operations responsible for the implementation of structured off-take and structured finance strategies to secure supplies and mitigate operational and commercial risks. En Suffian has about ten (10) years of experience in the coal mining and trading operations, specialising in the logistic aspect and until today he is still offering such advisory services.

Additional Information**1. Directorship in Public Companies and Listed Issuers**

Save as disclosed for Mr John Ding, Ms Soon and Mr Hock, the other Directors do not have any other directorship in public companies and other listed issuers.

2. Family Relationship with Director and Major Shareholder

Mr Luk, Mr Wen and Mr Hock are siblings. They, together with two (2) other siblings, Mr Dang Tai Kien ("DTK") and Mr Dang Tai Gean ("DTG") are the shareholders in D & D Consolidated Sdn Bhd ("D&D") which is a substantial shareholder of the Company holding 57.43% of the issued and paid-up share capital of the Company. D&D together with DTK & DTG, collectively hold 62.14% of the issued and paid-up share capital of the Company.

Mr Luk, Mr Wen and Mr Hock are also directors of D&D. They also sit on the board of all the subsidiaries of the Company except for Mr Hock who is not on the board of Mynews Kukuh Sdn Bhd, Mynews Management Sdn Bhd, Mynews Ryoyupan Sdn Bhd and Mynews Kineya Sdn Bhd.

The other three (3) Directors, namely, Mr John Ding, Ms Soon and En Suffian do not have any family relationship with the Directors and major shareholders of the Company.

3. Conflict of Interest

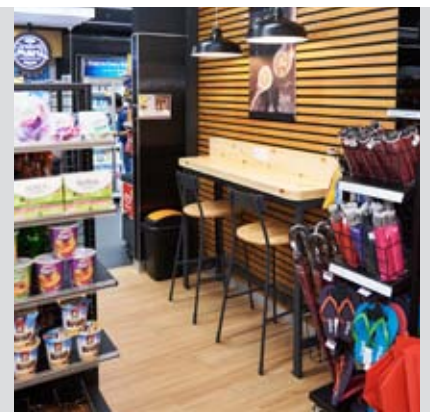
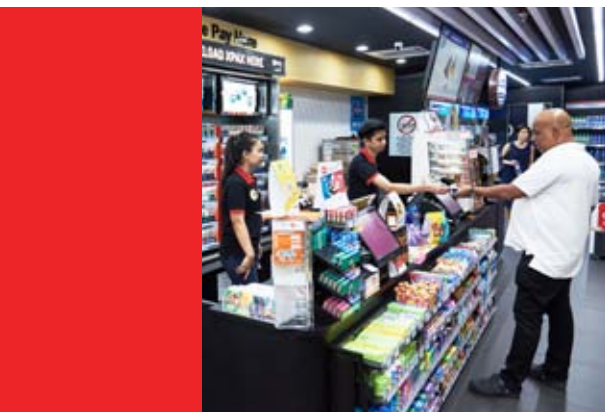
Save as disclosed on pages 60 and 111 in the Annual Report 2018, the other Directors, namely, Mr John Ding, Ms Soon and En Suffian do not have any conflict of interest with Mynews.

4. Conviction for Offences

None of the Directors had any conviction for offences (other than traffic offences) within the past five (5) years or had been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

5. Directors' Attendance at Board Meetings

All the Directors attended the six (6) meetings convened during the financial year under review.



KEY SENIOR MANAGEMENT

The Key Senior Management comprised of Mr Luk - Chief Executive Officer, Mr Wen - Deputy Chief Executive Officer, whose profiles are included in the Directors' Profile on page 10 as well as the following persons:

AKITO NAKATSUMA

("Mr Akito")

Chief Operating Officer
Male • Japanese • 54 years old

Mr Akito joined Mynews in March 2018 as Chief Operating Officer. He obtained his Bachelor of Art in Modern Economic History from Waseda University in 1989. He has more than 14 years of business consulting experience in the retail and manufacturing sectors.

Prior to joining Mynews, he was the Executive Vice President of a retail store chain in Japan, leading its business transformation for five years.

In the Japan retail store chain, he had built and realised a strategy focusing on 'micro market' model and built in the merchandising and sales processes with big data analysis.

In his role at Mynews, Mr Akito is in charge of the operations of all outlets, merchandising, IT infrastructure, distribution and logistics, market growth and business development.

AZIZAH MOHAMED

("Puan Azizah")

General Manager, Regulatory Compliance
Female • Malaysian • 60 years old

Puan Azizah joined Mynews in February 2018 as General Manager, Regulatory Compliance and Administration.

Puan Azizah graduated with a Diploma in Public Administration from MARA University of Technology in 1980. She has more than 38 years of experience after having served in The Chartered Bank and the Malaysian Investment Development Authority (MIDA) in various aspects of investment promotion, industry support and communication. She also served the Halal Industry Development Corporation (HDC) in the areas of Corporate Affairs, Government Liaison, Stakeholder Management and Communication.

At Mynews, Puan Azizah is in charge of Regulatory Compliance matters for the Group including the authorities related matters.

CHONG SIEW HOONG

("Ms Chong")

Chief Financial Officer
Female • Malaysian • 58 years old

Ms Chong joined Mynews in May 2016 as Joint Company Secretary and assumed her current role in April 2017. She oversees the finance, investor relations and secretarial functions of Mynews. Before joining Mynews, Ms Chong was the Head of Finance of a conglomerate where she was attached to for about 20 years, in charge of its group's accounting, financial and secretarial functions.

Ms Chong started her career in 1981 as an articled student with Messrs Hanafiah, Raslan & Mohamad and was admitted as a member of The Malaysian Association of Certified Public Accountants (now known as Malaysian Institute of Certified Public Accountants) and the Malaysian Institute of Accountants in 1987.

Ms Chong has more than 30 years of experience in auditing, taxation, financial management, corporate finance and corporate secretarial. She had served at various capacities in senior management in two public listed companies with diverse interests, both locally and overseas, ranging from retailing, plantation, motor vehicle distribution to trading, shipping, properties & investment holding, fast food and manufacturing.

LIEW KIAN MENG

("Mr Liew")

General Manager, Operations
Male • Malaysian • 58 years old

Mr Liew joined Mynews in August 2018 as General Manager, Operations. He comes with more than 30 years of experience in human resource, industrial relations, retail management and production management.

Before joining Mynews, he was the General Manager for operations in the largest convenience store retailer in Malaysia.

Mr Liew is qualified with an MBA (Management), University of South Australia and LL.B (Honours), University of London.



from left to right: Puan Azizah, Mr Wen, Mr Liew, Mr Akito, Mr Luk, Ms Chong

Additional Information

1. Directorship in public companies and listed issuers

None of the key senior management has any directorship in public companies and listed issuers, save for Mr Luk and Mr Wen who are Directors of the Company.

2. Family relationship with Director and/or major Shareholder

Save for Mr Luk and Mr Wen, none of the key senior management has any family relationship with the Directors and/or major shareholders of the Company.

3. Conflict of Interest

Save for Mr Luk and Mr Wen, the other four (4) key senior management do not have any conflict of interest with the Company.

4. Conviction for offences

None of the key senior management had any conviction for offences (other than traffic offences) within the past five (5) years or had been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

MYNEWS OUTLET @ BANDAR SUNWAY



MYNEWS OUTLET @ CAP SQUARE



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited Financial Statements of Mynews for the financial year ended 31 October 2018 ("FY 2018").



FY 2018 was an extremely busy and exciting year for Mynews as it embarked on its transformation journey to take the Group to the next level. As a result, the FY 2018 had brought about accomplishments and progresses which included:

- Commissioning of the second distribution centre located in Johor Bahru to serve the outlets in Johor and Melaka;
- Operating a Ready-To-Eat ("RTE") food research and development and small scale production centre by Mynews Kineya Sdn Bhd in a rented Halal food production facility in Serdang, Selangor;
- Acquisition and occupation of the headquarters in Kota Damansara;
- Commencement of the construction of the food processing centre ("FPC") on the premises of the headquarters in Kota Damansara;
- Successful launch of the new "Maru Kafe" concept as a prelude and complement to the RTE food offerings that will be rolled out when the FPC is fully commissioned; and
- Opening of eighty-five (85) new outlets, which was the highest number recorded in its twenty-two (22) years of business operations.

IMPROVEMENT



Revenue
(RM'000)
393,358



Earnings
Per Share
(sen)
3.88

FINANCIAL PERFORMANCE

Mynews is pleased to report another successful performance for FY 2018 despite the uncommon and challenging developments in the economic landscape, such as, the change of government after 62 years, the zero rating of the Goods & Services Tax instead of 6%, reintroduction of the Sales & Services Tax and implementation of minimum wage of RM1,000. Its financial achievement for FY 2018 is as follows:

	FY 2018	FY 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	393,358	327,598	65,760	20.1
Profit before tax	32,222	30,696	1,526	5.0
Profit after tax	26,013	24,021	1,992	8.3
Gross profit margin	38.1%	36.8%		130bp
Net profit margin	6.6%	7.3%		-70bp
Return to equity *	10.1%	14.2%	-4.1%	-28.9
Net assets per share (Sen)	40.61	35.42	5.19	14.7
Earnings per share (Sen)	3.88	3.69	0.19	5.1
No. of outlets (includes WH Smith & MRT outlets)				
- Brought forward	374	303		23.4%
- New	85	79		
- Closed	(5)	(8)		
- Total	454	374		21.4%

* Return on equity for FY 2017 is derived based on total equity without the impact of the private placement which was effective on 25 October 2017.



Mynews continued to report higher revenue of 20.1%, contributed mainly by the new outlets which were opened in FY 2017 and FY 2018. Focus has been put into improving the product offerings and other operational income to generate higher gross profit margin. Effort of revamping existing outlets and opening more new outlets is continuing unabated as it gears towards bringing the Group to a higher level.

The bigger outlet network and transformation initiatives resulted in higher operating expenses. Despite this, Mynews' profit before tax was higher by 5.0% in FY 2018 compared to FY 2017. The lower return on equity relative to the previous year was consequent principally to the heavy investment by the Group to acquire the new headquarters and on the FPC which has yet to commence operation to contribute to the Group's results.

DIVIDEND

The Board is always mindful of the need to balance the cash conservation to fund the expansion of Mynews' operations and to reward the shareholders for their investment, support and belief in the vision and mission of Mynews. Having carefully reviewed and assessed the financial strength of Mynews, the Board approved an interim single tier dividend of one (1) sen per ordinary share on 20 June 2018 and total dividend amounting to RM6.82 million was paid on 15 August 2018.

However, the Board does not propose the payment of a final dividend for FY 2018 for reason to conserve the cash for Mynews' business expansion.

CHAIRMAN'S STATEMENT

EMPLOYEES SHARE OPTIONS SCHEME ("ESOS")

At the extraordinary general meeting held on 5 December 2017, the proposal on ESOS to issue up to 10% of the issued and paid up share capital of Mynews was approved by you, the shareholders. The ESOS was effected on 21 December 2017 after the submission to Bursa Securities the By-laws of the ESOS and the resolution thereon, approved by the shareholders on 5 December 2017.

The ESOS committee was established on 24 September 2018, comprising the following members:

	Name	Committee	Designation
1	Mr Luk	Chairman	Chief Executive Officer
2	Mr Wen	Member	Deputy Chief Executive Officer
3	Ms Soon	Member	Senior Independent Non-Executive Director
4	Ms Chong	Member	Chief Financial Officer
5	Ms Liew Heng Heng	Member	Head, Payroll
6	*Ms Lye Poh Peng	Member	Head, Human Resource

* Ms Lye Poh Peng was appointed as a member on 8 October 2018.

The ESOS committee deliberated the granting of share options to the staff during the year. After taking into consideration the number of shares that could be offered against the minimal benefits realisable by the staff, the committee proposed not to grant any share options during the year which proposal was duly approved by the Board.

CORPORATE GOVERNANCE COMPLIANCE

The Board is steadfast in Mynews upholding the highest level of corporate governance and practices in the Group's entire undertakings. No compromise on good corporate governance is allowed as the Board believes that it is fundamental to building a credible and sustainable business. Measures are put in place and the emphasis has always been that the best practices be adopted to ensure that the businesses and operations of the Group are conducted responsibly and accountably.

The compliances and practices adopted by Mynews in pursuance of good corporate governance are as reported in the Corporate Governance Overview Statement and the Corporate Governance Report. The Corporate Governance Report is for submission to Bursa Securities and is available on Mynews' website at www.mynews.com.my.





MOVING FORWARD

Mynews' road map for its transformation journey and all planned initiatives have taken off accordingly and are progressing well. However, there were some minor hiccups and delays here and there during the process of implementations and they were mainly caused by new requirements in legal documentations and enhancements to the drawn plans. Despite these setbacks the Board is confident that these hiccups and delays are well managed and they will not have any significant impact to the intended results.

The Board remains committed to ensure the successful construction of the FPC, to be followed by the commercial production of RTE food. Meanwhile, the Maru Kafe concept will be spread to as many outlets as possible as long as the outlet space, infrastructure, and its customers profile allow.

PROSPECTS

Mynews is optimistic of the growth and sustainability of its business which is underpinned by the vast potentials that could be reaped from its upcoming FPC and overall business transformation initiatives. The Maru Kafe brand concept and the introduction of more attractive product offerings as a prelude to the FPC commissioning have garnered positive response from the customers and it should augur well for the Group.

APPRECIATION

The Board wishes to thank our customers, suppliers, business partners and associates for their support and partnership to bring this retail convenience to where it is today. Mynews hopes that you will continue the journey with us and together we will bring it to the next level.

For our shareholders who believe and share the Company's vision and mission, the Board pledges its commitment to endeavour in ensuring that Mynews continues to do its best to deliver better and sustainable profits to enhance the value of your investments in the Company.

Mynews will not be where it is today – a reputable number one homegrown convenience store chain with more than 450 outlets which is still growing, without the tireless efforts and contributions of the management and staff. To our Mynews team of workforce, the Board salutes each and every one of you for being with Mynews through thick and thin in its journey. We look forward to your continuous contributions as the journey becomes more exciting, interesting and challenging.

Lastly, I am grateful and thankful to my fellow directors who had selflessly and professionally discharged their fiduciary duties. They had worked hand-in-hand with me in discharging our fiduciary duties in the most professional manner.

DING LIEN BING

Independent Non-Executive Chairman

18 February 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

FY 2018 was a very eventful year for Mynews as we embarked on a business transformation journey taking on initiatives that included developing RTE food to serve our outlets. Together with our renowned Japanese partners who are the key players in the food industry in Japan, we kicked start the construction of our FPC. Meanwhile, Mynews continued to expand its network of outlets by adding 85 new outlets which were planted at a variety of locations such as the shopping malls, mixed development buildings, transportation hubs and highstreet shoplots. These outlets were carefully selected and beautifully renovated in line with our business strategies and latest concepts. During the year, Mynews closed 5 outlets due to various business reasons.



The acquisition of the Kota Damansara premises, comprising an office block and a warehouse on a piece of 4.4 acres leasehold land for a purchase consideration of RM50.0 million was completed during the year. Thereafter, Mynews moved its headquarters into the premises as it requires more space and a more conducive environment for its enlarged staff force to support its aggressive expansion plans.

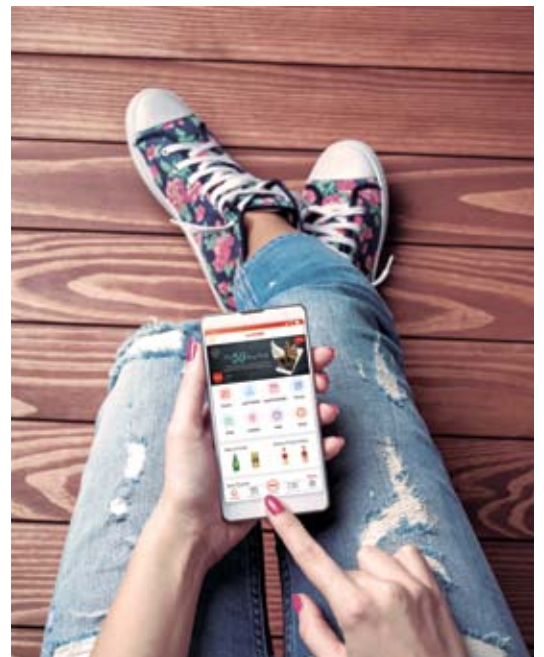


After going through a meticulous and knowledgeable planning stage with its partners, Mynews commenced the construction of the FPC on its Kota Damansara premises in the 4th quarter of FY 2018. The FPC is made up of two production plants, which will be equipped with sophisticated equipment and machineries to produce bakery products (by Mynews Ryoyupan Sdn Bhd) and RTE food (by Mynews Kineya Sdn Bhd). These two companies are subsidiaries of Mynews which are joint ventures with prominent Japanese companies to produce high quality and affordable food products for Mynews' customers.

MANAGEMENT DISCUSSION AND ANALYSIS



Mynews launched its member loyalty card in FY2018. This prepaid and loyalty card is an innovative application and a convenient mode of payment for the customers and at the same time it rewards the customers with points for every purchase. It also serves as a new communication channel with the customers by providing updates on new products, campaigns and promotions and rewards. It is the first in the convenience retail segment in Malaysia.

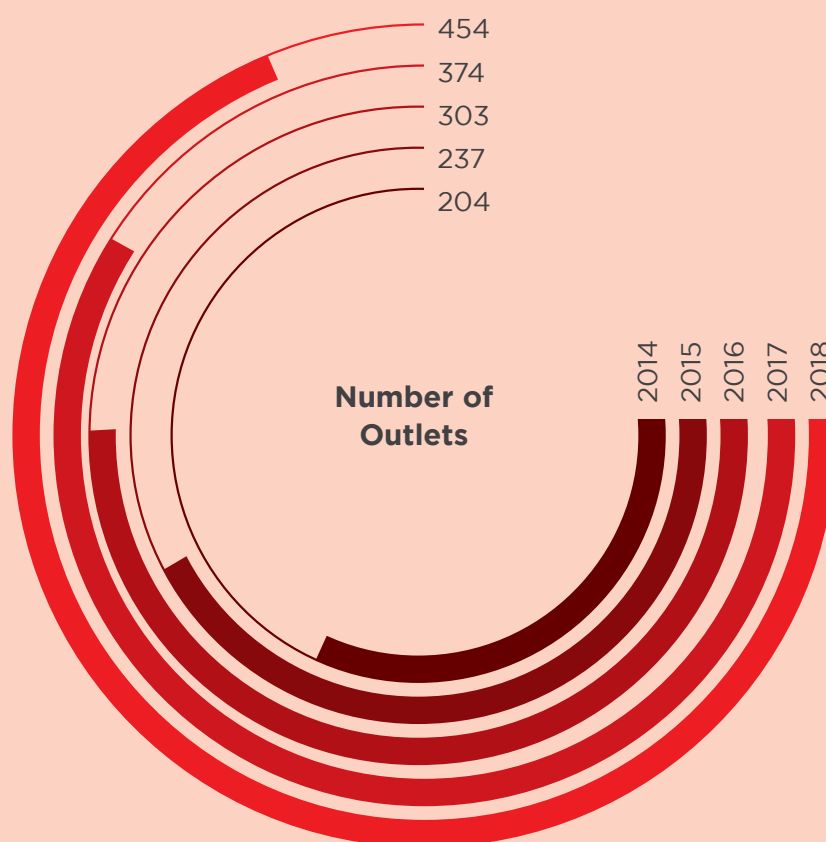


In terms of product offerings, Mynews continues to provide the latest concept and interesting shopping experience to its customers. In addition to local products, Mynews also offers a variety of imported products to meet the taste and growing expectations of its customers. The creation of its proprietary in-store Maru Kafe brand and concept brought about a range of new quality products such as bean-to-cup 100% Arabica coffee, Japanese quality soft serve ice cream and hot snacks. This new range of counter food products is a prelude to complement our full RTE food rollout from the FPC currently under construction.

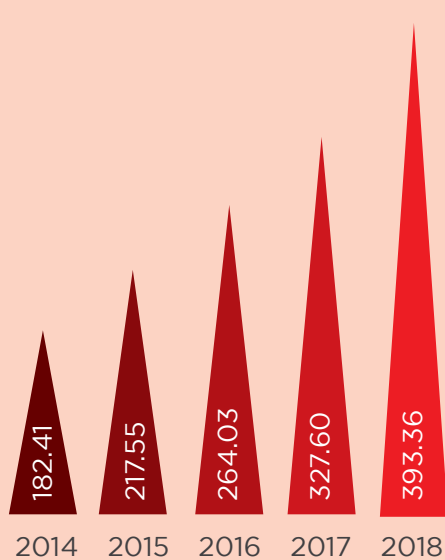
Amidst the work of business transformation and building of infrastructures to take Mynews to the next level of retail convenience, Mynews recorded improved performance for FY 2018 as compared to FY 2017.

KEY PERFORMANCE INDICATORS

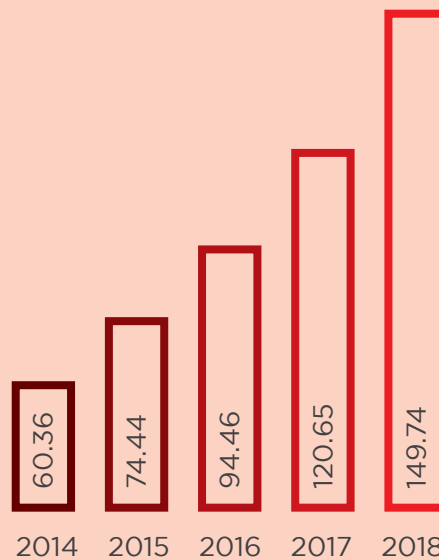
	2014	2015	2016	2017	2018
No. of Outlets	204	237	303	374	454
Revenue (RM' million)	182.41	217.55	264.03	327.60	393.36
Gross Profit (RM' million)	60.36	74.44	94.46	120.65	149.74
Profit Before Tax (RM' million)	16.28	17.70	23.62	30.70	32.22
Profit After Tax (RM' million)	12.43	13.51	18.13	24.02	26.01



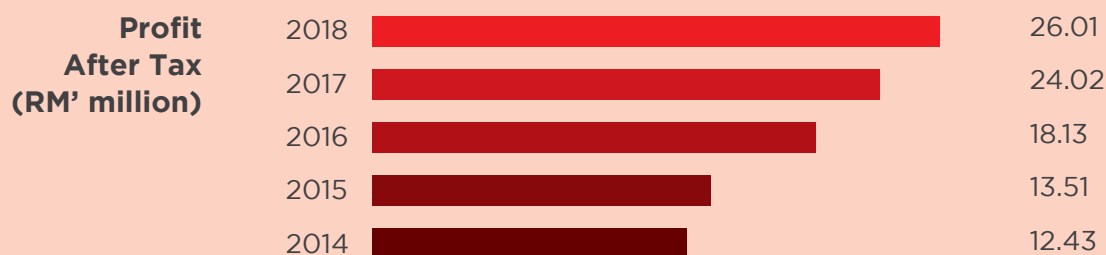
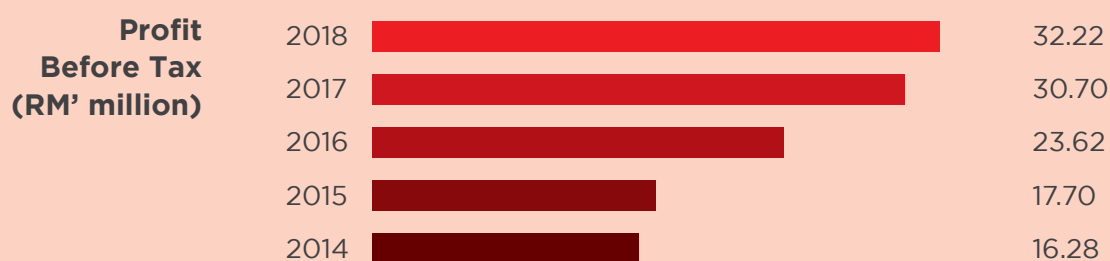
MANAGEMENT DISCUSSION AND ANALYSIS



Revenue (RM' million)



Gross Profit (RM' million)



MANAGEMENT DISCUSSION AND ANALYSIS



REVENUE

For FY 2018, Mynews recorded a revenue of RM393.36 million, an increase of RM65.76 million or 20.1% against FY 2017 of RM327.60 million. Both the retail sales and other operational income were higher with double digit growth of RM52.63 million or 19.1% and RM13.13 million or 25.5% respectively. The increase in retail sales was contributed by a better product mix offered and the new outlets opened in FY 2017 and FY 2018. Continuous promotions carried out jointly with suppliers and income from Mynews support services such as in-house distribution centres and logistics boosted the other operational income.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for FY 2018 was RM149.74 million, an increase of RM29.09 million or 24.1% over FY 2017 of RM120.65. This resulted in the gross profit margin for FY 2018 to be 38.1% versus FY 2017 of 36.8%. The increase in average gross profit margin was mainly due to better product mix that brought higher margins coupled with the higher other operational income derived from the consistent and aggressive promotion programs carried out jointly with suppliers.

PROFIT BEFORE TAXATION

Profit before taxation for FY 2018 was RM32.22 million, an increase of RM1.53 million or 5.0% despite the gross profit having increased by RM29.09 million or 24.1%. This was mainly due to the increase in operating costs as explained below:

1) Selling and Distribution Expenses

Selling and distribution expenses increased by RM17.65 million or 26.8% to RM83.49 million from RM65.84 in FY 2017, due to the higher number of outlets from 356 to 436 (excluding WH Smith and MRT outlets). The major expenses comprised of outlets rental, staff salaries and benefits, and utilities charges.



MANAGEMENT DISCUSSION AND ANALYSIS

2) Administration and Other Operating Expenses 3) Other Expenses

Administration and other operating expenses consist of staff, establishment and marketing costs which amounted to RM28.11 million, an increase of RM8.11 million or 41.0% over FY 2017 of RM19.93. This was principally due to the increase in headquarters support costs as a result of human resources and talent recruitment to support the business expansion and the expenses incurred in preparation for the RTE food production and sale.

Other expenses comprised of principally depreciation and fixed assets written off, which amounted to RM9.06 million, an increase of RM2.07 million or 29.7% over previous year of RM6.99 million. The increase was due to higher depreciation charge for the new outlets and fixed assets written off for the 5 closed outlets and the old headquarters that was disposed off after the headquarters was relocated to Kota Damansara.



PROFIT AFTER TAXATION

Profit after tax for FY 2018 was RM26.01 million, RM1.99 million or 8.3% higher than last year of RM24.02 million. The increase in the profit after tax was attributed to the reasons as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

Mynews' cash flow remained strong in FY 2018 and there were new internally generated funds from its operations. However, Mynews' own funding resources would not be sufficient to fund its aggressive business strategies which are listed later in this report. Therefore, it has secured a line of RM100.0 million credit facilities from a local bank for its Group's expansion plans and working capital. Mynews' expected gearing ratio, upon the full draw down of these RM100.0 million facilities, would be about 0.40 times. Mynews will continue to explore the most efficient mode of financing to fund its future expansion plans.

CHALLENGES AND STRATEGIES

The major challenges faced by Mynews were:

1) Outlet Staff Shortage and Cost

Mynews continued to face a shortage of manpower at the store front due to the high mobility of local staff and the temporary suspension of foreign staff into the country. This resulted in higher overtime expenses and coupled with the increase in minimum wage, these factors had inadvertently increased the operating costs. To address the heavy reliance on foreign staff, actions have been taken to revise the remuneration package of the staff, introduce new incentives for the Operations staff and implement nationwide recruitment drive to attract more local workers to join Mynews.

2) Increasing Competition for Premium Space

Competition promotes creativity and innovation while making the business environment interesting and challenging. Mynews saw an increase in competition for premium retail space. It remained vigilant and careful in selecting suitable locations for its new outlets. Each potential location was carefully chosen and evaluated. Such actions have resulted in keeping the occupancy costs in check and without substantial increase relative to the revenue.

3) Higher Set-up Cost

With the increase in competition and fast changes in the retail convenience sector, customers' expectation is also increasing simultaneously. In order to remain competitive and ahead of others, Mynews is relentless in improving and innovating its store design and concept. New outlets with new range of food and beverages offerings require bigger floor space and more equipment. If feasible, existing outlets are upgraded with additional equipment in order to carry the new products and they are also revamped and refurbished to make them more attractive to customers. Such improvements have increased the setup cost of the outlets. Despite this, Mynews is confident that the expected returns to be reaped would far exceed the higher investment costs to set up the outlets.

For its business transformation, Mynews' strategies are to:

- 1) Continue to expand its stores network to bring retail convenience nearer to consumers;
- 2) Improve and increase its infrastructures to take the Group to the next level;
- 3) Improve its retail concept and carry out consumer engaging programs to increase repeat visits to its outlets; and
- 4) Introduce better products and services to increase the average customer spending.

**PROSPECT**

Mynews is optimistic of its growth and the sustainability of its business underpinned by the vast potentials that could be reaped from its FPC which is expected to be completed by the first half of 2019. Mynews endeavours to offer Malaysians an interesting shopping experience and the real retail convenience. It is passionate to bring convenience closer to Malaysians and at the same time improve the quality of products and services that Malaysian consumers rightly deserve.

SUSTAINABILITY STATEMENT

The Board of Mynews is pleased to present its Sustainability Statement for FY 2018. Mynews recognises that its responsibility to its stakeholders is to deliver profitable results and uphold good corporate governance. Whilst this is its maiden statement on sustainability, Mynews has embedded the values of sustainability in every aspects of its operations since the day it started business some twenty years ago.

REPORTING BOUNDARY

This statement covers the reporting period from 1 November 2017 to 31 October 2018. The scope of this statement includes the Group's operations at its headquarters in Kota Damansara, its 454 outlets located throughout Malaysia including Sarawak and Sabah, its distribution centres located in Rawang and Johor Bahru, and its temporary small scale production centres at Serdang and Cheras.

SUSTAINABILITY FRAMEWORK

VISION

“To be the country's best retail company that understands the customers, provides quality products and ensures a satisfying shopping experience”

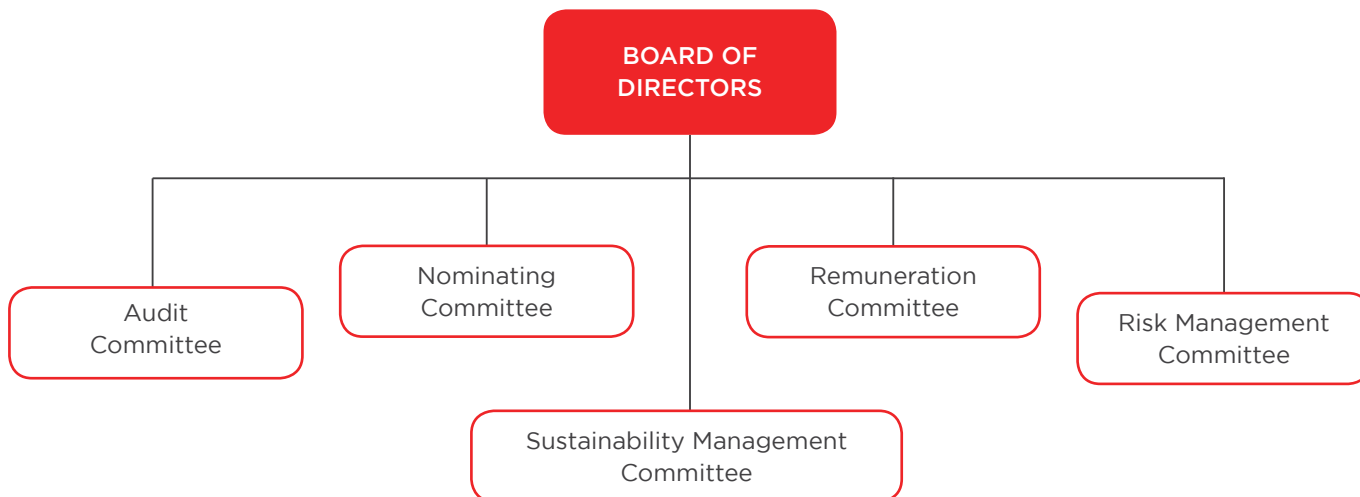
Our vision statement encompasses our endeavors to achieve sustainable business practices by creating and adding value across the main pillars of the economic, social and environmental aspects of our business.

Sustainability Strategies and Goals

Stakeholder Group	Sustainability Strategies and Goals
Shareholders	Creating strong returns for its shareholders with sustainable sales and profitability growth
Customers	Ensuring products safety and quality and providing good services to its customers at affordable and reasonable prices
Environment	Operating all its stores and premises in the greenest way possible
Workplace	Taking care of its employees' well being
Governance	Being ethical, efficient and effective in everything that it does
Local community	Enriching community by committing to bring change and inspire the communities that we serve

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE



The Sustainability Management Committee reports to the Board and is headed by the Chief Executive Officer. Other members of the committee are as below:

Committee members:

Deputy Chief Executive Officer

Chief Financial Officer

Head of Regulatory Compliance

Head of Administration

Head of Operations

Head of Human Resource

Head of Merchandising



RESPONSIBILITIES OF SUSTAINABILITY MANAGEMENT COMMITTEE

- Advising the Board on the sustainability strategies;
- Monitoring the implementation of sustainability strategies as approved by the Board;
- Overseeing stakeholder engagement to ensure that all issues, grievances and suggestions raised are taken into consideration in managing sustainability matters;
- Recommending to the Board for approval the material sustainability matters identified, sustainability related policies and its goals and targets;
- Monitoring the implementation of policies and initiatives of sustainability management;
- Overseeing the management of sustainability matters by focusing on matters material to the Group; and
- Overseeing the preparation of the Sustainability Statement and recommending it for Board's approval.

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS

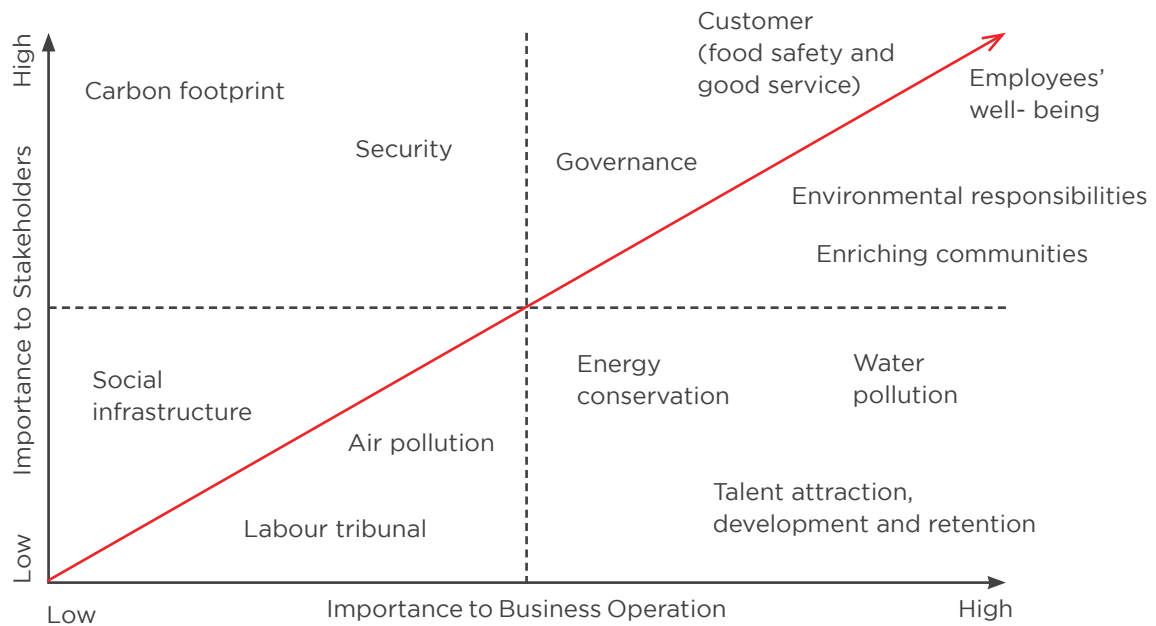
The process of identifying material sustainability matters is conducted via stakeholder engagements as follows:

Stakeholder Group	Areas of Interest	Forms of Engagement
SHAREHOLDERS AND INVESTORS 	<ul style="list-style-type: none"> Group financial performance Business direction Key corporate developments Corporate governance 	<ul style="list-style-type: none"> Annual General Meeting Investor updates and briefings for fund analysts and investors Annual reports Corporate website Announcements on Bursa Securities
CUSTOMERS 	<ul style="list-style-type: none"> Pricing Product quality Service satisfaction Customer appreciation 	<ul style="list-style-type: none"> Store opening Corporate website Social media Customer feedback channel Marketing promotions Customer loyalty programme
GOVERNMENT AND REGULATORY AUTHORITIES 	<ul style="list-style-type: none"> Regulatory compliance Security issues Waste management Quarterly and annual reporting 	<ul style="list-style-type: none"> Inspections and audit by local authority (JAKIM) Consultations Attend dialogues/seminars organised by Bursa Securities Participated in survey conducted by authorities
EMPLOYEES 	<ul style="list-style-type: none"> Competitive remuneration Career development Employee well-being and safety Value diversity and equal opportunity 	<ul style="list-style-type: none"> Employee appreciation awards Open communication Events and functions Whistleblowing policy Skills development and training opportunities Bi-weekly management meetings
SUPPLIERS 	<ul style="list-style-type: none"> Fair procurement Transparency Product quality Service delivery Inventory/supply commitment Speedy payment 	<ul style="list-style-type: none"> Group procurement policy and procurement system Yearly supplier evaluation Financial supply chain management No gift policy
LOCAL COMMUNITIES AND PUBLIC 	<ul style="list-style-type: none"> Transparent and quality products and services Reaching out to communities 	<ul style="list-style-type: none"> Community programmes Donations and financial aids Local sourcing Corporate Social Responsibility programme - myNEWS Cares

SUSTAINABILITY STATEMENT

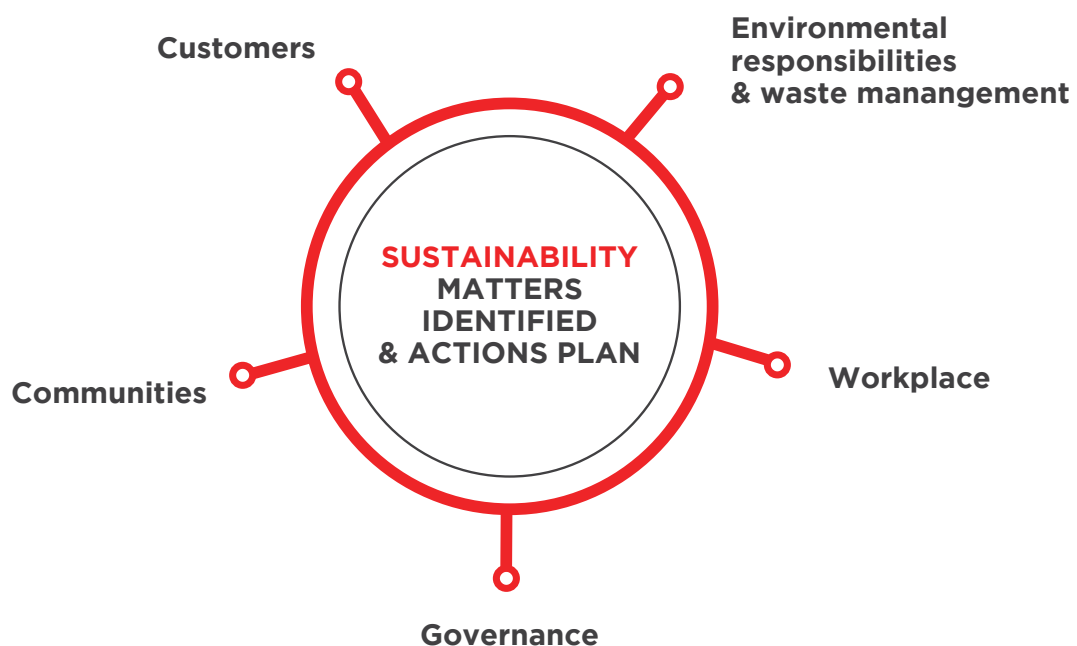
MATERIALITY ASSESSMENT

Mynews continuously identifies and prioritises the material sustainability matters that influence the way it operates. It had identified 13 material issues during the year under review and prioritised them by ranking them according to their importance to its stakeholders and business operations based on the approval matrix below:



SUSTAINABILITY MATTERS IDENTIFIED & ACTIONS PLAN

The material sustainability matters of Mynews and the actions plan put in place are as follows:





CUSTOMERS

The quality and consumption safety of Mynews' products are always its top priority. For its in-house produced bakery products and RTE food, the raw materials and ingredients are sourced only from reliable and Halal certified suppliers. For those products sourced from third parties, food and non-food, the same level of quality and safety is applied.

Mynews has established stringent procurement processes to filter and select the food suppliers based on their profile and certification. Its food products are labelled to carry clear information on the ingredients and components of the products, the expiry dates as well as details of the manufacturers. Such information enables

customers to make their choices according to their needs and desires as well as ensuring the quality of the products. Delivery of the food products from its food production centres to the outlets is always done in the safest possible conditions to ensure that the food for customers are always fresh and safe for consumption. Mynews purchases its stocks only from suppliers who have established their creditability in terms of product quality and handling. It requires its suppliers to adhere to stringent hygiene standards in their production and delivery practices. At the outlets, the staff are required to perform daily checks to ensure that the near expiry stocks are removed from the shelves and that there are no expired stocks on display.



ENVIRONMENTAL RESPONSIBILITIES & WASTE MANAGEMENT

Mynews recognizes that it has a role to play to conserve the environment and its main focus in this aspect is to conserve energy and reduce contamination to the environment. All its new outlets are designed to use energy saving lightings such as light-emitting diodes (LED) which consume less energy and have longer life span. In line with the government effort to reduce the usage of plastic, plastic bag and straw are no longer provided to the customers free of charge and are only provided on request basis.

For its office buildings and distribution centres, its employees are encouraged to turn off their computers and laptops if they are going to be away from their desk for a break or a long period of time. Staff are required to turn off the lights when not needed during break time and outside business

hours. Regular maintenance is conducted on all office equipment to keep them running efficiently. On top of that, paper wastage is avoided by printing only when necessary which also helps to cut energy required to run the printers. One of the waste recycling initiatives is sales of carton boxes and plastic waste to approved recyclers.

Most of the food supplied by third party are on a returnable basis to suppliers. For the expired food, Mynews has been practising the "waste segregation" approach to separate them from dry products. Mynews is still exploring the most environmental-friendly way of disposing the expired food such as disposing them to an approved recycled company to be processed into animal feed or organic fertiliser.



WORKPLACE

Mynews strives to provide a pleasant and conducive environment in its workplace for its employees to work in. It encourages employees to speak their minds for better communication and ideas sharing. Many initiatives have been put in place and Mynews is continuously improving its workplace.

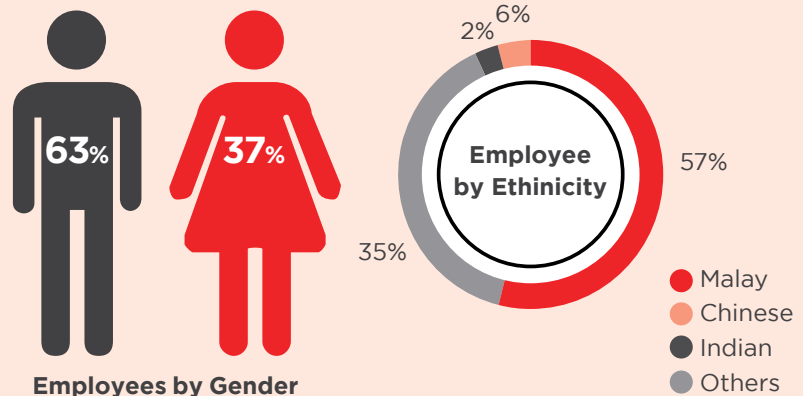
Employees' Well-being

Mynews is committed to provide a well-balanced work life for its employees and has undertaken the following initiatives:

- Provides a conducive workplace where the office set up is an open concept and management and staff are seated together to promote interaction and improve teamwork;
- Adopts smart casual dress code in the office and provides ample open space for discussion where staff can interact seamlessly during working hours and off work hours;
- Has a café in 1 Utama Shopping Complex where the staff and their families can dine at discounted rate;
- Gatherings are organised during major festivals to gather the staff from other locations to the headquarters to promote staff bonding; and
- Free membership upgrade for staff from Silver to Gold standing for its loyalty card programme.

Diversity and Inclusion

Mynews practises non-discrimination and encourages diversity in respect of its staff policies. There is no preference for gender or ethnicity and the prime consideration for employment is solely the staff's ability to add value and contribute to the Group.



The diversity of its workforce as at 31 October 2018 is as follows:

Age Group	Gender				Nationality			
	Male	Female	No.	%	Local	Foreigner	No.	%
<20	96	66	162	9	152	10	162	9
20-29	726	430	1,156	63	771	385	1,156	63
30-39	268	135	403	22	225	178	403	22
40-49	62	28	90	5	51	39	90	5
50-59	6	9	15	1	14	1	15	1
60-69	3	2	5	0	5	0	5	0
Total	1,161	670	1,831	100	1,218	613	1,831	100

The ethnicity of the workforce is as follows:

Ethnicity	No.	%
Bumiputra	1,039	57
Chinese	111	6
Indian	38	2
Others	30	2
Total locals	1,218	67
Total foreigners	613	33
Grand total	1,831	100

Training and Development

Mynews places much emphasis on its staff training and development programmes. As with its Board of Directors, staff are also encouraged to undertake continuing professional education to equip themselves with the latest technical and statutory updates to stay relevant and be prepared for their jobs.

In-house training is provided to all new outlet staff before they are placed to the outlets. Thereafter the trainers provide regular on-the-job training to the outlet staff to ensure that they provide satisfactory shopping experience to Mynews' customers. Staff are also permitted to attend external training and seminars to improve their skill set, where applicable and relevant.

- The in-house training sessions conducted for the year are as follows:

	Local	Foreigner
No. of training sessions	93	31
No. of staff:		
• Existing staff (included those who ceased employment with Mynews thereafter)	1,056	113
• New staff	751	318



Staff Safety

	2018	2017
No. of robbery incidents	12	3

Mynews places strong emphasis on staff safety to ensure untoward incidents could be reduced as the staff are the backbone to the Company. All outlet staff are given training to handle incidents such as fire and robbery as it is the Company's priority to protect the staff. In the headquarters, the Safety and Health Committee carries out safety assessment on the Company to determine the adequacy of control from the aspect of safety. Despite the increase in the number of robbery incidents, there had been no casualty arising from these robbery cases.

SUSTAINABILITY STATEMENT



GOVERNANCE

Mynews strives to comply with the best practices of good governance. To achieve this, the Group has in place standard operating procedures, delegation of authority, code of ethics and conduct, whistleblowing policy, anti-bribery and anti-corruption policy and no gift policy. These policies, procedures and guidelines are subject to regular reviews of at least once annually and have been communicated to all staff. Some of these policies such as the Code of Ethics and Conduct and the Whistleblowing are posted on the Company's website.

An in-house Risk Management Department (RMD) has been tasked to oversee and monitor the effectiveness of the risk management framework and the internal control measures implemented in the work processes. All weaknesses are highlighted to management for improvement and reported to the Audit Committee before the Risk Management Committee was established on 1 March 2018. Both of these committees are the Board's committees. All the recommendations from the RMD take into consideration of the Economic, Environmental and Social aspects to ensure the business sustainability in the long run.



COMMUNITIES

The focus of Mynews' Corporate Social Responsibility ("CSR") program is on aiding the financially deprived and deserving students, by empowering them to pursue their studies and enabling them to realise their fullest potentials.

This program which took effect in June 2018 focuses on two categories:

CATEGORY 1

Public Examination Academic Excellence Award for 3 secondary schools (2 school (SPM) & 1 school (STPM)) on an annual basis. Financial awards will be given to the best 3 achievers for the public examination (from each of the 3 schools). The financial awards will be RM1,000 (best student); RM700 (first runner up) and RM300 (second runner up).

CATEGORY 2

Monthly allowances of RM100 for two underprivileged students (Form 4) from each of the initial 21 secondary schools. These students are receiving the allowances until they complete their SPM examination.

Mynews aims to reach more of these underprivileged students every year. It is committed to support and drive this program and is embarking on a "myNEWS Cares" CSR initiative to encourage customers to donate their "loose change" for this worthy program. The generous donations from its customers will definitely have a significant and far-reaching impact to enable a greater number of underprivileged students to have a brighter future.

SUSTAINABILITY ENDEAVOUR

The Board acknowledges that Mynews must continuously encompass sustainability in the Group's operations and is committed to sustainability. It shall strive to do more and better throughout its journey.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present the Corporate Governance (“CG”) Overview Statement of the Company for FY 2018. This CG Overview Statement is prepared pursuant to paragraph 15.25(1) of the Bursa Securities Main Market Listing Requirements (“MMLR”).

The Board has been guided by the Malaysian Code on Corporate Governance 2017 (“MCCG”) in its implementation of CG practices. Whilst ensuring compliance with the Listing Requirements and the Companies Act 2016, it is always keeping abreast with the developments in industry practices and the requirements by other relevant regulations for Mynews to uphold the highest level of CG throughout the Group.

The CG Overview Statement provides a summary of the Company’s CG Practices during the financial year, covering the implementation of the three (3) principles, their intended outcomes and the adoption of the recommended practices of the MCCG, having duly considered the Group’s structure, processes, business environment and industry practices. The three (3) principles under the MCCG are:

Principle A: Board Leadership and Effectiveness

Principle B: Effective Audit and Risk Management

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Clear Functions of the Board and Management

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives. It regularly reviews the Group’s business operations and maintains full and effective oversight over the management of Mynews.

The roles and responsibilities of the Board include determining the Group’s overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting risk management to implement a strong framework of internal controls in Mynews.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference. The Board has established four (4) committees to assist in the execution of its roles and responsibilities with the latest being the Risk Management Committee established during the year on 1 March 2018. The committees of the Board are:

- Audit Committee
- Risk Management Committee
- Nominating Committee
- Remuneration Committee

The Board receives reports at its meeting from the Chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board collectively.

The day-to-day management of the business of the Group is delegated to Management, headed by Mr Luk, the Chief Executive Officer (“CEO”) who is assisted by Mr Wen, Deputy CEO. Both Mr Luk and Mr Wen are also Executive Directors of Mynews. The Management is guided by the Delegation of Authority (“DOA”) which sets out the approving limits of the various approving authorities for the daily operations and management of Mynews’ operations. The DOA is reviewed periodically and revised as and when deemed necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. BOARD RESPONSIBILITIES (cont'd)

Clear Roles and Responsibilities

The Board had reviewed the effectiveness and implementation of the strategic plans for the financial year under review and provided guidance and input to Management. To ensure the effective discharge of its functions and duties, the principal responsibilities of the Board included the following:

- Review and adopt a strategic plan for the Group ensuring that the strategies promote sustainability
- Oversee and monitor the conduct of the Group's business and ensure the integrity of financial and other reporting
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures
- Succession planning for senior management positions is in place to provide for the succession of senior management
- Review the adequacy and integrity of the Group's risk management and internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

Chairman and CEO

The position of the Chairman and the CEO are held by two (2) different individuals namely, Mr John Ding and Mr Luk respectively whose responsibilities are segregated and clearly defined to ensure there is an appropriate balance of power and authority with neither of them having the unfettered power of decision making.

The Chairman provides leadership and manages the interface between the Board and Management and also ensures active participation from the Board for decision-making whereas the CEO is involved in the day-to-day management of the Group by contributing strategies and insights to enable the Group to achieve its goals and objectives efficiently.

Company Secretaries

The Company has two (2) professionally qualified Company Secretaries who are experienced and qualified pursuant to Section 235 of the Companies Act 2016. The Company Secretaries play an advisory role, advising the Board and its Board Committees on matters pertaining to compliance, legal, regulatory framework, listing requirements, statutory requirements and best practices. They also ensure that meetings are properly convened, minutes of meetings are properly documented, and the records of resolutions passed by the Board and proceedings of Board Meetings, Board Committee Meetings, Annual General Meeting and Extraordinary General Meeting are properly and systematically filed for ease of retrieval and future reference. In addition, they work closely with Management to facilitate the flow of timely and accurate information to the Board.

Access to Information and Advice

The Board is provided with appropriate information and comprehensive Board papers on a timely basis prior to the Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. The Board papers include, amongst others, Quarterly Financial Results, Internal Audit Report, Risk Management Report, minutes of all Board Committees meetings, list of announcements made, list of Board Circular Resolutions passed (for the periods commencing the last board meeting date to the latest practical date until the date of the current meeting) and any other matters requiring the Board's approval at the meeting. Management team, external auditors and outsourced internal auditors are invited to attend the Board and Board Committee meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda, where necessary.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. BOARD RESPONSIBILITIES (cont'd)

Access to Information and Advice (cont'd)

When it is required to obtain further information, the Directors are entitled to unrestricted access to all Company's information and personnel, either as a full Board or in their individual capacity in order to better discharge their responsibilities.

Demarcation of Responsibilities

a) Board Charter

The Board has a formalised Board Charter, which sets out the roles, functions, composition, and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a point of reference for Board members and the same is accessible to the public on the Company's website at www.mynews.com.my.

b) Code of Ethics and Conduct

The Board is committed to establishing a corporate culture that fosters common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has adopted the Code of Ethics and Conduct which upholds integrity, transparency and ethical practices of the business activity. The Code of Ethics and Conduct is also published on the Company's website at www.mynews.com.my.

c) Whistleblowing Policy

A Whistleblowing Policy has been established to further enhance the Group's commitment in upholding and achieving integrity, transparency and accountability in conducting its business. The Whistleblowing Policy serves the purpose of providing an avenue for employees and members of public to raise concerns, report or disclose any improper behaviour and misconduct or any act and actions that can materially affect the reputation of the Group as well as the interest of the stakeholders.

The Whistleblowing Policy is available on the Company's website at www.mynews.com.my. Any enquiries, misconduct or complaints can be forwarded to Mynews's toll free careline at 1800 88 1231 or emailed to mynewscareline@mynews.com.my.

d) Business Sustainability

The Board is committed to delivering long term sustainable values to all its stakeholders, both internal and external. Thus, in all its business decisions the Board is ever mindful that amongst the key considerations are business sustainability and ethical practices. To build business sustainability and maintain ethical practices, the Board continuously instills the need to cultivate and promote good corporate values throughout the organization by upholding the virtue of "Tone from the top".

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION

Strengthening the Board's Composition

The Board currently comprises of six (6) Directors, four (4) of whom are non-executive. Represented on the Board are three (3) Independent Non-Executive Directors, constituting half of the Board and these independent directors participated actively in providing independent advice, views and judgement in the decision-making process, thus ensuring that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.

Tenure of Independent Directors

Practice 4.2 of the MCCG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

The Company was listed on the Main Market of Bursa Securities on 29 March 2016 and none of its Independent Directors has exceeded the nine (9) years term of service.

Board Diversity

The Board acknowledges the importance of Board diversity in the Board composition, including gender, experience, age, and skill sets for the effective functioning of the Board.

The Nominating Committee ("NC") is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committee. In assessing and recommending to the Board suitable candidates, the NC will take into consideration the following:

- Competencies – qualifications, knowledge, industrial experience/expertise and past achievements
- Contributions – appointment scope, role, commitment level, professionalism and integrity
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies

A brief description of each Director's background is presented in the Directors' Profile on pages 10 and 11 of this Annual Report.

In respect of Board size and composition, the Board is of the view that its size, mix and competencies and diversity representation as well as the balance between executive, non-executive and independent Directors are adequate and in line with the Group's business operations and needs.

As of the date of this statement, one (1) out of the six (6) Board members is a female and both the Board and NC are striving to increase the female participation in the Board.

Foster Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavour to attend meetings. None of the members of the Board has directorship in other public listed companies except for Ms Soon who sits on the Board of another company which is listed on the Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Board Meetings

During the financial year, six (6) Board meetings were held with the presence of the Company Secretaries. All Directors attended each of the meetings which details are as follows:

Director	Directorate	Attendance of Meetings	
Mr John Ding	Independent Non-Executive Chairman	6/6	100%
Mr Luk	Executive Director / Chief Executive Officer	6/6	100%
Mr Wen	Executive Director / Deputy Chief Executive Officer	6/6	100%
Mr Hock	Non-Independent Non-Executive Director	6/6	100%
Ms Soon	Senior Independent Non-Executive Director	6/6	100%
En Suffian	Independent Non-Executive Director	6/6	100%

All Directors participated fully in the discussions during the Board meetings. There had been no Board dominance by any individual and the Directors were free to express their views and opinions during the Board meetings. In arriving at the Board decisions, the view of the majority prevailed at all times. In the same manner, the Directors were also aware and observed the requirement that they do not participate in the deliberation on matters of which they have a material personal interest and had abstained from voting in such instances.

Director's Training

The Board of Mynews upholds its stance on the need to keep themselves abreast of updates and changes in all aspects relating to Mynews, be they operations, technical know-how, financial related matters or others. This is frequently echoed by the Chairman of the Board in the meetings.

Details of the seminars and workshops attended by the Directors during FY 2018 are as follows:

Director	Seminars/Workshops	Date of Attendance
Mr John Ding	1) Complimentary Talk on Design Thinking - What can accountants learn from it? - by Malaysian Institute of Accountants ("MIA")	20 April 2018
	2) GST & Customs Seminar 2018 - by Lee Hishammuddin, Allen & Gledhill	9 August 2018
	3) Corporate Disclosure Policy under the Listing Requirements - by Tricor Knowledge House Sdn Bhd ("Tricor")	29 October 2018
	4) Sustainability Report - by Tricor	29 October 2018

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Director's Training (cont'd)

Details of the seminars and workshops attended by the Directors during FY 2018 are as follows (cont'd):

Director	Seminars/Workshops	Date of Attendance
Mr Luk	1) UOB Privilege Conversations - by UOB Bank	15 May 2018
	2) BFM Network Series - Understanding The Latest Retail Trends & Insight	6 June 2018
	3) In conversation with Stephen Hagger - Malaysia's Politics and Landscape - by Credit Suisse	12 June 2018
	4) University of Malaya, Innovation Forum KL 2018 on Entrepreneurship in Healthcare.	22 September 2018
	5) Corporate Disclosure Policy under the Listing Requirements - by Tricor	29 October 2018
	6) Sustainability Report - by Tricor	29 October 2018
Ms Soon	1) MCGG Reporting & CG Guide - by Bursa Securities	1 March 2018
	2) Artificial Intelligence and The Future of Accountants - by MIA-ICAEW	10 April 2018
	3) Tax Audit & Investigation Workshop Chapter 2 - by Deloitte Tax Services Sdn Bhd	12 April 2018
	4) Global Business Insight Series - Getting More Out Of Digital Marketing - by Securities Commission Malaysia	4 September 2018
	5) Corporate Disclosure Policy under the Listing Requirements - by Tricor	29 October 2018
	6) Sustainability Report - by Tricor	29 October 2018
Mr Wen	1) Corporate Disclosure Policy under the Listing Requirements - by Tricor	29 October 2018
	2) Sustainability Report - by Tricor	29 October 2018
Mr Hock	1) Corporate Disclosure Policy under the Listing Requirements - by Tricor	29 October 2018
	2) Sustainability Report - by Tricor	29 October 2018
En Suffian	1) Corporate Disclosure Policy under the Listing Requirements - by Tricor	29 October 2018
	2) Sustainability Report - by Tricor	29 October 2018

The Board continuously evaluates and determines the training needs of each Director, particularly on relevant new laws and regulations and the essential practices to enable the Directors to effectively discharge their duties.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Nominating Committee (“NC”)

The NC comprises exclusively of Independent Non-Executive Directors of the Company. It is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board and new members to the Board Committees and to assess the performance of the Board, Board Committees and Directors. The current members of the NC are as follows:

Chairman	:	Mr John Ding (Independent Non-Executive Chairman)
Member	:	Ms Soon (Senior Independent Non-Executive Director)
Member	:	En Suffian (Independent Non-Executive Director)

During the financial year under review, two (2) meetings were held and attended by all members. The main activities carried out by the NC during the financial year under review were as follows:

- Reviewed and assessed the effectiveness of the Board as a whole
- Reviewed and assessed the contribution and performance of each Director
- Reviewed and assessed the appointment of senior management
- Reviewed and assessed the contribution and performance of the Board Committees (Audit Committee, Risk Management Committee, Remuneration Committee, Nominating Committee)
- Reviewed and assessed the independence of the Independent Non-Executive Directors
- Reviewed and recommended the Directors seeking re-election to the Board which would table individually their re-election as director to the shareholders for approval at the forthcoming Annual General Meeting (“AGM”) on 29 March 2019

The NC is satisfied with the effectiveness of the Board and its Committees, including the contributions by each of the members based on the annual assessments conducted and affirmed by each of the members of the Board. The NC is confident that each of the members of the Board and its Board Committees will continue to operate and contribute effectively.

3. REMUNERATION

Remuneration Committee

The Remuneration Committee is formed to review and recommend the appropriate level of remuneration for the Board members, the Executive and Non-Executive Directors, C-Level personnel and the Group’s bonus payout taking into consideration the Group’s performance. The current members of the Remuneration Committee are as follows:

Chairman	:	En Suffian (Independent Non-Executive Director)
Member	:	Ms Soon (Senior Independent Non-Executive Director)
Member	:	Mr Hock (Non-Independent Non-Executive Director)

During the financial year under review, two (2) meeting were held and attended by all members. The main activities carried out by the Remuneration Committee during the financial year under review were as follows:

- Reviewed and recommended to the Board for approval, the remuneration structure for the Group
- Reviewed and recommended to the Board the remuneration package of the Executive Directors
- Reviewed and recommended to the Board the remuneration package and bonus payout of the Key Management

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The Executive Directors' remuneration was designed to link rewards to the Company's and individual's performance whilst the remuneration of the Non-Executive Directors was determined in accordance with their experience and the level of responsibilities assumed. In ensuring that the Directors' remuneration was in line with the market expectation and competition to retain and attract talents, comparisons had been made to the Directors' remuneration given by other public listed companies.

The Executive Directors did not take part in the decision on their own remuneration. Likewise, the remuneration of the Non-Executive Directors was a matter for the Board as a whole, with individual Director abstaining from discussion of his/her own remuneration.

Based on the assessment carried out for the financial year, the Board was satisfied that the Remuneration Committee had fulfilled its role and discharged its duties effectively.

Directors' Remuneration

The remuneration paid to individual Directors during the financial year ended 31 October 2018, categorised into appropriate components is as follows:

	Fees RM	Meeting Allowances RM	Salaries & Bonuses RM	Benefits -in-kind RM	Total RM
Executive Directors					
Mr Luk	-	-	812,000	23,950	835,950
Mr Wen	-	-	729,000	11,100	740,100
Non-Executive Directors					
Mr John Ding	90,000	10,500	-	-	100,500
Ms Soon	75,000	10,500	-	-	85,500
En Suffian	70,000	10,500	-	-	80,500
Mr Hock	66,700	10,500	-	-	77,200

Top five (5) Senior Management's remuneration

Detailed remuneration on the top five (5) senior management is not disclosed as the Board is of the view that the disclosure of such information may put the Company in a disadvantage position given the keen competition for talent in the industries which the Group operates.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT COMMITTEE

Effective and Independent Audit Committee (“AC”)

The composition and details of activities carried out by the AC during FY 2018 are set out in the Audit Committee Report of this Annual Report.

The AC members possess a wide range of skills, and they are financially literate and able to understand matters within the purview of the AC including the financial reporting and performance of the Group. The AC members have been attending continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

Two (2) members from the AC are professionally qualified accountants having vast experience in the finance industry including financial reporting process.

The outsourced Internal Auditors, namely Axcelasia Columbus Sdn Bhd communicate regularly with and report directly to the AC. The internal audit function conducts regular audit to review and provide assurance to the AC on the adequacy and effectiveness of the Group’s internal control and governance process. The outsourced Internal Auditors attended all four (4) meetings of the AC in FY 2018.

An annual assessment was conducted on the external auditors and the AC was satisfied with their performance and independence. In addition, the AC was also satisfied with the quality of audit review procedures and adequacy of the firm’s expertise and its resources to carry out the audit work that it was tasked with.

The Board is aware of Practice 8.2 of the MCCG and the best practice of requiring a cooling off period of at least two (2) years before a former key audit partner is to be appointed as a member of the AC. None of the members of the Board were former key audit partner and the Board has no intention to appoint any such person as a member of the Board at this juncture.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board believes that effective oversight review of risk management and internal control is important to help the Group to achieve its various objectives at many levels and having considered the risks that the Group faces whilst balancing the interest of its many stakeholders and protecting the Group’s assets and investments.

The Group adopts the “Three Lines of Defence” model for the governance and management of its system of internal controls. The AC is assisted by the outsourced Internal Audit Function which reports directly to the AC. The Risk Management Department provides support and facilitates the implementation of an enterprise wide risk management and internal control functions.

A Risk Management Committee was established on 1 March 2018 and is responsible in assisting the Board by taking the responsibility of monitoring the effectiveness of the Group’s approach on risk management which function was previously delegated to the AC. The composition and details of activities carried out by the Risk Management Committee are set out in the Risk Management Committee Report of this Annual Report.

The Statement of Risk Management and Internal Control is set out in the Annual Report to provide an overview of the state of the risk management and internal controls within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

Continuous Communication and Investor Relations

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirement of the Listing Requirement as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Company's shareholders and members of the public can access to any latest corporate information of the Group on its website at www.mynews.com.my while all material announcements are also published on the website of Bursa Securities.

The management also values dialogues with institutional investors, fund managers and analysts. The Company has been practicing open discussions with investors/fund managers/analysts upon request through meeting, teleconferences and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements and protocol of Bursa Securities.

The Company's website provides easy access to corporate information, Board Charter, Terms of Reference of Board Committees, annual reports and company announcements pertaining to the Group and its activities.

7. CONDUCT OF GENERAL MEETINGS

Shareholders' Participation at General Meetings

The Board has oversight over the implementation and required maintenance of effective communications and engagements with shareholders.

The annual general meetings are principal forum for dialogue with shareholders. At the Company's 2018 AGM, the CEO presented the overall performance of the Group to the shareholders. Shareholders were provided with an opportunity to participate in the question and answer session at which shareholders who raised questions regarding the proposed resolutions at the said meeting as well as on matters relating to the Group's business and affairs. All Directors attended the said AGM and all resolutions tabled were approved and passed by its shareholders.

The Company held its 2018 AGM at The Club, Bukit Utama Golf Resort, 1 Club Drive, Bukit Utama, Bandar Utama, 47800, Petaling Jaya which was easily accessible to its shareholders. The Notice of AGM together with the Company's Annual Report for the financial year ended 31 October 2017 were dispatched on 28 February 2018 which fulfilled the 28 days' notice requirement for the meeting. Both the Notice of Meeting and Annual Report 2017 were published on the websites of Bursa Securities and the Company on the day of the dispatch facilitating prompt access by the shareholders and the public.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of Mynews is pleased to present its report for FY 2018.

The AC was established to assist and support the Board in fulfilling its fiduciary responsibilities to review the adequacy and integrity of the Group’s financial administration and reporting, including the internal controls in accordance with its adopted Terms of Reference as approved by the Board.

The AC is in charge of overseeing the risk management of Mynews since it was established. For a more effective risk management and internal control framework, the Board had on 1 March 2018 re-delegated the role of risk management from AC to another separate Board Committee, called the “Risk Management Committee”.

Membership and Meeting Attendance

The AC comprises three (3) members and they are:

- Ms Soon - Chairman, Senior Independent Non-Executive Director
- Mr John Ding - Member, Independent Non-Executive Chairman
- En Suffian - Member, Independent Non-Executive Director

The attendance of the members at the AC meetings held during FY 2018 is as follows:

	Members	Designation	Attendance of Meetings	
1	Ms Soon	Chairperson	5/5	100%
2	Mr John Ding	Member	5/5	100%
3	En Suffian	Member	5/5	100%

Terms of Reference

The Terms of Reference of the AC is made available on the Company’s website, www.mynews.com.my. The Board is satisfied that the AC and each of the members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

Summary of Work Carried Out During FY 2018

a) Financial Reporting

During FY 2018, the AC had carried out the following activities to discharge its functions and duties:

- Reviewed the unaudited quarterly financial results of the Group before recommending the same for Board’s approval for release to Bursa Securities
- Reviewed the annual audited financial statements of the Group and ensuring that the statements comply with the Malaysian Financial Reporting Standards, prior to submission to the Board for approval to table it at the forthcoming 2019 AGM
- Reviewed the application of major accounting policies and practices to ensure that the Group’s financial statements had been prepared in compliance with approved accounting standards and that Mynews adhered to all legal and regulatory requirements

AUDIT COMMITTEE REPORT

Summary of Work Carried Out During FY 2018 (cont'd)

b) External Audit

- Reviewed the external auditors audit plan, which outlined the work scope, audit strategy and approach for the financial year ended 31 October 2018
- Discussed with the external auditors on the results of the audit, their findings and the resolution of the findings
- Reviewed the audited financial statements with the external auditors and Management before recommending it to the Board for adoption
- Assessed the effectiveness of the external audit process to ensure high standards of professionalism and effectiveness of the external audit carried out
- Held private meetings with the external auditors without the presence of the Executive Directors and Management
- Reviewed the proposed audit fees for FY 2018 before recommending them to the Board for approval.
- Reviewed and deliberated the performance of the external auditors and made recommendations to the Board on their re-appointment for the ensuing year

c) Internal Audit

The AC was supported by Axcelasia Columbus Sdn Bhd, the outsourced internal auditors to discharge its duties and responsibilities with regard to the internal audit functions of the Group. Its scope encompassed, but not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal controls. The internal auditors had provided independent and objective assurance and advisory services designed to add value and improve the internal controls of the operating departments within the Group.

The functions of the outsourced internal auditors were to:

- Conduct scheduled internal audits in accordance with the approved internal audit plan, devised using primarily the risk-based approach
- Review the effectiveness of internal controls and recommending improvements where necessary
- Conduct follow-up reviews to assess if appropriate actions had been taken to address issues highlighted in previous audit reports
- Present audit report to AC on a quarterly basis incorporating findings, highlighting areas for improvement and recommending correctives measures
- Provide recommendation for the improvement of the internal control policies and procedures

The internal audit activities carried out in accordance with the audit plan for FY 2018 were on the following areas:

1. Development and Management of Retail Outlets
2. Merchandising and Procurement
3. Logistics and Inventory Management
4. Sales and Marketing
5. Human Resource Management
6. Petty Cash Process
7. Financial Statement Close Process

The AC had reviewed the internal audit reports, the recommendations and management action plans. No major weaknesses that have resulted in material losses, contingencies or uncertainties were reported. The AC had also reviewed the quality of the internal audit function and assessed the effectiveness of the internal audit process and found them to be satisfactory. The fee incurred for FY 2018 in relation to the outsourced internal audit functions was RM86,000.

Summary of Work Carried Out During FY 2018 (cont'd)

d) Related Party Transactions

The AC had reviewed the related party transactions including the recurrent related party transaction which is on a quarterly basis to ensure that related parties are appropriately identified and that the persons connected thereto had declared their interests thereon the transactions and reported accordingly.

For FY 2018, the AC noted:

- The recurrent related party transactions were carried out in the ordinary course of business and undertaken at arm's length, on normal commercial terms of Mynews which were not more favourable to the related parties than those generally available to the public and were not detrimental to the minority shareholders;
- There were no new recurrent related party transactions relative to the previous year; and
- There were disposals of 2 properties to related parties, conducted at arm's length

The AC is satisfied that Mynews had complied with the financial and regulatory reporting requirements and noted no material changes in accounting policies, significant audit adjustments, unusual transactions or non-favourable related party transactions.

RISK MANAGEMENT COMMITTEE REPORT

The Risk Management Committee of Mynews is pleased to present its report for FY 2018.

For an effective risk management framework, the Risk Management Committee (“RMC”) was set up on 1 March 2018 to oversee the risk management of Mynews pursuant to step-up practice 9.3 of the Malaysian Corporate Governance Code 2017.

Membership and Meeting Attendance

The RMC comprises of three (3) members and they are:

- Mr Hock - Chairman, Non-Independent Non-Executive Director
- Mr John Ding - Member, Independent Non-Executive Chairman
- En Suffian - Member, Independent Non-Executive Director

The attendance of the members at the RMC meetings held during FY 2018 is as follows:

	Members	Designation	Attendance of Meetings	
1	Mr Hock	Chairperson	3/3	100%
2	Mr John Ding	Member	3/3	100%
3	En Suffian	Member	3/3	100%

Terms of Reference

The Terms of Reference of the RMC is available on the Company’s website, www.mynews.com.my. The Board is satisfied that the RMC and each of the members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

Summary of Work Activities

The RMC is responsible in assisting the Board to monitor the effectiveness of the Group’s approach on risk management. The Group has a formal risk management policy and framework approved by the Board and the RMC is supported by the Risk Management Department to oversee the Group’s risk management.

For risk management, the Group has in place an on-going process for identifying, assessing and evaluating the principal risks that affect its goals and objectives. In ensuring that the risk management framework is in conformance with internationally recognised standards, Mynews has adopted ISO 31000 Risk Management – Principles and Guidelines.

The risk management framework is supported by the Risk Management Working Committee which comprises of heads of department, headed by the CEO in overseeing the risk management efforts within the Group. The risk management process includes identifying principal business risks within the organisation, assessing the likelihood of occurrence and impact of exposures and determining the corresponding risk mitigation and treatment measures.

In FY 2018, the RMC carried out its oversight roles by evaluating key areas of risk exposure focusing on IT, competition, business transformation, operational efficiency, logistics, human resource, trainings, internal controls and business continuity.

RISK MANAGEMENT COMMITTEE REPORT

Summary of Work Activities (cont'd)

Risk management activities are practised throughout the organisation to support the RMC in its corporate governance responsibilities. Risk Management Department and the respective departmental heads would proactively and effectively manage significant risks that might affect the Group's objectives. A set of risk indicators had been developed and used to enhance the monitoring and mitigation of risks events.

Control Environment

- **Whistleblowing Policy**

The Group has in place a whistleblowing policy that provides a mechanism to report concerns about any suspected misconduct, wrong doings, corruption, fraud in relation to Mynews workplace. The whistleblowing policy is set out in Mynews' website www.mynews.com.my and complainants can also reach out to Mynews' careline at toll free number 1800-88-1231 or email to mynewscareline@mynews.com.my.

- **Anti-Bribery and Anti-Corruption**

The Group has adopted a zero tolerance policy against all forms of bribery and corruption. Mynews is committed to prevention, deterrence and detection of fraud, bribery and any other corrupt business practices. It is Mynews' policy to conduct all its business activities with honesty, integrity and the highest possible ethical standards and vigorously enforce its good business practices.

- **Business Continuity Management**

The Management recognises the importance of business continuity and sustainability. In view of the operations having to depend on network and POS system to carry out the daily work activities, Management has developed a disaster recovery plan to ensure that the Group is able to respond and recover quickly from any significant unexpected event which could disrupt its business activities.

Risk and Governance Structure (Three lines of defense)

The Group acknowledges the "Three Lines of Defense" model as a way of defining the relationship between these functions and act as guidelines for accountabilities by each functional departments.

- ◇ **1st Line of Defense - Heads of Department**
- ◇ **2nd Line of Defense - Risk Management Department**
- ◇ **3rd Line of Defense - Internal Audit**

1st Line of Defense - Heads of Department

All Heads of Department are responsible for the ownership and management of their respective risks. They are responsible for implementing controls for preventive, detective and corrective measures to address process deficiencies. There are adequate managerial and supervisory controls to highlight control breakdown, inadequate processes.

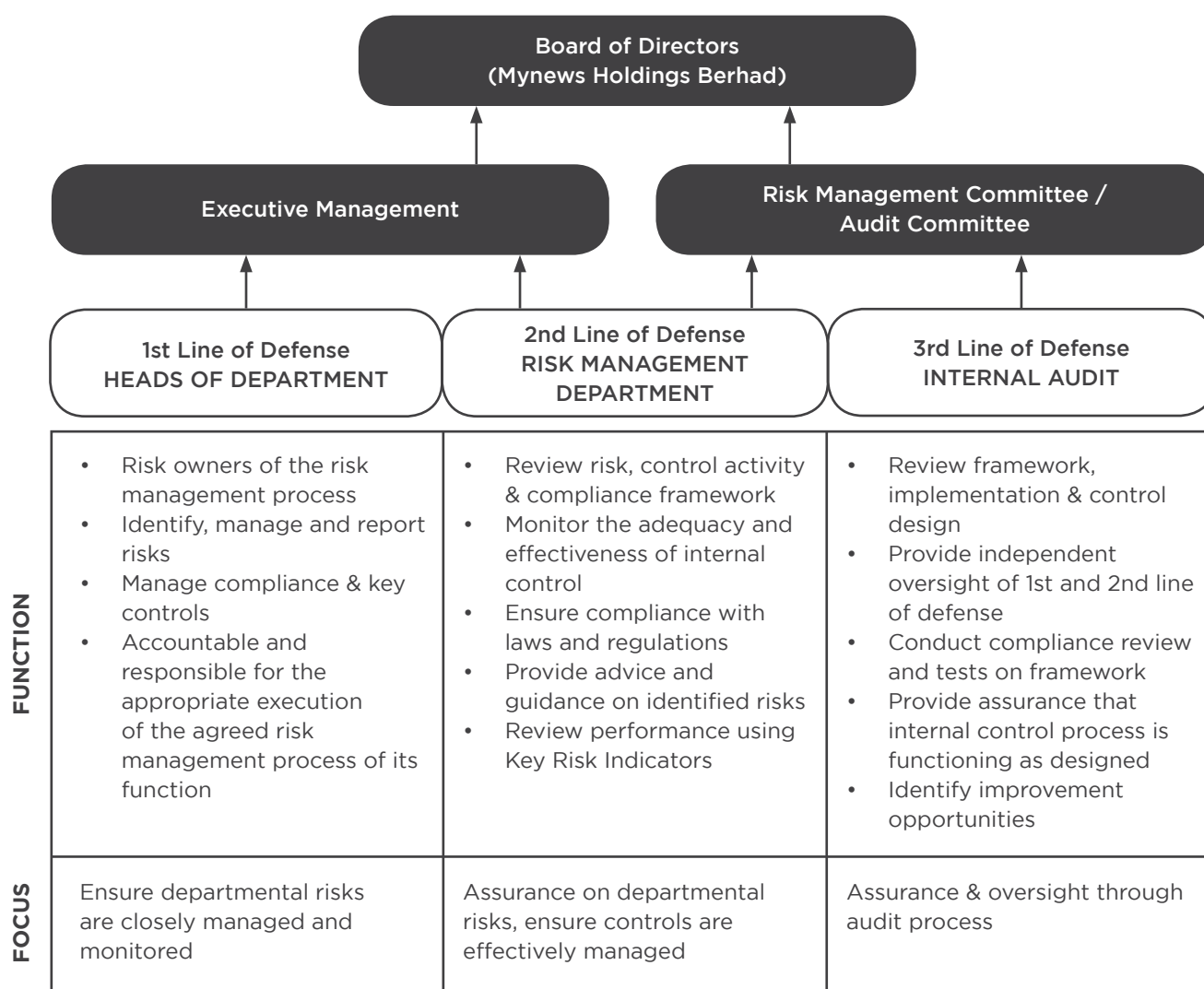
2nd Line of Defense - Risk Management Department

The Risk Management Department's function is to ensure that the framework with control process fully embedded is operational. It monitors the 1st line of controls to ensure that risks are being effectively managed, facilitates and monitors the implementation of effective risk management practices by management and carries out validation works to check the effectiveness of internal controls. Each of these functions has some degree of independence from the 1st line of defense.

3rd Line of Defense - Internal Audit

Internal Audit provides independent and objective assurance on the effectiveness of governance, risk management, and internal controls, including the manner of 1st and 2nd line of defenses to achieve the risk management and control objectives. Internal Audit provides the Board and Management with comprehensive assurance based on the highest level of independence and objectivity.

RISK MANAGEMENT COMMITTEE REPORT



Annual Review and Performance Evaluation

The RMC conducts annual performance evaluation to continuously improve its processes and approach in managing risks.

The RMC had considered the risk management process during the year and deemed it to be effective in relation to identifying, assessing and monitoring the Group's risks. No major weaknesses that have resulted in material losses, contingencies or uncertainties were noted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board of Mynews Holdings Berhad is pleased to provide this Statement on Risk Management and Internal Control of Mynews for FY 2018.

BOARD'S RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for Mynews' risk management and internal control and ensuring that it is adequate and effective in managing risks. The Board is cognisant of its role in providing risk oversight, setting the tone at the top, developing risk culture and reviewing the business objectives to be in line with Group's risk profile. The Board recognises that the internal controls system is designed to manage and minimise rather than eliminate the risks and to provide assurance against material losses or failure associated with risks to achieve Mynews' corporate objectives.

RISK MANAGEMENT

The Risk Management Committee ("RMC") has been established to assist the Board in ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group, which include identifying significant risks, ensuring a risk management framework is in place to manage the overall risk exposure of the Group and to review the effectiveness of the risk management framework.

The Risk Management Policy and Framework include all necessary policies and mechanism to manage the overall risk exposure of Mynews, set out clear risk management guidelines and assess the level of risks in accordance to Mynews' risk appetite. The framework has been designed to ensure proper management of the risks that may impede the achievement of Mynews' goals and objectives.

The RMC, supported by Risk Management Department has an on-going process for identifying, assessing and evaluating the principal risks that affect Mynews' goals and objectives. In ensuring that the risk management framework is in conformance with internationally recognised standards, Mynews has adopted ISO 31000 Risk Management – Principles and Guidelines in preparing the framework.

The Risk Management is supported by Risk Management Working Committee ("RMWC"), headed by Mr Luk, the CEO in overseeing the risk management efforts within the Group. The risk management process includes identifying principal business risks in major operating units, assessing the likelihood of occurrence and impact of exposures and determining the corresponding risk mitigation and treatment measures.

INTERNAL CONTROL

During FY 2018, Mynews' internal audit function was outsourced to a third-party service provider, Messrs. Axcelasia Columbus Sdn Bhd ("Axcelasia"). Axcelasia is an independent auditing body which conforms to the International Professional Practices Framework ("IPPF") and had devised a risk-based approach internal audit plan which was reviewed by the AC before it was recommended for approval by the Board. Based on the approved internal audit plan, Axcelasia had conducted reviews on Mynews' internal control system including its compliance with policies and procedures as well as relevant laws and regulations. All deviations and non-compliances reported by Axcelasia had been addressed to the satisfaction of the Board.

In addition, Mynews has an in-house Internal Control Department that carries out daily operational audits to assess and ensure the effectiveness of the internal controls in the operational units, principally the retail outlets and distribution centers are conducting their activities in compliance with the respective Standard Operating Procedures. Observations/findings and action plans to rectify and improve the internal controls and effectiveness of the internal controls are reported to the respective Heads of Department and Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (cont'd)

The Management frequently reviews its existing internal control mechanism to provide the required level of assurance that the business is operating in an orderly manner and that the likelihood of a significant adverse impact on its objectives arising from a future event is at an acceptable level to Mynews.

Mynews' internal control system consists of the following key processes:

1. **Organisation Structure** – Mynews has a defined organisation structure with clear lines of accountability and responsibility. The daily running of its operations is entrusted to the Executive Directors and Senior Management. The Heads of Department are empowered with the responsibility of managing their respective operations.
2. **Authority and Responsibility** – The day to day operations of Mynews is guided by the approved authority matrix for reviewing and approval which is documented in the Delegation of Authority (“DOA”). The DOA is reviewed periodically and/or when the need arises to ensure that it stays relevant.
3. **Monitoring and Reporting** – The Chief Financial Officer (“CFO”) is primarily responsible for the financial management of Mynews and is required to give assurance to the AC that there has been adequate process and controls in place for the preparation of the quarterly and yearly financial results and that these financial results are prepared based on appropriate accounting policies which are consistent and in compliance with Malaysian Financial Reporting Standards (“MFRS”) to give a true and fair value of the state of affairs of Mynews.

The AC reviews the quarterly financial statements with the CFO and CEO before it recommends to the Board for approval to release the financial results to Bursa Securities. The audited accounts are reviewed with the external auditors before recommending them to the Board to be tabled to the shareholders at the annual general meeting.

4. **Management Meetings** – Management meetings are held fortnightly and are attended by the Heads of Department to discuss operational performance and operational matters. Regular operational meetings are convened as and when necessary with the related departments to monitor the progress of projects and to be informed of the status of operational developments.
5. **Standard Operating Procedures (“SOP”)** – the SOP serve as a step by step instruction and guidance for work process. It sets the rules and expectations, help to enhance staff understanding, provide guidance of job expectations and develop consistency to everyday work. It also helps to protect the Group from knowledge loss and save training cost and time on new staff. The departmental SOP are reviewed periodically to be aligned with the best practices in the industry.
6. **Key Performance Indicator (“KPI”)** – The KPI is an integral part of Mynews to measure, monitor and track performance. This allows Management to identify the areas for improvement and understand the strength/opportunity of/for Mynews.
7. **Staff Competency** – The Board fully supports the need for continuing education for all its members and all levels of staff. The Board members are encouraged to participate in programmes to equip themselves with the latest updates on the industry and regulatory requirements. It is Mynews' policy to provide continuing training and development programmes for its staff, for example, the front-end staff are trained on customer services and operational efficiencies before posted to the outlets and thereafter are provided with on the job training on a regular basis. The other staffs are trained internally or by external professionals to improve their competency and are updated on the latest technical and/or regulatory updates to carry out their responsibilities towards achieving the Group's objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (“AAPG”) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness on the risk management and internal control systems of the Group.

Based on the procedures formed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

For FY 2018, the CEO and the CFO have provided assurance to the Board that the Group’s Risk Management and Internal Control system had been operating adequately and effectively, in all material aspects.

The Board had reviewed the adequacy and effectiveness of the Group’s Risk Management and Internal Control for the year under review and up to the date of approval of this statement for inclusion in the 2018 Annual Report, and was of the view that the Risk Management and Internal Control system had been satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

This Statement on Risk Management and Internal Control was approved by the Board on 31 January 2019.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Companies Act 2016 requires the Directors of the Company to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for the financial year.

The Directors are responsible to ensure that the Company and the Group keep proper accounting records to sufficiently explain all transactions and financial position of the Company and Group and that these records are accurate and reliable.

In the preparation of the financial statements the Directors have ensured that:

- The financial statements were prepared on a going concern basis and in compliance with all applicable accounting standards where material departures, if any, were disclosed;
- Appropriate accounting policies were adopted and consistently applied; and
- Estimates and judgements made were reasonable and prudent.

The Directors, also have the responsibility to ensure that the Company and the Group have a sound system of internal controls to safeguard their assets, to prevent and detect fraud and other irregularities and that all transactions are properly authorised and recorded to enable the preparation of true and fair financial statements.

This Statement on Directors' Responsibility for preparing the financial statements was approved by the Board at its meeting on 31 January 2019.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and jointly controlled entity are disclosed in Notes 5 and 6 to the Financial Statements respectively.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	26,013	8,146
Attributable to:-		
Owners of the Company	26,498	8,146
Non-controlling interests	(485)	-
	26,013	8,146

DIVIDENDS

The amount of dividend declared and paid since the end of the previous financial year is as follows:-

	RM'000
An interim single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 October 2018	6,822

The Directors do not recommend any final dividend for the financial year ended 31 October 2018.

RESERVES AND PROVISIONS

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

HOLDING COMPANY

The holding company is D&D Consolidated Sdn Bhd, a private limited liability company, incorporated and domiciled in Malaysia.

DIRECTORS

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

Ding Lien Bing
 Dang Tai Luk*
 Dang Tai Wen^
 Soon Dee Hwee
 Dang Tai Hock#
 Mohd Suffian Bin Suboh

- * Director of the Company and its subsidiaries except for Mynews Ryoyupan Sdn Bhd and Mynews Kineya Sdn Bhd
- ^ Director of the Company and its subsidiaries
- # Director of the Company and its subsidiaries except for Mynews Ryoyupan Sdn Bhd, Mynews Kineya Sdn Bhd, Mynews Management Sdn Bhd and Mynews Kukuh Sdn Bhd

The names of the Directors of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above are as follows:-

Koji Higashiawatoko
 Masahiro Nishida
 Akito Nakatsuma
 Chong Siew Hoong
 Toshiki Shimizu
 Hiroshi Chiyoda
 Takehiko Abe
 Chikanobu Kenma

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at the end of the financial year are as follows:-

	Number of ordinary shares			
	Balance at 1.11.2017	*Addition	Sold	Balance at 31.10.2018
The Company				
<u>Direct interests</u>				
Ding Lien Bing	200,000	200,000	-	400,000
Soon Dee Hwee	200,000	200,000	-	400,000
Mohd Suffian Bin Suboh	45,000	45,000	-	90,000

DIRECTORS' REPORT**DIRECTORS' INTERESTS (cont'd)**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at the end of the financial year are as follows (cont'd):-

	Balance at 1.11.2017	Number of ordinary shares		Balance at 31.10.2018
		*Addition	Sold	
The Company (cont'd)				
<u>Indirect interests</u>				
Dang Tai Luk #	203,388,500	203,388,500	(15,000,000)	391,777,000
Dang Tai Wen #	203,388,500	203,388,500	(15,000,000)	391,777,000
Dang Tai Hock #	203,388,500	203,388,500	(15,000,000)	391,777,000
Direct interest in the ordinary shares of the holding company				
D&D Consolidated Sdn Bhd				
Dang Tai Luk	4,341	-	-	4,341
Dang Tai Wen	1,648	-	-	1,648
Dang Tai Hock	3,241	-	-	3,241

* There were no shares bought during the financial year and the additions were consequent to the bonus issue on 21 December 2017 of 1 new ordinary share for every share held on the entitlement date.

Indirect interests by virtue of their shareholdings in D&D Consolidated Sdn Bhd

By virtue of their interests in the shares of the holding company, Dang Tai Luk, Dang Tai Wen and Dang Tai Hock are also deemed to have interests in the ordinary shares of its related corporations to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 25 and 26 to 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had completed bonus issue of 341,077,000 new ordinary shares as detailed in Note 12 to the Financial Statements.

There were no debentures issued during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year was RM10,000,000 and RM29,160 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and no provision for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) 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.

At the date of this report, there does not exist:-

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

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

The significant events during the financial year are disclosed in Note 31 to the Financial Statements.

Details of auditors' remuneration are set out in Note 21 to the Financial Statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, Messrs Grant Thornton Malaysia have expressed their willingness to continue in office.

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

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DIRECTORS

DANG TAI WEN

Kuala Lumpur
31 January 2019

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 69 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2018 and of their financial performance and cash flows for the financial year then ended.

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

.....
DANG TAI LUK

Kuala Lumpur
31 January 2019

.....
DANG TAI WEN

STATUTORY DECLARATION

I, Chong Siew Hoong, being the Officer primarily responsible for the financial management of Mynews Holdings Berhad do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 69 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
31 January 2019)

.....
CHONG SIEW HOONG

(No: 5062)

CHARTERED ACCOUNTANT

Before me:

VALLIAMAH A/P PERIAN (W594)

Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYNEWS HOLDINGS BERHAD AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mynews Holdings Berhad, which comprise the statements of financial position as at 31 October 2018 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 and other explanatory information, as set out on pages 69 to 122.

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 October 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

Group

Risk of valuation and existence of inventories

The risk -

As at 31 October 2018, the inventories balances amounting to RM44.3 million as disclosed in Note 9 to the Financial Statements is significant to the total assets of the Group. The inventories are measured at the lower of cost and net realisable value ("NRV"). At year end, the valuation of inventories is reviewed by management and the costs of inventories are reduced where inventories are forecasted to be sold below cost. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYNEWS HOLDINGS BERHAD AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Group (cont'd)

Risk of valuation and existence of inventories (cont'd)

Our response -

In addressing this area of focus, we have performed, amongst others, the following procedures:

- for a sample of inventory items, reperformed the first-in first-out method calculation and compared the unit cost to the last purchase invoices.
- obtained an understanding and reviewed the management's assessment of NRV of the inventories and on a sample basis, tested the subsequent selling price of inventories.
- examined the condition of selected inventories by attending physical stock count at financial year end at selected locations.
- considered the adequacy of the Group's disclosures in respect of inventories valuation.

Revenue involving enormous volume of insignificant transactions

The risk -

The Group relies heavily on the information technology system to account for cash sales generated from outlets. The management accounted for the revenue solely based on the sales report generated from the information technology system of the Group. During the financial year, cash sales from outlets represented 79% of the Group's total revenue.

Revenue generated from cash sales is regarded as key audit matter because the amount of revenue contributed is significant to the financial statements of the Group and they involved the processing of large volume of individually insignificant transactions using the Group's information technology system.

Our response -

In addressing this area of focus, we have performed, amongst others, the following procedures:

- obtained an understanding and reviewed the internal control over the process of recording cash sales from outlets.
- tested the operating effectiveness of the information system control over cash sales process by performing test of control. We have also involved our internal information technology team to test the reliability of the system through the performance of information technology general control testing.
- test checked the reconciliation of cash receipts to the revenue recognised during the financial year.
- evaluated cash sales recorded close to the financial year end and cash sales after the financial year end to determine whether those transactions were recorded in the proper accounting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYNEWS HOLDINGS BERHAD AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Company

There is no key audit matter to be communicated 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 Group and of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYNEWS HOLDINGS BERHAD AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provided 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYNEWS HOLDINGS BERHAD AND ITS SUBSIDIARIES

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.

GRANT THORNTON MALAYSIA

(NO. AF: 0737)

CHARTERED ACCOUNTANTS

Kuala Lumpur
31 January 2019

KHO KIM ENG

(NO: 3137/10/2020 (J))

CHARTERED ACCOUNTANT

MYNEWS HOLDINGS BERHAD

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	155,681	80,595	-	-
Investment in subsidiaries	5	-	-	177,152	46,090
Investment in jointly controlled entity	6	6,262	4,620	-	-
Other investments	7	5	5	-	-
Fixed deposits with licensed banks	8	800	800	-	-
Total non-current assets		162,748	86,020	177,152	46,090
Current assets					
Inventories	9	44,311	31,726	-	-
Trade receivables	10	16,896	10,652	-	-
Other receivables	11	47,769	31,460	8	120
Amount due from subsidiaries	5	-	-	13,305	53,758
Amount due from jointly controlled entity	6	112	1,201	-	-
Other investments	7	45,096	105,735	18,181	105,735
Fixed deposits with licensed banks	8	1,028	1,028	-	-
Cash and bank balances		22,590	22,006	100	2,066
Total current assets		177,802	203,808	31,594	161,679
Total assets		340,550	289,828	208,746	207,769
EQUITY AND LIABILITIES					
Equity					
Share capital	12	201,581	201,581	201,581	201,581
Revaluation reserve	13	5,844	8,561	-	-
Merger deficit	14	(45,952)	(45,952)	-	-
Retained earnings		99,834	77,441	7,042	5,718
		261,307	241,631	208,623	207,299
Non-controlling interests		19,394	-	-	-
Total equity		280,701	241,631	208,623	207,299
LIABILITIES					
Non-current liabilities					
Bank borrowings	15	1,914	5,500	-	-
Finance lease liabilities	16	795	751	-	-
Deferred tax liabilities	17	3,060	2,749	-	-
Total non-current liabilities		5,769	9,000	-	-

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current liabilities					
Trade payables	18	30,507	23,083	-	-
Other payables	19	20,817	13,424	121	428
Bank borrowings	15	2,370	1,414	-	-
Finance lease liabilities	16	347	290	-	-
Tax payable		39	986	2	42
Total current liabilities		54,080	39,197	123	470
Total liabilities		59,849	48,197	123	470
Total equity and liabilities		340,550	289,828	208,746	207,769

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 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	20	393,358	327,598	9,028	8,770
Cost of sales		(243,614)	(206,948)	-	-
Gross profit		149,744	120,650	9,028	8,770
Other income		1,251	1,285	-	-
Administration expenses		(111,595)	(85,773)	(914)	(655)
Other expenses		(9,061)	(6,987)	-	-
Finance costs		(359)	(420)	-	-
Share of profit of jointly controlled entity	6	2,242	1,941	-	-
Profit before tax	21	32,222	30,696	8,114	8,115
Tax (expense)/ income	22	(6,209)	(6,675)	32	(43)
Net profit/total comprehensive income for the financial year		26,013	24,021	8,146	8,072
Net profit/total comprehensive income for the financial year attributable to:-					
Owners of the Company		26,498	24,021	8,146	8,072
Non-controlling interests		(485)	-	-	-
		26,013	24,021	8,146	8,072
Earnings per share					
Basic earnings per share attributable to owners of the Company (sen)	23	3.88	3.69		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Group	Note	<----- Non-distributable ----->				Distributable		Non-controlling interests		Total
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000	
Balance at 1 November 2016		62,014	67,320	8,561	(45,952)	60,482	152,425	-	-	152,425
Transactions with owners										
Dividend	24	-	-	-	-	(6,201)	(6,201)	-	-	(6,201)
Issuance of ordinary shares		72,247	-	-	-	(861)	71,386	-	-	71,386
Total transactions with owners		72,247	-	-	-	(7,062)	65,185	-	-	65,185
Transition to no-par value regime		67,320	(67,320)	-	-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	24,021	24,021	-	-	24,021
Balance at 31 October 2017		201,581	-	8,561	(45,952)	77,441	241,631	-	-	241,631
Transaction with owners										
Dividend	24	-	-	-	-	(6,822)	(6,822)	-	-	(6,822)
Capital contribution from non-controlling interests		-	-	-	-	-	-	19,879	19,879	19,879
Transfer to retained earnings for properties disposed		-	-	(2,717)	-	2,717	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	26,498	26,498	(485)	-	26,013
Balance at 31 October 2018		201,581	-	5,844	(45,952)	99,834	261,307	19,394	-	280,701

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Company	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 November 2016						
<i>Transactions with owners</i>						
Dividend	24	-	-	-	-	(6,201)
Issuance of ordinary shares		72,247	-	-	(861)	71,386
Total transactions with owners		72,247	-	-	(7,062)	65,185
Transition to no-par value regime		67,320	(67,320)	-	-	-
Total comprehensive income for the financial year		-	-	-	8,072	8,072
Balance at 31 October 2017						
<i>Transaction with owners</i>						
Dividend	24	-	-	-	(6,822)	(6,822)
Total comprehensive income for the financial year		-	-	-	8,146	8,146
Balance at 31 October 2018						
		201,581	-	-	7,042	208,623

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
OPERATING ACTIVITIES					
Profit before tax		32,222	30,696	8,114	8,115
Adjustments for:					
Bad debts written off		9	-	-	-
Depreciation of property, plant and equipment		8,142	6,000	-	-
Dividend income from other investments		(2,156)	(838)	(1,952)	(712)
Dividend income from a subsidiary		-	-	(7,000)	(7,000)
Gain on fair value adjustment of other investments		(55)	(1,071)	(44)	(1,051)
(Gain)/loss on disposal of property, plant and equipment		(203)	57	-	-
Interest expenses		359	420	-	-
Interest income		(328)	(215)	(32)	(7)
Inventories written off		704	151	-	-
Property, plant and equipment written off		926	925	-	-
Share of profit of jointly controlled entity		(2,242)	(1,941)	-	-
Operating profit/(loss) before working capital changes		37,378	34,184	(914)	(655)
Changes in working capital:-					
Inventories		(13,289)	(2,095)	-	-
Receivables		(22,562)	(16,697)	112	(118)
Payables		14,817	(3,993)	(307)	118
Jointly controlled entity		41	29	-	-
Cash generated from/(used in) operations		16,385	11,428	(1,109)	(655)
Tax refunded		48	189	-	-
Tax paid		(6,893)	(5,770)	(8)	(43)
Net cash from/(used in) operating activities		9,540	5,847	(1,117)	(698)
INVESTING ACTIVITIES					
Dividend received from a subsidiary		-	-	7,000	7,000
Dividend received from jointly controlled entity		600	-	-	-
Proceeds from disposal of property, plant and equipment		3,624	155	-	-
Purchase of property, plant and equipment	A	(87,128)	(21,736)	-	-
Repayments from/(advances to) subsidiaries		-	-	40,453	(24,617)
Repayments from/(advances to) jointly controlled entity		1,048	(12)	-	-
Placement of fixed deposits		-	(70)	-	-
Placement of funds in other investments		(32,450)	(128,355)	(4,450)	(128,355)
Proceeds from redemption of other investments		95,300	87,859	94,000	83,405
Interest received		328	215	32	7
Capital contribution from non-controlling interests		19,879	-	-	-
Subscription of shares in subsidiaries		-	-	(131,062)	-
Net cash from/(used in) investing activities		1,201	(61,944)	5,973	(62,560)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
FINANCING ACTIVITIES	B				
Dividend paid		(6,822)	(6,201)	(6,822)	(6,201)
Interest paid		(359)	(420)	-	-
Repayment of finance lease liabilities		(346)	(282)	-	-
Repayment of term loans		(2,630)	(1,355)	-	-
Proceeds from issuance of ordinary shares, net of share issuance expenses		-	71,386	-	71,386
Net cash (used in)/from financing activities		(10,157)	63,128	(6,822)	65,185
CASH AND CASH EQUIVALENTS					
Net changes		584	7,031	(1,966)	1,927
Brought forward		23,034	16,003	2,066	139
Carried forward	C	23,618	23,034	100	2,066

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Acquisition of property, plant and equipment	87,575	22,466	-	-
Less: Acquired under finance lease arrangements	(447)	(730)	-	-
Cash payments	87,128	21,736	-	-

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.11.2017 RM'000	Acquisition of motor vehicles RM'000	Payments RM'000	At 31.10.2018 RM'000
Group				
Finance lease liabilities	1,041	447	(346)	1,142
Term loans	6,914	-	(2,630)	4,284
	7,955	447	(2,976)	5,426

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

NOTES TO THE STATEMENTS OF CASH FLOWS (cont'd)

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	1,828	1,828	-	-
Cash and bank balances	22,590	22,006	100	2,066
	24,418	23,834	100	2,066
Less: Fixed deposits pledged to licensed banks (Note 8)	(800)	(800)	-	-
	23,618	23,034	100	2,066

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company is located at Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and jointly controlled entity are disclosed in Notes 5 and 6 to the Financial Statements respectively.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

The holding company is D&D Consolidated Sdn Bhd, a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 31 January 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting year as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure for value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM'000 except when otherwise stated.

2.4 Adoption of amendments to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial year.

Initial application of the amendments to the standards did not have material impact to the financial statements, except for:

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The Group has applied these amendments for the first time in the current financial year. The amendments require the Group to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information is provided in statements of cash flows. Consistent with the transition provisions of the amendments, the Group did not disclose comparative information for the prior year.

2. BASIS OF PREPARATION (cont'd)

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018:

MFRS 9	Financial Instruments IFRS 9 Issued by International Accounting Standards Board ("IASB") in July 2014
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2*#	Share-based Payment: Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*#	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 140*#	Transfer of Investment Property
IC Interpretation 22*#	Foreign Currency Transaction and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)*#	

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:

MFRS 16#	Leases
Amendments to MFRS 9*#	Prepayment Features with Negative Compensation
Amendments to MFRS 119*#	Post-employment Benefits: Defined Benefit Plans
Amendments to MFRS 128#	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*#	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	

Amendments to MFRSs and Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:-

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to References to the Conceptual Framework on MFRS Standards (MFRS 2*#, 3, 6*#, 14*#, 101, 108, 134*#, 137, 138*# and IC Interpretation 12*#, 19, 20*#, 22*#, 132*#)	

MFRS effective 1 January 2021:

MFRS 17*#	Insurance Contract
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Amendments to MFRSs - Effective date deferred indefinitely:

MFRS 10 and MFRS 128#	Consolidated Financial Statements and Investment in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group's operation

Not applicable to the Company's operation

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****2. BASIS OF PREPARATION (cont'd)****2.5 Standards issued but not yet effective (cont'd)**

The initial application of the above standards, amendments and interpretation are not expected to have any significant financial impacts to the financial statements, except for:

MFRS 9 Financial instruments

The Group and the Company plan to adopt the new standard on the required effective date and will not restate comparative information. During the financial year, the Group and the Company had performed an impact assessment of all aspects of MFRS 9 as mentioned above except hedge accounting as no hedging activities are performed by the Group and the Company. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in the future.

(a) Classification and measurement of financial assets

Receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flows characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment of financial assets

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on the receivables. The Group and the Company have determined that the loss allowance is insignificant to the financial statements.

In summary, the Group and the Company expect no significant impact in MFRS 9 adoption.

MFRS 15 Revenue from contracts with customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a retrospective application or a cumulative effect application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the cumulative effect method.

(i) Sales of goods

The Group is engaged in the business as retailer of print media and convenience items. These activities are generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point of time when control of the asset is transferred to the customers, generally on delivery of goods.

2. BASIS OF PREPARATION (cont'd)

2.5 Standards issued but not yet effective (cont'd)

The initial application of the above standards, amendments and interpretation are not expected to have any significant financial impacts to the financial statements, except for (cont'd):

MFRS 15 Revenue from contracts with customers (cont'd)

(ii) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant.

(iii) Other adjustments

In addition to the major adjustment described above, the recognition and measurement requirements in MFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property, plant and equipment), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

In summary, the Group expects no significant impact of MFRS 15 adoption other than additional disclosures.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to be increased substantially.

MFRS 16 also:

- Changes the definition of a lease;
- Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- Changes the accounting for sale and leaseback arrangements;
- Largely retains MFRS 117's approach to lessor accounting; and
- Introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 16.

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to estimate the fair value.

The carrying amount of the land and buildings at the reporting date and the relevant revaluation bases are disclosed in Note 4 to the Financial Statements.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 89 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 October 2018, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to changes in the expected level of usage and technological developments, resulting in the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 4 to the Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to asset-specific risk factors.

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to social preference and economical changes which may cause selling prices to change rapidly and the Group's result to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 9 to the Financial Statements.

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting year whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amounts of the Group and the Company's loans and receivables at the reporting date are summarised in Note 29.1 to the Financial Statements.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of incentives and rebates

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse rebates.

Certain incentives and rebates recognised in profit or loss were estimated based on terms and rates in trade agreements entered into with suppliers. Actual amounts received from suppliers may differ from the amounts initially estimated.

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****2. BASIS OF PREPARATION (cont'd)****2.6 Significant accounting estimates and judgements (cont'd)****2.6.1 Estimation uncertainty (cont'd)**Fair value of financial instruments

The fair value of financial instruments is based on active market quotes. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting year.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

3.1 Consolidation**3.1.1 Investment in subsidiaries**

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation (cont'd)

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

Merger method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Mynews Retail Sdn Bhd, Mynews Kukuh Sdn Bhd, Eemerge Incorporated Sdn Bhd and Bison Foods Sdn Bhd, resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Acquisition method

The Company applies the acquisition method for those entities controlled by the Company. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**3.1 Consolidation (cont'd)****3.1.3 Joint arrangement**

A joint venture is a type of joint arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, investment in a joint venture is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statements of profit or loss and other comprehensive income outside operating profit.

When the Group's share of losses exceed its interest in a joint venture, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

The financial statements of the joint venture are prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at each end of the reporting year whether there is any objective evidence that the investments in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and their carrying value, then recognises the amount in the "share of profit of investment accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.3 Joint arrangement (cont'd)

When the Group's interest in a joint venture decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3.1.4 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in subsidiaries not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if that results in a deficit balance.

3.2 Property, plant and equipment

Property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are initially measured at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment losses, if any, after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting year.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight line method in order to write off the cost or valuation of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, plant and equipment (cont'd)

The principal annual depreciation rates used are as follows:-

Leasehold land and building	89 years
Freehold buildings	2 %
Computers and software	20 %
Furniture, fittings, renovation and electrical installation	10 %
Motor vehicles	20 %
Office equipment and signboards	10 %
Plant and machinery	10 %

Capital work-in-progress consists of buildings under construction. The amount is measured at cost and not depreciated until they are completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

3.3 Financial instruments

3.3.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described in note 3.3.2 to 3.3.4.

3.3.2 Financial assets - categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) financial assets at fair value through profit or loss;
- (b) held to maturity investments;
- (c) loans and receivables; and
- (d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting year. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

3.3.2 Financial assets – categorisation and subsequent measurement (cont'd)

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

As at the reporting date, the Group and the Company carry loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets on their statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

The Group's and the Company's cash and cash equivalents, trade and other receivables, amounts due from subsidiaries and jointly controlled entity fall into this category of financial instruments.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

3.3.2 Financial assets – categorisation and subsequent measurement (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near future fall into this category.

Subsequent to initial recognition, assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivatives financial instruments are determined by reference to active market transactions or using a valuation technique where no market exists. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

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

3.3.3 Financial liabilities – categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:-

- (a) financial liabilities at fair value through profit or loss;
- (b) other financial liabilities measured at amortised cost using the effective interest method; and
- (c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

As at the reporting date, the Group and the Company carry only other financial liabilities measured at amortised cost using the effective interest method on their statements of financial position.

Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities include trade and other payables, finance lease liabilities and bank borrowings.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

3.3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.4 Impairment of assets

3.4.1 Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years.

3.4.2 Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Impairment of assets (cont'd)

3.4.2 Financial assets (cont'd)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral have been realised or have been transferred to the Group and the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale financial assets

For available-for-sale financial assets, the Group and the Company assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Impairment of assets (cont'd)

3.4.2 Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

For equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

3.5 Inventories

Inventories which comprise raw materials, trading goods, trading currencies and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials, trading goods and trading currencies is determined on a first-in first-out method and comprises costs incurred in bringing the inventories to their present location and condition.

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

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3.6.1 Finance leases

Leases in terms of which the Group assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.6 Leases (cont'd)****3.6.2 Operating leases**

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with borrowing of funds.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and fixed deposits with licensed banks which are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

3.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.9.1 Print media and retail convenience income

Print media and retail convenience income are recognised net of discounts and goods returns in the profit or loss upon delivery of goods and customers' acceptance.

3.9.2 Income from investments

Gross dividend, fair value gain and interest earned from investments and bank deposits are recognised as income in the profit or loss when the right to receive such payments has been established.

3.9.3 Rental income

Rental income is recognised when the rent is due.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition (cont'd)

3.9.4 Rebates and incentives income

Trade rebates and incentives comprise volume rebates, rebates for central distribution by the Group and discounts on promotional programs. Rebates are recognised to profit or loss when the Group achieved the volume-purchase targets, and the performance obligations for central distribution arrangement and promotional programs have been fulfilled by the Group in accordance with the terms as stipulated in the trade agreements with vendors.

Other rebates and incentives mainly comprise in-store displays and promotions and advertisements for specific products. Incentives are recognised in the profit or loss when the performance obligations have been fulfilled by the Group in accordance with the terms as stipulated in the agreements with vendors. These incentives are recognised as other operational income in the profit or loss.

Revenue invoiced where services have not been rendered at reporting date is recognised as deferred revenue. Accrued revenue represents the values which services have been rendered, but not invoiced as at the reporting date.

3.10 Employees' benefits

3.10.1 Short-term employees' benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.10.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees' services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

3.11 Equity and reserves

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

Retained earnings include all current and prior years' retained profits.

The revaluation reserve within equity represents revaluation surplus of land and buildings, net of deferred tax.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

All transactions with the owners of the Company are recorded separately within equity.

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.12 Tax expenses**

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.12.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.12.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% up until 31 May 2018. Input GST that the Group and the Company pay on purchases of business inputs can be deducted from output GST.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Goods and services tax (cont'd)

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.14 Operating segment

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

The Group operates principally in Malaysia and in the print media and retail convenience segment. Hence, the Group does not present its results by geographical or industry segment reporting under MFRS 8.

3.15 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-
 - (i) has control or joint control over the Group; or
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the parent company of the Group, or the Group.
- (b) An entity is related to the Group if any of the following conditions applies:-
 - (i) the entity and the Group are members of the same group; or
 - (ii) one entity is an associate or joint venture of the other entity; or
 - (iii) both entities are joint ventures of the same third party; or
 - (iv) an entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or
 - (vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
 - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or parent company of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent company of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation/cost		At cost		At cost		At cost		At cost		At cost		At cost		At cost		At cost		At cost	
	Freehold land	Long term leasehold land	Buildings	Capital work-in-progress	Computers and software	Furniture, fittings, renovation and electrical installation	Motor vehicles	Office equipment and signboards	Plant and machinery	Total	Freehold land	Long term leasehold land	Buildings	Capital work-in-progress	Computers and software	Furniture, fittings, renovation and electrical installation	Motor vehicles	Office equipment and signboards	Plant and machinery	Total
Valuation/cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 November 2016	19,260	-	14,904	-	5,063	29,117	3,064	13,330	28	84,766	19,260	-	14,904	-	5,063	29,117	3,064	13,330	28	84,766
Additions	2,074	-	-	2,040	1,785	10,699	889	4,979	-	22,466	2,074	-	-	2,040	1,785	10,699	889	4,979	-	22,466
Disposals	-	-	-	-	(213)	(98)	(542)	(194)	-	(1,047)	-	-	-	-	(213)	(98)	(542)	(194)	-	(1,047)
Written off	-	-	-	-	(1)	(1,357)	-	(396)	-	(1,754)	-	-	-	-	(1)	(1,357)	-	(396)	-	(1,754)
At 31 October 2017	21,334	-	14,904	2,040	6,634	38,361	3,411	17,719	28	104,431	21,334	-	14,904	2,040	6,634	38,361	3,411	17,719	28	104,431
Additions	-	39,729	13,258	9,190	3,531	11,857	483	9,527	-	87,575	-	39,729	13,258	9,190	3,531	11,857	483	9,527	-	87,575
Disposals	-	-	(3,220)	-	(354)	(67)	(90)	(216)	-	(3,947)	-	-	(3,220)	-	(354)	(67)	(90)	(216)	-	(3,947)
Written off	-	-	-	-	(573)	(2,009)	-	(789)	-	(3,371)	-	-	-	-	(573)	(2,009)	-	(789)	-	(3,371)
Reclassification	-	-	2,040	(2,040)	-	-	-	-	-	-	-	-	2,040	(2,040)	-	-	-	-	-	-
At 31 October 2018	21,334	39,729	26,982	9,190	9,238	48,142	3,804	26,241	28	184,688	21,334	39,729	26,982	9,190	9,238	48,142	3,804	26,241	28	184,688
Accumulated depreciation																				
At 1 November 2016	-	-	510	-	3,253	9,774	2,032	3,912	19	19,500	-	-	510	-	3,253	9,774	2,032	3,912	19	19,500
Charge for the year	-	-	290	-	767	3,091	379	1,472	1	6,000	-	-	290	-	767	3,091	379	1,472	1	6,000
Disposals	-	-	-	-	(201)	(24)	(504)	(106)	-	(835)	-	-	-	-	(201)	(24)	(504)	(106)	-	(835)
Written off	-	-	-	-	-	(611)	-	(218)	-	(829)	-	-	-	-	-	(611)	-	(218)	-	(829)
At 31 October 2017	-	-	800	-	3,819	12,230	1,907	5,060	20	23,836	-	-	800	-	3,819	12,230	1,907	5,060	20	23,836
Charge for the year	-	184	401	-	1,032	3,984	544	1,996	1	8,142	-	184	401	-	1,032	3,984	544	1,996	1	8,142
Disposals	-	-	(25)	-	(283)	(5)	(90)	(123)	-	(526)	-	-	(25)	-	(283)	(5)	(90)	(123)	-	(526)
Written off	-	-	-	-	(539)	(1,318)	-	(588)	-	(2,445)	-	-	-	-	(539)	(1,318)	-	(588)	-	(2,445)
At 31 October 2018	-	184	1,176	-	4,029	14,891	2,361	6,345	21	29,007	-	184	1,176	-	4,029	14,891	2,361	6,345	21	29,007
Net carrying amount																				
At 31 October 2018	21,334	39,545	25,806	9,190	5,209	33,251	1,443	19,896	7	155,681	21,334	39,545	25,806	9,190	5,209	33,251	1,443	19,896	7	155,681
At 31 October 2017	21,334	-	14,104	2,040	2,815	26,131	1,504	12,659	8	80,595	21,334	-	14,104	2,040	2,815	26,131	1,504	12,659	8	80,595

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) The net carrying amount of property, plant and equipment of the Group under finance lease arrangement is RM1,334,000 (2017: RM1,235,000).
- (b) The carrying amount of property, plant and equipment pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 15 to the Financial Statements are as follows:-

	2018 RM'000	2017 RM'000
Freehold land	12,277	12,277
Long term leasehold land	39,545	-
Buildings	21,155	12,748

- (c) The Group applies revaluation model in measuring its land and buildings. The land and buildings of the Group were revalued in the financial year ended 2014 by DTZ Nawawi Tie Leung Property Consultants Sdn Bhd, an independent professional valuer. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "revaluation reserve" under the equity.

Level 2 fair value

Level 2 fair value of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There was no transfer between Level 1 and Level 2 during the financial year.

The carrying amounts of revalued land and buildings of the Group that would have been included in the statements of financial position, had these assets been carried at cost less accumulated depreciation are as follows:

	Group 2018 RM'000	2017 RM'000
Freehold land	8,173	8,173
Buildings	6,814	7,400

5. SUBSIDIARIES

(i) Investment in subsidiaries

	Company 2018 RM'000	2017 RM'000
Unquoted shares, at cost	177,152	46,090

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5. SUBSIDIARIES (cont'd)

(i) Investment in subsidiaries (cont'd)

During the year, the paid-up share capital of two (2) subsidiaries, namely, Mynews Retail Sdn Bhd and Mynews Food Sdn Bhd was increased by way of capitalisation of the amounts due from them totalling RM130,900,000. In addition, the 20% of equity interest in Mynews Kukuh Sdn Bhd held by Mynews Retail Sdn Bhd was transferred to Mynews Holdings Berhad.

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

Name of companies	Effective equity interest		Principal activities
	2018	2017	
	%	%	
Mynews Retail Sdn Bhd.	100	100	Retailer of print media and convenience items
Eemerge Incorporated Sdn Bhd	100	100	Retailer of print media and convenience items
Bison Foods Sdn Bhd	100	100	Operator of food and beverage restaurant
Mynews Kukuh Sdn Bhd	100	100*	Retailer of print media, convenience items and involved in money changing business
Mynews Food Sdn Bhd	100	100	Investment holding, manufacturer and dealer in bread, flour, biscuits and farinaceous compounds
<u>Subsidiaries of Mynews Retail Sdn Bhd</u>			
DKE Technology Sdn Bhd	100	100	Research, development and commercialisation of DKE publications and magazine distribution software, provision of implementation, maintenance and technical services relating to this software
Mynews Management Sdn Bhd	100	100	Provision of management services
<u>Subsidiaries of Mynews Food Sdn Bhd</u>			
Mynews Kineya Sdn Bhd	51	-	Production, manufacturing and sale of prepared and ready-to-eat meals.
Mynews Ryoyupan Sdn Bhd	51	-	Production, manufacturing and sales of bakery products

* 20% of equity interest was held through Mynews Retail Sdn Bhd

(ii) Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:-

2018	Mynews Kineya Sdn Bhd	Mynews Ryoyupan Sdn Bhd	Total
Percentage of equity interest and voting interest (%)	49%	49%	
Carrying amount of non-controlling interests (RM'000)	11,741	7,653	19,394
(Loss)/profit allocated to non-controlling interests (RM'000)	(509)	24	(485)

5. SUBSIDIARIES (cont'd)

(ii) Non-controlling interest in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:

	Mynews Kineya Sdn Bhd RM'000	Mynews Ryoyupan Sdn Bhd RM'000
Financial position as at 31 October 2018		
Non-current assets	612	-
Current assets	25,776	15,656
Current liabilities	(2,427)	(38)
Net assets	23,961	15,618
Summary of financial performance for the financial year ended 31 October 2018		
Net (loss)/profit/total comprehensive (loss)/income for the financial year	(1,038)	49
Included in the total comprehensive income is:		
Revenue	410	-
Summary of cash flows for the financial year ended 31 October 2018		
Net cash outflows from operating activities	(6,805)	(5,978)
Net cash outflows from investing activities	(19,252)	(7,942)
Net cash inflows from financing activities	26,142	17,851
Net cash inflows	85	3,931

(iii) Amount due from subsidiaries

Amount due from subsidiaries is non-trade in nature, unsecured, bears no interest and repayable on demand.

6. JOINTLY CONTROLLED ENTITY

(i) Investment in jointly controlled entity

	2018 RM'000	Group 2017 RM'000
Unquoted shares, at cost	500	500
Share of results of jointly controlled entity	5,762	4,120
	6,262	4,620

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6. JOINTLY CONTROLLED ENTITY (cont'd)

(i) Investment in jointly controlled entity (cont'd)

Details of the jointly controlled entity incorporated in Malaysia are as follows:-

Name of company	Effective equity interest		Principal activity
	2018 %	2017 %	
WH Smith Malaysia Sdn Bhd *^	50	50	Retailer in magazines and convenience items.

* not audited by Grant Thornton Malaysia

^ The latest audited financial statements for this jointly controlled entity is for the financial year ended 31 August 2018. The Directors have equity accounted for the results of this jointly controlled entity based on its 10 months adjusted audited financial statements and unaudited 2 months management financial statements as at 31 October 2018

The following table summarises the information of the Group's jointly controlled entity:-

	2018 RM'000	2017 RM'000
Financial position as at 31 October		
Non-current assets	1,674	1,988
Current assets	16,128	14,102
Non-current liabilities	(5)	(5)
Current liabilities	(5,273)	(6,845)
Cash and cash equivalents	8,150	7,336
Non-current liabilities (excluding trade and other payables and provisions)	(5)	(5)
Current liabilities (excluding trade and other payables and provisions)	(518)	(2,093)
Summary of financial performance for the financial year ended 31 October		
Net profit/total comprehensive income for the financial year	4,484	3,882
<u>Included in net profit/total comprehensive income:</u>		
Revenue	34,806	28,909
Depreciation and amortisation	(848)	(842)
Interest income	134	72
Interest expense	(38)	(83)
Tax expense	(1,921)	(1,257)
Reconciliation of net assets to carrying amount as at 31 October		
Group's share of net assets/carrying amount in the statements of financial position	6,262	4,620
Group's share of results for the financial year ended 31 October		
Group's share of net profit/total comprehensive income	2,242	1,941

6. JOINTLY CONTROLLED ENTITY (cont'd)

(i) Investment in jointly controlled entity (cont'd)

The following table summarises the information of the Group's jointly controlled entity (cont'd):-

	2018 RM'000	2017 RM'000
Other information		
Dividend received	600	-

Contingent liabilities and capital commitments

The jointly controlled entity has no material contingent liabilities or capital commitments as at the reporting date.

(ii) Amount due from jointly controlled entity

	Group 2018 RM'000	2017 RM'000
Trade	112	153
Non-trade	-	1,048
	112	1,201

Amount due from jointly controlled entity is interest free, unsecured and repayable on demand. Included in non-trade in 2017 was a sum of RM1,048,000 being the Group's equal share of shareholders' loan to the jointly controlled entity which bore interest at rates at 2.88% to 3.00% per annum.

7. OTHER INVESTMENTS

	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Available-for-sale financial asset				
<u>Non-current asset</u>				
Quoted shares in Malaysia	5	5	-	-
Financial asset at fair value through profit or loss				
<u>Current asset</u>				
Unit trust funds	45,096	105,735	18,181	105,735

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7. OTHER INVESTMENTS (cont'd)

Movement in unit trust funds:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of the financial year	105,735	63,330	105,735	59,022
Additions	32,450	128,355	4,450	128,355
Dividend income	2,156	838	1,952	712
Gain on fair value adjustment	55	1,071	44	1,051
Redemption during the financial year	(95,300)	(87,859)	(94,000)	(83,405)
At end of the financial year	45,096	105,735	18,181	105,735

8. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks bear effective interest rates ranging from 2.80% to 4.00% (2017: 2.80% to 4.00%) per annum. These fixed deposits are pledged to licensed banks for bank guarantee facilities granted to the Group and its jointly controlled entity, hence, are not available for general use.

9. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Raw materials	225	28
Trading goods	43,817	31,108
Trading currencies	269	590
	44,311	31,726
Recognised in profit or loss:		
-Cost of sales	239,937	205,291
-Inventories written off	704	151

10. TRADE RECEIVABLES

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	10,694	8,069
Accrued revenue	6,202	2,583
	16,896	10,652

Trade receivables are generally on 30 to 90 (2017: 30 to 90) days term and are non-interest bearing.

11. OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	6,327	8,719	-	-
Deposits	36,048	20,362	2	2
Prepayments	1,621	2,379	6	118
GST receivable	3,773	-	-	-
	47,769	31,460	8	120

Included in deposits are sums totalling RM19,334,000 (2017: RM1,311,000) paid as down payment for the purchase of property, plant and equipment, of which RM6,313,000 (2017: Nil) was paid to a company connected to the non-controlling interests which is a vendor of machineries for the Food Processing Centre.

12. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018 Unit ('000)	2017 Unit ('000)	2018 RM'000	2017 RM'000
Issued and fully paid:				
At beginning of the financial year	341,077	310,070	201,581	62,014
Private placement	-	31,007	-	72,247
Bonus issue	341,077	-	-	-
Transition to no-par value regime	-	-	-	67,320
At end of the financial year	682,154	341,077	201,581	201,581

Share premium

	Group and Company	
	2018 RM'000	2017 RM'000
At beginning of the financial year	-	67,320
Transition to no-par value regime	-	(67,320)
At end of the financial year	-	-

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13. REVALUATION RESERVE

	Group	
	2018 RM'000	2017 RM'000
At beginning of the financial year	8,561	8,561
Transfer to retained earnings in respect of properties disposed	(2,717)	-
At end of the financial year	5,844	8,561

The revaluation reserve represents the surplus on revaluation of freehold land and buildings, net of deferred tax liabilities.

14. MERGER DEFICIT

The Group's merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares in subsidiaries acquired.

15. BANK BORROWINGS

	Group	
	2018 RM'000	2017 RM'000
Term loans (secured):		
- Non-current	1,914	5,500
- Current	2,370	1,414
	4,284	6,914

The term loans of the Group are secured by:-

- (a) Legal charge over the Group's land and buildings;
- (b) Personal guarantee provided by certain Directors of the Company; and
- (c) Corporate guarantee of the Company.

The term loans bear interest at rates ranging from 4.80% to 6.67% (2017: 4.80% to 6.11%) per annum.

During the financial year, the Group secured banking facilities totaling RM100,000,000 which have yet to be drawn down as at the reporting date. These facilities are secured by property, plant and equipment as disclosed in Note 4(b) to the Financial Statements.

16. FINANCE LEASE LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Finance lease liabilities		
- less than 1 year	403	341
- more than 1 year but less than 5 years	859	819
	1,262	1,160
Less: interest-in-suspense	(120)	(119)
	1,142	1,041

16. FINANCE LEASE LIABILITIES (cont'd)

	Group	
	2018	2017
	RM'000	RM'000
Present value of finance lease liabilities		
- less than 1 year	347	290
- more than 1 year but less than 5 years	795	751
	1,142	1,041

The finance lease liabilities bear interest at rates ranging from 2.35% to 3.65% (2017: 2.35% to 3.65%) per annum.

17. DEFERRED TAX LIABILITIES

	Group	
	2018	2017
	RM'000	RM'000
At beginning of financial year	2,749	2,587
Recognised in profit or loss (Note 22)	311	162
At end of financial year	3,060	2,749

The components of deferred tax liabilities as at the end of the reporting year are made up of the following:-

	Group	
	2018	2017
	RM'000	RM'000
Property, plant and equipment	3,253	2,723
Revaluation reserve	315	451
Deferred revenue	(508)	(425)
	3,060	2,749

18. TRADE PAYABLES

Group

The normal trade credit terms of trade payables ranged from 30 to 90 (2017: 30 to 90) days and are non-interest bearing.

19. OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Other payables	8,026	3,874	5	81
Accruals	10,669	7,466	116	347
SST/GST payable	7	313	-	-
Deferred revenue	2,115	1,771	-	-
	20,817	13,424	121	428

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20. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Print media and retail convenience income	330,286	276,714	-	-
Rebates and incentives income	60,941	49,068	-	-
Trading currencies	103	47	-	-
Dividend income	1,952	711	8,952	7,712
Interests income	32	7	32	7
Fair value gain on other investments	44	1,051	44	1,051
	393,358	327,598	9,028	8,770

21. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
- statutory audit	161	148	35	35
- non-statutory audit	5	5	5	5
Rental expenses				
- staff hostels	1,519	1,365	-	-
- outlets	35,499	29,483	-	-
- other premises	509	448	-	-
Realised loss on foreign exchange	9	44	-	-
Warehouse rental income	(456)	(355)	-	-

22. TAX EXPENSE/(INCOME)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax				
- current year	6,040	6,201	9	43
- (over)/under provision in prior year	(142)	312	(41)	-
	5,898	6,513	(32)	43
Deferred tax liabilities (Note 17)				
- current year	637	818	-	-
- overprovision in prior year	(326)	(656)	-	-
	311	162	-	-
	6,209	6,675	(32)	43

Malaysian income tax is calculated at the statutory rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

22. TAX EXPENSE/(INCOME) (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax	32,222	30,696	8,114	8,115
Income tax at rate of 24% (2017: 24%)	7,733	7,367	1,947	1,948
Non-allowable expenses	588	929	221	198
Income not subject to tax	(709)	(459)	(2,159)	(2,103)
Income exempted under Pioneer status	(935)	(818)	-	-
Overprovision in prior years	(468)	(344)	(41)	-
Tax expense for the financial year	6,209	6,675	(32)	43

23. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	2017
		Restated
Net profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	26,498	24,021
Weighted average number of ordinary shares in issue (Number in '000) *	682,154	651,742
Basic earnings per share (sen)	3.88	3.69

* The bonus share issue on 21 December 2017 was without consideration and therefore, the number of ordinary shares arising from bonus issue are treated as if they had occurred before 1 November 2017

Diluted earnings per share

No diluted earnings per share is presented as there are no potential dilutive ordinary shares at the end of the financial year.

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24. DIVIDENDS

Group and Company
RM'000

2018

In respect of the financial year ended 31 October 2018:-

An interim single tier dividend of RM0.01 per ordinary share 6,822

2017

In respect of the financial year ended 31 October 2017:-

An interim single tier dividend of RM0.02 per ordinary share 6,201

The Directors do not recommend any final dividend payment in respect of the current financial year.

25. EMPLOYEES' BENEFITS EXPENSES

	Group	
	2018	2017
	RM'000	RM'000
Salaries and other emoluments	46,965	34,749
Directors' remuneration	2,059	1,693
Defined contribution plan	2,868	2,024
Social security contributions	402	289
	52,294	38,755

The details of the Directors' remuneration are as below:-

	Group	
	2018	2017
	RM'000	RM'000
Salaries and other emoluments	1,574	1,203
Defined contribution plan	181	212
Social security contributions	2	2
Fee	302	276
	2,059	1,693

Company

Included in Directors' remuneration are meeting allowances and fees amounting to RM42,000 (2017: RM41,000) and RM302,000 (2017: RM276,000) respectively.

26. SIGNIFICANT RELATED PARTY DISCLOSURES

26.1 Significant related party transactions

Related parties refer to persons or entities that are related to the Group or to the Directors.

	Group	
	2018	2017
	RM'000	RM'000
Dividend income received from jointly controlled entity	600	-
Interest charged to jointly controlled entity	19	38
Management fees charged to jointly controlled entity	696	577
Travelling expenses charged to jointly controlled entity	16	60
Warehouse and storage fee charged to jointly controlled entity	451	311
Advertising and promotion fee charged to related party	-	58
Purchases from related parties	602	577
Rental charged by related parties		
- Office	42	72
- Hostels	36	36
Sale of motor vehicle to a Director	-	33
Hostel rental charged by certain Directors	19	34
Sale of property, plant and equipment to persons connected to Directors	3,400	-

	Company	
	2018	2017
	RM'000	RM'000
Dividend income from a subsidiary	7,000	7,000

26.2 Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the financial year are as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	3,170	1,740	42	41
Fee	302	276	302	276
Defined contribution plan	326	273	-	-
Social security contributions	7	3	-	-
	3,805	2,292	344	317

Other members of key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The Directors' fee and remuneration are disclosed in Note 25 to the Financial Statements.

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26. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

26.3 Outstanding balances arising from related parties

The outstanding balances arising from related parties as at the reporting date are disclosed in Notes 5, 6, 11 and 18 to the Financial Statements.

27. COMMITMENTS

27.1 Operating lease commitments

The future lease payable under non-cancellable operating leases pertaining to the Group in respect of rental of premises are as follows:-

	Group	
	2018 RM'000	2017 RM'000
Not later than one year	27,809	26,757
Later than one year but not later than five years	18,557	22,860
	46,366	49,617

Operating lease commitments represent rental payable for rental of premises. These leases have tenure between less than 1 year to 4 years with renewal options.

27.2 Capital commitments

	Group	
	2018 RM'000	2017 RM'000
Authorised and contracted for:		
- Property, plant and equipment	43,942	85,166

28. OPERATING SEGMENTS

The Group operates principally in Malaysia and in the print media and retail convenience segment. Hence, the Group does not present its results by geographical or industry segment.

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Fair value through profit or loss ("FVTPL");
- (ii) Loans and receivables ("L&R");
- (iii) Available-for-sale financial assets ("AFS"); and
- (iv) Other liabilities measured at amortised cost ("OL")

29. FINANCIAL INSTRUMENTS (cont'd)

29.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Group	Carrying amount RM'000	FVTPL RM'000	L&R RM'000	AFS RM'000	OL RM'000
2018					
Financial assets					
Trade receivables	10,694	-	10,694	-	-
Other receivables	42,375	-	42,375	-	-
Amount due from jointly controlled entity	112	-	112	-	-
Other investments	45,101	45,096	-	5	-
Fixed deposits with licensed banks	1,828	-	1,828	-	-
Cash and bank balances	22,590	-	22,590	-	-
	122,700	45,096	77,599	5	-
Financial liabilities					
Trade payables	30,507	-	-	-	30,507
Other payables	18,695	-	-	-	18,695
Bank borrowings	4,284	-	-	-	4,284
Finance lease liabilities	1,142	-	-	-	1,142
	54,628	-	-	-	54,628
2017					
Financial assets					
Trade receivables	8,069	-	8,069	-	-
Other receivables	29,081	-	29,081	-	-
Amount due from jointly controlled entity	1,201	-	1,201	-	-
Other investments	105,740	105,735	-	5	-
Fixed deposits with licensed banks	1,828	-	1,828	-	-
Cash and bank balances	22,006	-	22,006	-	-
	167,925	105,735	62,185	5	-
Financial liabilities					
Trade payables	23,083	-	-	-	23,083
Other payables	11,340	-	-	-	11,340
Bank borrowings	6,914	-	-	-	6,914
Finance lease liabilities	1,041	-	-	-	1,041
	42,378	-	-	-	42,378

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29. FINANCIAL INSTRUMENTS (cont'd)

29.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Company	Carrying amount RM'000	FVTPL RM'000	L&R RM'000	AFS RM'000	OL RM'000
2018					
Financial assets					
Other receivables	2	-	2	-	-
Amount due from subsidiaries	13,305	-	13,305	-	-
Other investments	18,181	18,181	-	-	-
Cash and bank balances	100	-	100	-	-
	31,588	18,181	13,407	-	-
Financial liability					
Other payables	121	-	-	-	121
2017					
Financial assets					
Other receivables	2	-	2	-	-
Amount due from subsidiaries	53,758	-	53,758	-	-
Other investments	105,735	105,735	-	-	-
Cash and bank balances	2,066	-	2,066	-	-
	161,561	105,735	55,826	-	-
Financial liability					
Other payables	428	-	-	-	428

29.2 Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

29. FINANCIAL INSTRUMENTS (cont'd)

29.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

The following are the areas where the Group and the Company are exposed to credit risk:-

(i) Receivables

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than 69% (2017: 74%) of the trade receivables are due from two (2017: two) customers, while 72% (2017: 40%) of the other receivables are due from two (2017: two) debtors.

The ageing analysis of the trade receivables is as follows:-

Group	Gross/Net	
	2018 RM'000	2017 RM'000
Not past due	5,835	7,338
Past due 1-30 days	778	337
Past due 31-60 days	3,623	62
Past due 61-90 days	44	248
Past due more than 90 days	414	84
	10,694	8,069

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****29. FINANCIAL INSTRUMENTS (cont'd)****29.2 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)**(i) Receivables (cont'd)**

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 October 2018, trade receivables of RM4,859,000 (2017: RM731,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The net carrying amount of trade receivables is considered a reasonable approximate of fair values. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

(ii) Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company have trade transactions with and also provide advances to the jointly controlled entity and subsidiaries. The Group and the Company monitor their results regularly.

As at the reporting date, there was no indication that the amounts due from jointly controlled entity and subsidiaries are not recoverable.

(iii) Cash and cash equivalents

The credit risk for cash and cash equivalents of the Group and of the Company is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(iv) Financial guarantee

The Company provides unsecured financial guarantee to financial institutions and third parties in respect of finance lease facilities and guarantee for rental of premises by certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiaries would default on repayment on finance lease liabilities or rental payments.

The maximum exposure to credit risk is RM1,549,000 (2017: RM1,577,000), represented by the outstanding finance lease liabilities and tenancy contracts of the subsidiaries as at the reporting date.

29. FINANCIAL INSTRUMENTS (cont'd)

29.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of fund.

In managing their exposures to liquidity risk arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows:-

Group	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2018						
Unsecured:						
Trade payables	30,507	30,507	30,507	-	-	-
Other payables	18,695	18,695	18,695	-	-	-
Secured:						
Bank borrowings	4,284	4,816	2,524	369	1,498	425
Finance lease liabilities	1,142	1,262	403	328	531	-
	54,628	55,280	52,129	697	2,029	425
2017						
Unsecured:						
Trade payables	23,083	23,083	23,083	-	-	-
Other payables	11,340	11,340	11,340	-	-	-
Secured:						
Bank borrowings	6,914	7,977	1,740	1,740	3,713	784
Finance lease liabilities	1,041	1,160	341	299	520	-
	42,378	43,560	36,504	2,039	4,233	784

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****29. FINANCIAL INSTRUMENTS (cont'd)****29.2 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

Company	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2018						
Unsecured:						
Other payables	121	121	121	-	-	-
Financial guarantee for subsidiaries	-	1,549	1,549	-	-	-
2017						
Unsecured:						
Other payables	428	428	428	-	-	-
Financial guarantee for subsidiaries	-	1,577	1,577	-	-	-

(c) Interest rate risk

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

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

29. FINANCIAL INSTRUMENTS (cont'd)

29.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Interest rate risk (cont'd)

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the reporting date are as follows:-

Group	2018 RM'000	2017 RM'000
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	1,828	1,828
<u>Financial liability</u>		
Finance lease liabilities	1,142	1,041
Floating rate instruments		
<u>Financial asset</u>		
Loan to jointly controlled entity	-	1,048
<u>Financial liability</u>		
Bank borrowings	4,284	6,914

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change in 0.5% in interest rate at the end of the reporting year would have (decreased)/increased the net profit for the financial year by the amount shown below. This analysis assumes that other variables, remain constant.

	(Decrease)/Increase Net profit for the financial year RM'000	RM'000
	+0.5%	-0.5%
2018	(21)	21
2017	(29)	29

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

29. FINANCIAL INSTRUMENTS (cont'd)**29.2 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group and Company's financial instruments will fluctuate because of changes in market prices (other than exchange or interest rates). Market price risk arises from the Group's and the Company's investments in quoted equity securities and the unit trust investments.

Management of the Group and of the Company monitors the unit trust investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis.

The carrying amounts of the Group's and of the Company's financial assets that subject to market risk are as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Quoted shares	5	5	-	-
Unit trust funds	45,096	105,735	18,181	105,735
	45,101	105,740	18,181	105,735

Market price risk sensitivity analysis:

A change in 0.5% in the market price at the end of the reporting year would have increased/ (decreased) the net profit for the financial year by the amount shown below. This analysis assumes that other variables, remain constant.

	Increase/(Decrease)	
	Net profit for the financial year	
	RM'000	RM'000
	+0.5%	-0.5%
Group		
2018	226	(226)
2017	529	(529)
Company		
2018	91	(91)
2017	529	(529)

29. FINANCIAL INSTRUMENTS (cont'd)

29.3 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the Group and the Company at the reporting date approximate their fair values due to their relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 2 RM'000	Carrying amount RM'000
Group			
2018			
Financial assets			
Quoted shares	5	-	5
Unit trust funds	45,096	-	45,096
Financial liabilities			
Finance lease liabilities	-	776	1,142
Bank borrowings	-	4,116	4,284
2017			
Financial assets			
Quoted shares	9	-	5
Unit trust funds	105,735	-	105,735
Financial liabilities			
Finance lease liabilities	-	803	1,041
Bank borrowings	-	6,422	6,914
Company			
2018			
Financial asset			
Unit trust funds	18,181	-	18,181
2017			
Financial asset			
Unit trust funds	105,735	-	105,735

There were no transfers between Level 1 and Level 2 during the financial year (2017: no transfer in either direction).

NOTES TO THE FINANCIAL STATEMENTS**31 OCTOBER 2018****29. FINANCIAL INSTRUMENTS (cont'd)****29.3 Fair value of financial instruments (cont'd)***Policy on transfer between levels*

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

30. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain shareholders, creditors and market confidence and to sustain future growth and development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio and ensure that the Group complies with debt covenants imposed by bankers.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) The Group entered into a sale and purchase agreement on 30 August 2017 with a third party to acquire a parcel of leasehold industrial land and building for a total cash consideration of RM50,000,000. The transaction was completed on 5 December 2017.
- (ii) The Company completed the bonus issue of 341,077,000 new ordinary shares on the basis of 1 bonus share for every one existing share of the Company held by entitled shareholders on 21 December 2017.
- (iii) The Employees' Share Option Scheme ("ESOS") of up to 10% of the total number of shares of the Company at any point in time to be granted to the eligible person was approved by the shareholders on 5 December 2017 and was effective on 21 December 2017. No options were granted as at the reporting date.
- (iv) The Group entered into two sale and purchase agreements with persons connected to Directors to dispose 2 units of buildings for a total sale consideration of RM3,400,000. The transaction was completed on 13 August 2018.

LIST OF PROPERTIES

No.	Location / Postal address	Description / Existing use / Age of building	Land / Built-up area (sq. ft.)	Tenure / Date of expiry of lease / Date of revaluation / Date of acquisition	NBV as at 31 October 2018 (RM'000)
1.	Geran 212277, Lot 21191, Mukim Rawang, Daerah Gombak, Negeri Selangor bearing postal address of Lot 142, Jalan Industri 2/4, Rawang Integrated Industrial Park, 48000 Rawang, Selangor	A double-storey detached warehouse with two units of guard houses / Warehouse Age of building - 14 years	Land area: 108,715 (equivalent to 10,100 sq. m.) Built-up area: 125,270 (equivalent to 11,638 sq. m.)	Freehold / Perpetuity Revaluation date: 24 October 2014	17,486
2.	HS(D) 158129, PT 41071, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor bearing postal address of No. 48, Jalan Nova K U5/K, Seksyen U5, 40150 Shah Alam, Selangor	5 storey terrace shop office / Vacant Age of building - 4 years	Land area: 2,433 (equivalent to 226 sq. m.) Built-up area: 12,163 (equivalent to 1,130 sq. m.)	99 years, expires on 22 May 2095 Revaluation date: 18 November 2014	3,583
3.	HS(D) 296565, PT 36936 (previously held under HS(D) 264383), PT 26534, Mukim Bukit Raja, District of Petaling, State of Selangor identified as Parcel No. B-30-15, Storey No. 30, Type A1-Trefoil, Block No. Tower B, Accessory Parcel No. L4-305, Project Trefoil located at Shah Alam, Selangor bearing postal address of B-30-15, Trefoil @ Setia City, No. 2, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	1 unit of office lot in a multi-storey building comprising 3 office towers (Tower B - 36 storeys) / Vacant Age of building - 3 years	Built-up area: 486 (equivalent to 45 sq. m.)	Freehold / Perpetuity Purchase date: 18 October 2011	268
4.	HS(D) 296565, PT 36936 (previously held under HS(D) 264383, PT 26534), Mukim Bukit Raja, District of Petaling, State of Selangor identified as Parcel No. B-30-16, Storey No. 30, Type A1-Trefoil, Block No. Tower B, Accessory Parcel No. L4-304, Project Trefoil located at Shah Alam, Selangor bearing postal address of B-30-16, Trefoil @ Setia City, No. 2, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	1 unit of office lot in a multi-storey building comprising 3 office towers (Tower B - 36 storeys) / Vacant Age of building - 3 years	Built-up area: 486 (equivalent to 45 sq. m.)	Freehold / Perpetuity Purchase date: 18 October 2011	268

LIST OF PROPERTIES

No.	Location / Postal address	Description / Existing use / Age of building	Land / Built-up area (sq. ft.)	Tenure / Date of expiry of lease / Date of revaluation / Date of acquisition	NBV as at 31 October 2018 (RM'000)
5.	Geran 212288, Lot 21203, Mukim Rawang, Daerah Gombak, Negeri Selangor bearing postal address of Lot 66 (Pecahan Lot 1289), Jalan Industri 2/3, Rawang Integrated Industrial Park, 48000 Rawang, Selangor	Vacant Land Age of building - N/A	Land area: 59,998 (equivalent to 5,574 sq. m.)	Freehold / Perpetuity Purchase date: 22 July 2016	6,983
6.	A-11-1 Block A Jaya One No. 72A, Jalan Universiti, Petaling Jaya, Selangor held under Strata Pajakan Negeri 96662/M1-a/2/162, No Bangunan: M1-A, Tingkat 2, No. Petak 162 Lot No 82, Seksyen 13, Bandar Petaling Jaya, Dearah Petaling, Selangor	Office Suite / Training Centre Age of building - 5 years	Built-up area: 2,175 (equivalent to 202 sq. m.)	99 years, expires on 28 May 2105 Purchase date: 25 July 2016	1,292
7.	HS(D) 560918, PTD 186476, Mukim Tebrau, Dearah Johor Bahru, Negeri Johor also known as No 2, Jalan Ekoperniagaan 1/11, Taman Ekoperniagaan, 81100 Johor Bahru, Johor	2 storey semi-detached factory / Warehouse Age of building - 2 years	Land area: 0.25 hectare (equivalent to 2,500 sq. m.) Built-up area: 17,000 (equivalent to 1,579 sq. m.)	Freehold / Perpetuity Purchase date: 8 December 2016	5,442
8.	HS(D) 242970, PT 10567, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor bearing postal address of Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor.	Single storey warehouse with an annexed 3-storey office building / Headquarters Age of building - 14 years	Land area: 17,869 square metres Built-up area : 11,206.52 sq metres (approximately 120,626 sq ft)	99 years, expires on 19 January 2107 Purchase date: 30 August 2017	51,363

Note: Items 1 to 2 were revalued in FY 2014 and items 3 to 8 are stated at cost.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Chapter 9.25 of the Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

1. Utilisation of Proceeds

a) Initial Public Offer

During FY 2016, the Company raised a sum of RM 88.68 million through an initial public offering of 80,620,000 ordinary shares of RM 0.20 each in conjunction with the listing of and quotation for the entire 310,070,000 ordinary shares of RM 0.20 each in the Company. The proceeds which have a timeframe for utilisation within 36 months from the listing date were fully utilised as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a) Capital expenditure	50,000	57,581	(7,581)	-	Within 36 months (until 28 March 2019)
b) Working capital	32,230	24,712	7,518	-	
c) Listing expenses	6,450	6,387	63	-	Immediate
Total	88,680	88,680	-	-	

b) Private Placement

In FY 2017, the Company issued 31,007,000 new ordinary shares, being 10% of its existing paid-up number of ordinary shares via a private placement at an issue price of RM2.33 per share. The private placement raised total proceeds of RM72.25 million which had been fully utilised as below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a) Acquisition of property	50,000	50,000	-	-	Within 12 months (from 31 October 2017)
b) Investment in food preparation and packaging facilities	19,116	19,085	(31)	-	
c) Private placement and other proposal expenses	3,130	3,161	31	-	Immediate
Total	72,246	72,246	-	-	

ADDITIONAL COMPLIANCE INFORMATION**2. Audit and Non-audit Fees**

Fees Description	Fees paid or made payable to Grant Thornton		
	Company RM'000	Subsidiaries RM'000	Total RM'000
Audit	35	126	161
Non-audit	5	-	5
Total	40	126	166

3. Recurrent Related Party Transactions ("RRPT")

There were no RRPT of a revenue or trading nature between Mynews and its related parties which required shareholders' mandate during FY 2018.

4. Material Contracts Involving Directors, Major Shareholders and/or Persons Connected with Them

Save as below and the significant related party transactions disclosed in Note 26 to the Accounts, there were no material contracts entered by the Group involving the interest of directors, major shareholders and/or persons connected with them or subsisting at the end of FY 2018:

Nature of Transaction	: Disposal of two (2) units of 1 1/2 storey terrace factory lot bearing postal address at Lot 258 & 259, Jalan KIP 4, KIP Industrial Park, 52200 Kuala Lumpur
Date of Sale & Purchase Agreement	: 13 August 2018
Vendor	: Mynews Retail Sdn Bhd, 100% owned subsidiary of the Company
Purchaser	: Mr Samuel Dang Kuok Wee and Mr Dang Kuok Ian
Consideration	: RM1,700,000 each, in cash
Relationship	: The purchasers are sons of Mr Hock who is a Non-Independent Non-Executive Director of the Company
Completion Date	: 29 August 2018

ANALYSIS OF SHAREHOLDINGS

as at 31 January 2019

Total number of issued shares	:	682,154,000
Issued and Paid-Up Share Capital	:	RM201,580,756
Class of Shares	:	Ordinary Shares
Voting Right	:	One (1) vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 JANUARY 2019

Size of shareholding	No. of shareholders		No. of shares	
	No.	%	No.	%
Less than 100	28	3.06	254	*0.00
100 to 1,000	205	22.38	115,946	0.02
1,001 to 10,000	362	39.52	1,694,300	0.25
10,001 to 100,000	172	18.78	6,132,700	0.90
100,001 to less than 5% of issued shares	148	16.16	300,433,800	44.04
5% and above of issued shares	1	0.10	373,777,000	54.79
Total	916	100.00	682,154,000	100.00

Note:

* Negligible by virtue of being less than 0.01%.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 JANUARY 2019

No.	Shareholder	Shareholding	
		No.	%
1	D&D Consolidated Sdn Bhd	373,777,000	54.79
2	Kumpulan Wang Persaraan (Diperbadankan)	31,141,400	4.57
3	Dang Tai Kien	22,945,000	3.36
4	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for The Board of Regents of the University of Texas System	13,535,000	1.98
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	12,936,100	1.90
6	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	12,470,200	1.83
7	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	12,436,600	1.82
8	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Nogres Bank 9)	11,927,300	1.75
9	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,690,000	1.42
10	HSBC Nominees (Asing) Sdn Bhd Exempt An for Morgan Stanley & Co. International PLC (IPB Client Acct)	9,666,200	1.42
11	Dang Tai Gean	9,178,000	1.35

ANALYSIS OF SHAREHOLDINGS

as at 31 January 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 JANUARY 2019 (cont'd)

No.	Shareholder	Shareholding	
		No.	%
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for D&D Consolidated Sdn Bhd (M2681A)	9,000,000	1.32
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for D&D Consolidated Sdn Bhd (M2682A)	9,000,000	1.32
14	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	8,545,300	1.25
15	Maybank Nominees (Tempatan) Sdn Bhd Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (PAR-220082)	7,250,000	1.06
16	Maybank Nominee (Tempatan) Sdn Bhd National Trust Fund (IFM Kenanga)	5,265,900	0.77
17	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for JPMorgan Eastern Smaller Companies Fund	4,542,600	0.67
18	HSBC Nominees (Asing) Sdn Bhd PCTET and CIE (Europe) for Quaero Capital Funds (LUX)-Bamboo	4,280,000	0.63
19	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for JPMorgan Malaysia Fund	3,902,000	0.57
20	HSBC Nominees (Asing) Sdn Bhd TNTC For Strathclyde Pension Fund	3,773,000	0.55
21	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	3,754,600	0.55
22	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)(Affin Hwang SM CF)	3,734,100	0.55
23	Liew Heng Heng	3,477,300	0.51
24	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	3,408,200	0.50
25	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen) (419500)	3,260,000	0.48
26	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An for Petroliaam Nasional Berhad (Affin)	2,812,200	0.41
27	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for GreatLink Asean Growth Fund	2,610,400	0.38
28	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Affin Hwang Asset Management Berhad for Malaysian Timber Council (Operating Fund)	2,404,600	0.35
29	Maybank Nominees (Tempatan) Sdn Bhd Medical Fund (IFM AffinHwang)	2,354,200	0.35
30	HSBC Nominees (Asing) Sdn Bhd BBH and CO Boston for Grandeur Peak Emerging Markets Opportunities Fund	2,292,100	0.34

SUBSTANTIAL SHAREHOLDERS AS AT 31 JANUARY 2019

(As per the Register of Substantial Shareholders of the Company)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
D & D Consolidated Sdn Bhd	391,777,000	57.43	-	-
Dang Tai Luk	-	-	*391,777,000	57.43
Dang Tai Wen	-	-	*391,777,000	57.43
Dang Tai Hock	-	-	*391,777,000	57.43
Kumpulan Wang Persaraan (Diperbadankan)	31,141,400	4.57	**19,091,200	2.80

Notes:

- * Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D & D Consolidated Sdn Bhd.
- ** Held by Kumpulan Wang Persaraan's Fund Managers.

DIRECTORS' SHAREHOLDINGS AS AT 31 JANUARY 2019

(As per the Register of Directors' Shareholdings of the Company)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ding Lien Bing	400,000	0.06	-	-
Dang Tai Luk	-	-	*391,777,000	57.43
Dang Tai Wen	-	-	*391,777,000	57.43
Dang Tai Hock	-	-	*391,777,000	57.43
Soon Dee Hwee	400,000	0.06	-	-
Mohd Suffian Bin Suboh	90,000	0.01	-	-

Note:

- * Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D & D Consolidated Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at The Club, Bukit Utama Golf Resort, 1 Club Drive, Bukit Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on 29 March 2019, Friday at 10.00 am.

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the year ended 31 October 2018 together with the Reports of Directors and Auditors thereon. | Please refer to Explanatory Note A to this Agenda |
| 2. | To approve the payment of Directors' meeting allowance of up to RM68,000 for the period from 1 November 2018 until the next Annual General Meeting of the Company. | Ordinary Resolution 1
(Please refer to Explanatory Note B to this Agenda) |
| 3 | To re-elect the following Directors who are retiring in accordance with Article 88 of the Company's Memorandum and Articles of Association: | |
| | 3.1 Ding Lien Bing | Ordinary Resolution 2 |
| | 3.2 Soon Dee Hwee | Ordinary Resolution 3 |
| 4. | To re-appoint Messrs. Grant Thornton Malaysia as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |

AS SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications, the following resolution:

Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

"THAT subject always to the approvals of the relevant authorities, the Directors be hereby authorised pursuant to Section 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company at the time of issue **AND THAT** the Directors be hereby also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad.

AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 5
(Please refer to Explanatory Note C to this Agenda)**

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, to pass with or without modifications, the following resolution:

Proposed Adoption of New Constitution of the Company (“Proposed Adoption”)

“**THAT** approval be and is hereby given for the Company to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Adoption with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Adoption.”

7. To transact any other business of the Company of which due notice shall be given in accordance with the Company’s Memorandum and Articles of Association and the Companies Act, 2016.

**Special Resolution 1
(Please refer to
Explanatory Note D
to this Agenda)**

BY ORDER OF THE BOARD

CHONG SIEW HOONG (MIA 5062)

CHOOI SOOK YEE (MIA 35532)

Company Secretaries

Selangor Darul Ehsan

28 February 2019

NOTES:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors as at 22 March 2019 (“General Meeting Record of Depositors”) shall be eligible to attend, speak and vote at the meeting.
2. A member entitled to vote and attend at the meeting is entitled to appoint a proxy to attend and vote at the meeting on his/her behalf. In case of a corporation, a duly authorised representative to attend and vote in its stead. The proxy may but need not be a member of the Company and there is no limitation as to the qualification of the proxy. A proxy/representative appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING

4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation this form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the **Share Registrar’s Office at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than **twenty-four (24)** hours before the time set for the meeting or any adjournment thereof.

EXPLANATORY NOTES TO THE AGENDA

A. Item 1 of the Agenda

To receive the Audited Financial Statements for the year ended 31 October 2018 together with the Reports of Directors and Auditors thereon

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

B. Item 2 of the Agenda – Ordinary Resolution 1 Payment of Directors’ meeting allowance

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Ordinary Resolution 1 is to facilitate payment of Directors’ meeting allowance for the financial year ending 31 October 2019 until the next Annual General Meeting (“AGM”) of the Company, calculated based on the number of scheduled Board and Committee meetings for the said period and assuming, that all Directors will hold office until the date of the next AGM. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional meeting allowance to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

C. Item 5 of the Agenda – Ordinary Resolution 5

Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 5 is a proposed new general mandate by the shareholders for the Company to issue and allot shares at any time to such persons in its 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.

The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company, from the date of the meeting, the authority to issue and allot ordinary shares from the unissued share capital of the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for the time being for such purposes as the Directors of the Company consider would be in the best interest of the Company.

The mandate, if passed, will provide the flexibility to the Company and empower the Directors to speedily allot and issue new shares in the Company of up to ten per centum (10%) of its issued share capital for purposes of funding the working capital or strategic development of the Group. This would expedite the process and eliminate the costs for convening a general meeting to seek shareholders' approval. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be such a decision to do so after the general mandate is granted, the Company will make an announcement in respect thereof.

D. Item 6 of the Agenda - Special Resolution 1

Proposed Adoption of New Constitution of the Company ("Proposed Adoption")

The Proposed Adoption will bring the Company's Constitution to be in line with the Companies Act, 2016 and the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

GENERAL MEETING RECORD OF DEPOSITORS

To determine whether a member is entitled to attend this meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd in accordance with Article 62 of the Company's M&A and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 March 2019. Only a depositor whose name appears on the Record of Depositors as at 22 March 2019 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.

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**MYNEWS HOLDINGS BERHAD**

(Company No.: 1039846-T) (Incorporated in Malaysia)

PROXY FORM

CDS Account	
Number of shares held	
*NRIC/ Company No.	

I/We _____
of _____ being a member/members of
MYNEWS HOLDINGS BERHAD hereby appoint _____

_____ of _____
and/or _____

of _____ or failing *him/her the
Chairman of the Meeting as my/our Proxy(ies) to vote for *me/us and on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at The Club, Bukit Utama Golf Resort, 1 Club Drive, Bukit Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on 29 March 2019, Friday at 10.00 am and at any adjournment thereof.

*My/*our Proxy(ies) is/are to vote as indicated below:

Ordinary Resolution		For	Against
1.	To approve the payment of Directors' meeting allowance of RM68,000 for the financial period of from 1 November 2018 until the next Annual General Meeting of the Company.		
2.	To re-elect Ding Lien Bing as a Director.		
3.	To re-elect Soon Dee Hwee as a Director.		
4.	To re-appoint Messrs. Grant Thornton Malaysia as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
5.	Authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016.		
Special Resolution			
6.	Proposed adoption of new constitution of the Company.		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/ies will vote or abstain at his/her discretion]

For appointment of two (2) proxies, number of shares and percentages of shareholding to be represented by each proxy:		
	No. of shares	% of shareholding
Proxy 1		
Proxy 2		
Total		

Dated thisday of.....2019

[* Delete if not applicable]

Notes:

[Signature/Common Seal of Shareholder]

- In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors as at 22 March 2019 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at the meeting.
- A member entitled to vote and attend at the meeting is entitled to appoint a proxy to attend and vote at the meeting on his/her behalf. In case of a corporation, a duly authorised representative to attend and vote in its stead. The proxy may but need not be a member of the Company and there is no limitation as to the qualification of the proxy. A proxy/representative appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Share Registrar's Office at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time set for the meeting or any adjournment thereof.

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AFFIX
STAMP

The Share Registrar
Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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