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Tel: 606-799 6012 **Fax:** 606-799 7015

WHOLESALE:
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 Cheras, 56000 Kuala Lumpur, Malaysia.
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PROSPECTUS YOONG ONN CORPORATION BERHAD (814138-K)



(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 25,170,740 NEW ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE PRICE OF RM0.88 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND OTHER PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 12,670,740 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 25,229,260 ORDINARY SHARES OF RM0.50 EACH AT AN OFFER PRICE OF RM0.88 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 12,000,000 ORDINARY SHARES OF RM0.50 EACH BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- 13,229,260 ORDINARY SHARES OF RM0.50 EACH BY WAY OF PLACEMENT TO SELECTED INVESTORS

IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Managing Underwriter, Underwriter and Sole Placement Agent



INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER. PLEASE REFER TO SECTION 4 HEREIN FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 3 DECEMBER 2009. PROSPECTUS



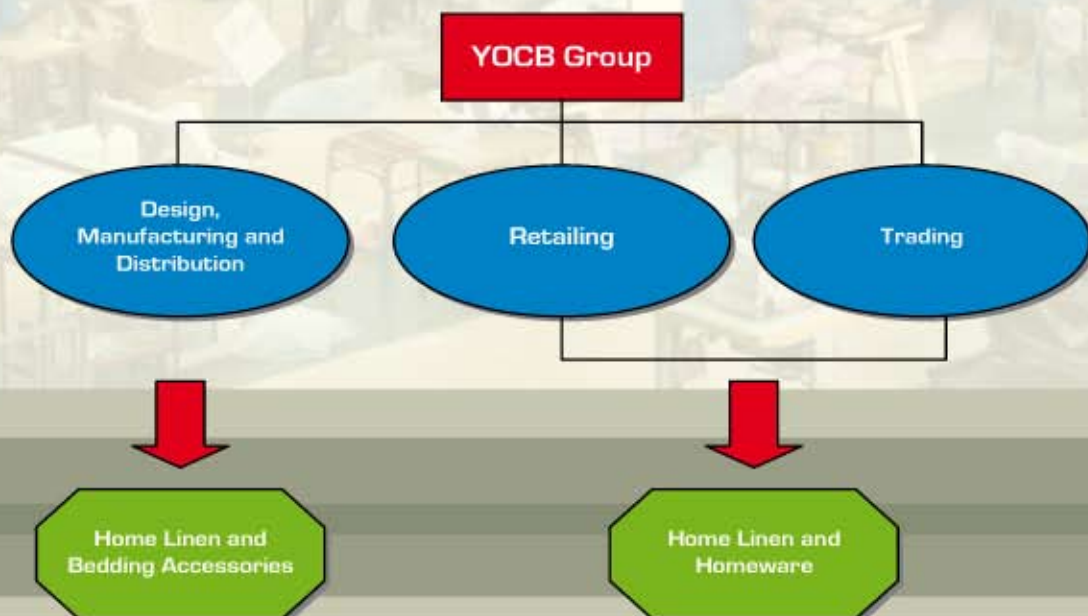


OUR BUSINESS

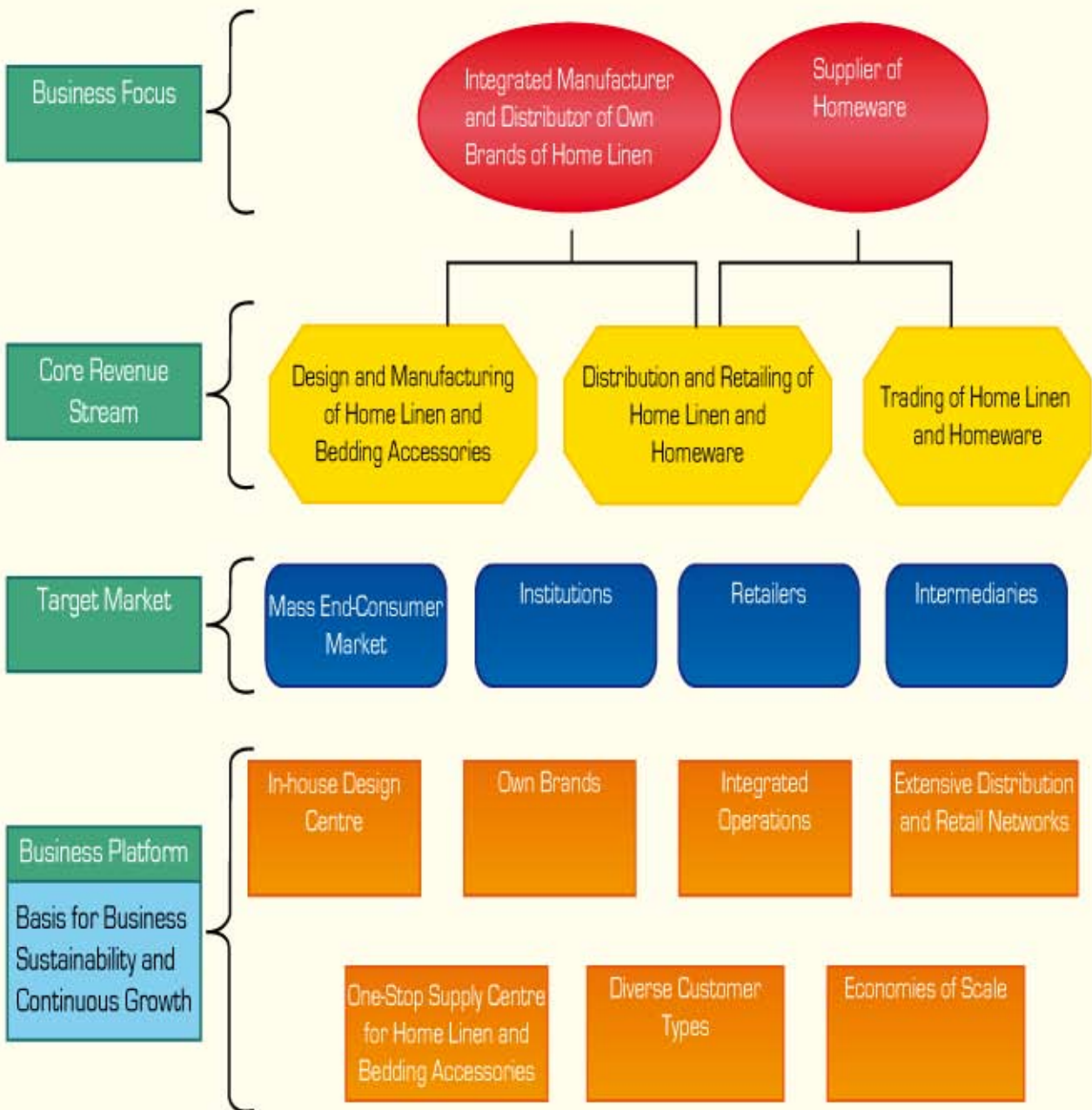
Our Group is an integrated manufacturer and distributor of our own brands of home linen which focuses on the production of bed and bath linen, bedding accessories and curtains.

Our Group serves as a one-stop supply centre for home linen and bedding accessories, especially for our trade customers. Our Group markets all of our home linen under fourteen (14) proprietary brand names and undertakes our own in-house design, which is supplemented by purchases from international independent design houses to provide variety and help address diverse trends especially in overseas countries. As at the LPD, our Group has approximately 2,500 of our own designs, focusing on bed linen.

Our Group is also a supplier of homeware, which complements our own manufactured home linen and bedding accessories.



OUR GROUP'S BUSINESS MODEL

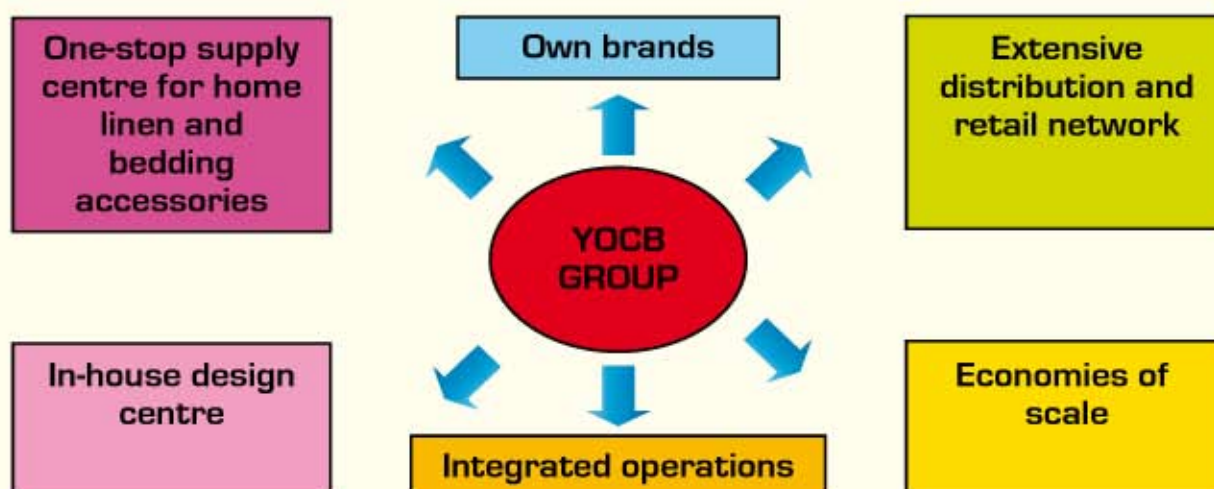


OUR BUSINESS FOCUS

Integrated manufacturer and distributor of our own brands of home linen as well as supplier of homeware covering:

- Design, manufacturing and distribution of home linen and bedding accessories; and
- Retailing and trading of home linen and homeware.

DIFFERENTIATION FACTORS AND COMPETITIVE ADVANTAGES OF OUR GROUP



Own brands	<ul style="list-style-type: none"> Our proprietary brand names will enable us to maximise from our brand equity without the need to pay third party royalties and at the same time sell our products anywhere in the world without any major constraints.
Extensive distribution and retail network	<ul style="list-style-type: none"> Our products are sold in our thirteen (13) fully owned retail outlets, one (1) retail outlet that is fully owned and managed by an appointed dealer, and approximately seventy-six (76) third party retail locations in Malaysia as at the LPD. Our products are sold in approximately twenty-five (25) third party retail locations in Singapore, approximately twenty-one (21) third party retail locations in Taiwan and one (1) third party retail location in Vietnam as at the LPD.
Economies of scale	<ul style="list-style-type: none"> Our Group enjoys economies of scale achieved through high volume of production, optimal deployment of machinery and equipment to maximise asset utilisation and defraying of fixed overheads over a large volume of orders, thus enabling us to be more cost competitive.
Integrated operations	<ul style="list-style-type: none"> We are an integrated operator with in-house design, manufacturing, distribution and retailing, which provides us with significant competitive advantages as it increases cost-effectiveness, faster turnaround, convenience to customers through a one-stop supply centre for home linen and bedding accessories, as well as end-to-end quality assurance. Our Group is able to maximise on economies of scale, maintain a high standard of quality of our products and meet high volume of demand as well as fast turnaround time in meeting customer orders.
In-house design centre	<ul style="list-style-type: none"> Our Group is able to design and develop completely original and proprietary designs. Our Group has successfully developed and commercialised approximately 2,500 different designs, focusing on bed linen since the commencement of our in-house design activities in 1988.
One-stop supply centre for home linen and bedding accessories	<ul style="list-style-type: none"> Our Group has the in-house design capabilities and manufacturing facilities to provide a wide range of home linen and bedding accessories to meet customer needs. Our Group has the capabilities to customise designs of home linen and bedding accessories according to customer's specifications and requirements and produce them under the customer's brand name.

RESEARCH AND DEVELOPMENT

Our Group is committed to carrying out R&D in order to create and sustain our competitive advantage through the following:

- Continuously creating new designs and collections;
- Continuously selecting best practices in contemporary designs and trends;
- Continuously utilising new and innovative materials; and
- Continuously improving manufacturing processes and techniques.

Moving forward, our Group plans to undertake R&D on the following:

- Development of new range of window blinds;
- Development of enhanced bed linen collection; and
- Improvements in manufacturing processes.

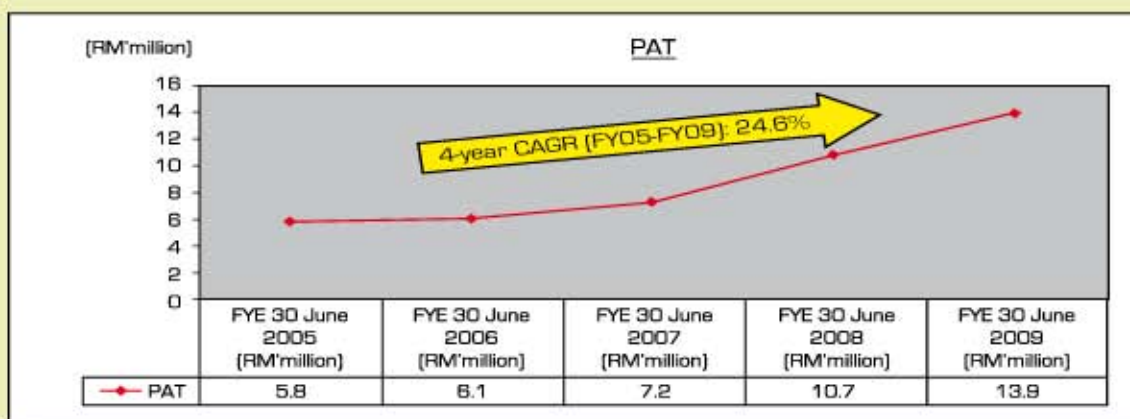
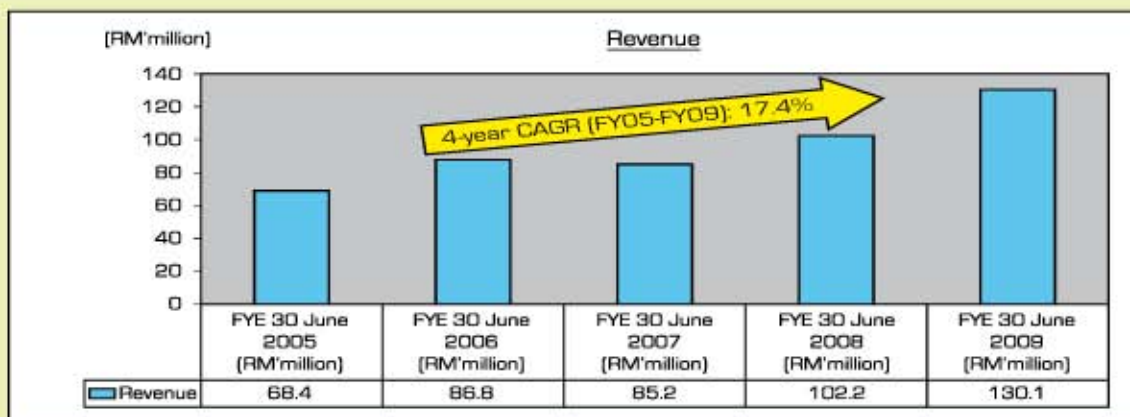
OUR PRODUCTS

Our Group's product range is wide and extensive with over 7,500 stock keeping units. In summary, our products consist mainly of:

- Home Linen : bed linen, bath linen and curtains
- Bedding Accessories : pillows, bolsters, quilts, comforters, protectors, cushions, foldable mattresses and chair pads
- Homeware : rugs, carpets, floor mats, fleece blankets, bath accessories, bedroom slippers and tableware



FINANCIAL PERFORMANCE OF OUR GROUP

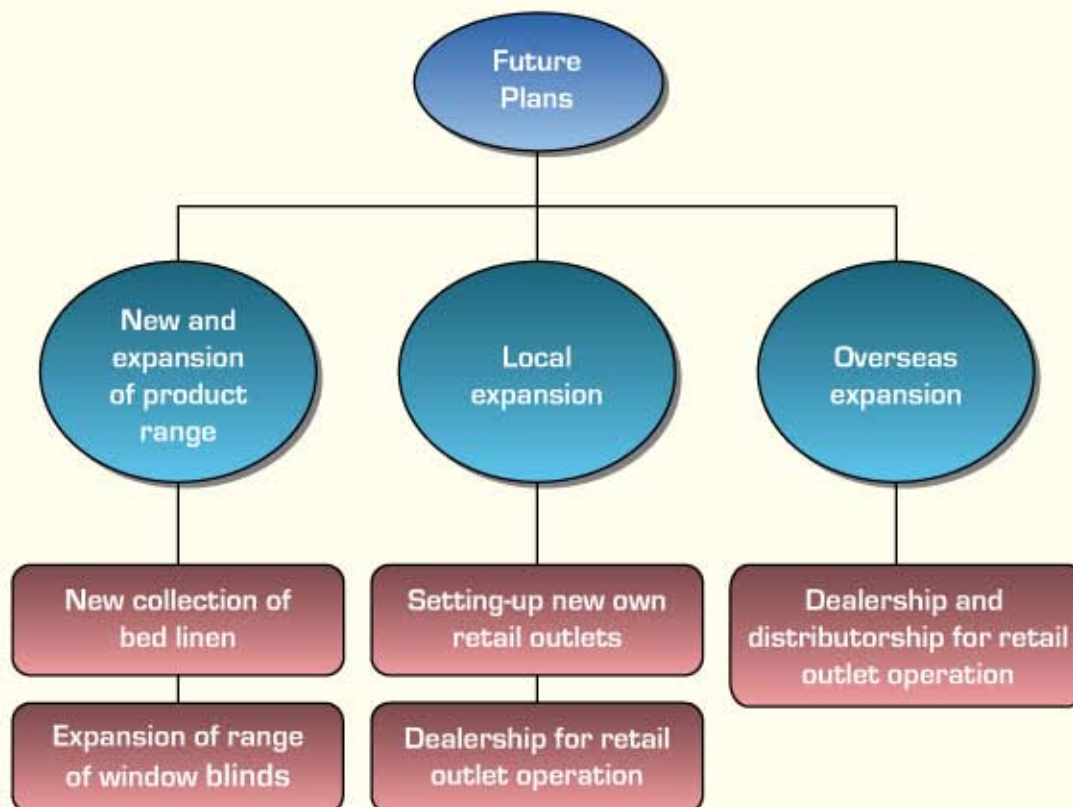


NUMBER OF RETAIL LOCATIONS

	FYE 30 June				
	2005	2006	2007	2008	2009
	No. of outlets	No. of outlets	No. of outlets	No. of outlets	No. of outlets
Own retail outlets Home's Harmony and Home's Warehouse	7	9	11	11	12
Third party retail outlet Home's Harmony	-	-	-	1	1
Other third party retail locations	40	46	50	64	74
Total	47	55	61	76	87



OUR FUTURE PLANS



OUR EXISTING DIVERSE TARGET MARKETS

- Mass End-Consumers;
- Institutions including hotels, resorts, hostels, hospitals, royal customs, military accommodation and cruise ships;
- Retailers including departmental stores, hypermarkets, supermarkets and specialty stores; and
- Intermediaries including distributors and importers.

Our existing diverse target markets provide us with a wide direct and indirect customer base to ensure continuing demand for our products and the platform to sustain and grow our business.

OUR CORE PRODUCTS

Bed Linen



Bedding Accessories



RETAIL OUTLETS



OTHER PRODUCTS



RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

PUBLIC INVESTMENT BANK BERHAD (20027-W) (“PIVB”), BEING THE ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING (“IPO”).

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION OF MALAYSIA (“SC”) HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES IN RESPECT OF OUR IPO FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

THE VALUATION UTILISED FOR THE PURPOSE OF THE FLOTATION EXERCISE SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

APPROVAL HAS BEEN OBTAINED FROM BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS TOGETHER WITH THE APPLICATION FORMS, HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

ACCEPTANCE OF THE APPLICATION WILL BE CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES TO DEAL IN AND FOR THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED AND PAID-UP ORDINARY SHARES ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, ALL MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED FROM YOU WILL BE RETURNED IN FULL WITHOUT INTEREST IF THE SAID PERMISSION FOR THE LISTING IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF ISSUE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC) PROVIDED THAT WE ARE NOTIFIED BY OR ON BEHALF OF BURSA SECURITIES WITHIN THE AFORESAID TIMEFRAME. IF ANY SUCH MONIES ARE NOT REPAYED WITHIN FOURTEEN (14) DAYS AFTER WE BECOME LIABLE TO REPAY IT, THE PROVISION OF SUB-SECTION 243(2) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”) SHALL APPLY ACCORDINGLY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE, FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY OBTAIN A COPY OF AN ELECTRONIC PROSPECTUS (AS DEFINED HEREIN BELOW) FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, CIMB BANK BERHAD AT www.cimbclicks.com.my, AFFIN BANK BERHAD AT www.affinOnline.com AND MALAYAN BANKING BERHAD AT www.maybank2u.com.my.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THE PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THE PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (1) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED IN THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (2) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGES OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (3) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (1) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (2) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOU OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEMS OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND / OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS TO UNDERWRITE THE PUBLIC ISSUE SHARES AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO (AS DEFINED HEREIN), MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA, TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAW OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAW OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISER ON THE LAWS TO WHICH THE FLOTATION EXERCISE OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER US NOR OUR ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE FLOTATION EXERCISE SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Tentative Dates
Opening date of application	3 December 2009
Closing date of application	10 December 2009
Tentative date for balloting of applications	14 December 2009
Tentative date for despatch of notices of allotment to successful applicants	22 December 2009
Tentative Listing date	23 December 2009

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL OPEN AT 10.00 A.M. ON THURSDAY, 3 DECEMBER 2009 AND WILL REMAIN OPEN UNTIL 5.00 P.M. ON THURSDAY, 10 DECEMBER 2009 OR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS AND MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IF THE CLOSING DATE OF THE APPLICATION IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND LISTING OF OUR ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET OF BURSA SECURITIES WOULD BE EXTENDED ACCORDINGLY AND WE WILL NOTIFY THE PUBLIC VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA DAILY NEWSPAPERS WITHIN MALAYSIA.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this Prospectus to “our Company” and “YOCB ” are to Yoong Onn Corporation Berhad, references to “our Group” and “YOCB Group” are to our Company and our subsidiaries and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and publicly available sources. In each such cases, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the independent market research report by Vital Factor Consulting Sdn Bhd. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data. Similarly, third party projections, including the projections from the independent market research report by Vital Factor Consulting Sdn Bhd, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and / or neuter genders, and *vice versa*. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any legislation is a reference to that legislation as for the time being amended or re-enacted.

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations; and
- (iv) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 4 of this Prospectus on "Risk Factors". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Acquisitions	: Acquisition of ETHSB, Acquisition of MSB, Acquisition of SFSB, and Acquisition of SYOSB, collectively
Acquisition of ETHSB	: The acquisition by YOCCB of the entire equity interest of ETHSB, comprising 200,000 ETHSB Shares for a purchase consideration of RM2,891,643 satisfied via the issuance of 5,783,286 new Shares at par
Acquisition of MSB	: The acquisition by YOCCB of the entire equity interest of MSB, comprising 350,000 MSB Shares for a purchase consideration of RM744,835 satisfied via the issuance of 1,489,670 new Shares at par
Acquisition of SFSB	: The acquisition by YOCCB of the entire equity interest of SFSB, comprising 500,000 SFSB Shares for a purchase consideration of RM7,249,379 satisfied via the issuance of 14,498,758 new Shares at par
Acquisition of SYOSB	: The acquisition by YOCCB of the entire equity interest of SYOSB, comprising 2,000,000 SYOSB Shares for a purchase consideration of RM36,528,771 satisfied via the issuance of 73,057,542 new Shares at par
Act	: Companies Act, 1965 and any amendments thereto
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Applicant	: The applicant for the IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	: The printed application form(s) for the application of the IPO Shares
ASEAN	: Association of South East Asian Nations
ATM	: Automatic Teller Machine
Authorised Financial Institution(s)	: The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Public Issue Shares made available for application under the Public Issue
Board	: The Board of Directors of YOCCB
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CCSB	: Casatex Cosmo Sdn. Bhd. (832846-X)
CDS	: Central Depository System
CMSA	: Capital Markets and Services Act, 2007 and any amendments thereto
Directors	: Directors of YOCCB
EBITDA	: Earnings before interest, taxation, depreciation and amortisation

DEFINITIONS (Cont'd)

Electronic Share Application	:	The application for the Public Issue Shares through a Participating Financial Institutions' ATM
EPS	:	Earnings per share
ETHSB	:	Elegant Total Home Sdn. Bhd. (268537-K)
ETHSB Share(s)	:	Ordinary share(s) of RM1.00 each in ETHSB
Flotation Exercise	:	Acquisitions, IPO, Share Transfer and Listing, collectively
FYE	:	Financial year ended / ending
GP	:	Gross profit
IMR Report	:	Independent Assessment of the Home Linen Industry prepared by Vital Factor Consulting Sdn Bhd dated 5 November 2009
Internet Participating Financial Institution(s)	:	Participating organisation(s) in the Internet Share Application, as listed in Section 19 of this Prospectus
Internet Share Application	:	Application for the Public Issue through an Internet Participating Financial Institution
IPO	:	The initial public offering of Shares comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.88 for each IPO Share
IPO Share(s)	:	The Public Issue Share(s) and Offer Share(s), collectively
Issuing House or MIH	:	Malaysian Issuing House Sdn. Bhd. (258345-X)
KLCON	:	Kuala Lumpur Consumer Index
Listing	:	The admission into the Official List of Bursa Securities and the listing of and quotation for our entire issued and paid-up share capital comprising 120,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Listing Requirements of Bursa Securities for the Main Market
LPD	:	31 October 2009, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Management	:	Directors and key management personnel of the Group
Market Day	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MI	:	Minority interests
MITI	:	Ministry of International Trade and Industry
MSB	:	Monsieur (M) Sdn. Bhd. (121889-W)

DEFINITIONS (Cont'd)

MSB Share(s)	:	Ordinary share(s) of RM1.00 each in MSB
NA	:	Net assets
NBV	:	Net book value
NL	:	Net liabilities
NTA	:	Net tangible assets
NTL	:	Net tangible liabilities
Offer For Sale	:	Offer for sale of 25,229,260 Shares by the Offerors of which 12,000,000 Offer Shares are made available to Bumiputera investors to be approved by MITI by way of placement and 13,229,260 Offer Shares made available to selected investors by way of placement at an offer price of RM0.88 per Share, payable in full upon subscription, subject to the terms and conditions of this Prospectus
Offer Shares	:	25,229,260 Shares to be offered for sale by the Offerors pursuant to the Offer for Sale
Offerors	:	Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon, Chew Fui Ngee, Chow Siew Sen, Dang Chee Wai, and Loo Lai Yoke, collectively
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Participating Financial Institution(s)	:	The participating financial institution(s) for Electronic Share Application as listed in Section 19 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Form Allocation	:	6,500,000 Public Issue Shares reserved for subscription by the eligible Directors, employees and other persons who have contributed to the success of our Group
PIVB or Adviser or Managing Underwriter or Sole Placement Agent	:	Public Investment Bank Berhad (20027-W)
Promoters	:	Chew Hon Foong and Chew Hon Keong, collectively
Public Issue	:	Public issue by YOCB of 25,170,740 new Shares at an issue price of RM0.88 per Share, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	25,170,740 new Shares to be issued pursuant to the Public Issue
R&D	:	Research and Development
RM and sen	:	Ringgit Malaysia and sen respectively

DEFINITIONS (Cont'd)

ROC	:	Registrar of Companies
SC	:	Securities Commission of Malaysia
SC Equity Guidelines	:	Guidelines on the Offering of Equity and Equity-Linked Securities issued by the SC, and includes any amendments made to it from time to time
SFSB	:	Sleep Focus Sdn. Bhd. (401252-V)
SFSB Share(s)	:	Ordinary share(s) of RM1.00 each in SFSB
SGD	:	Singapore Dollar
Share(s)	:	Ordinary share(s) of RM0.50 each in YOCB
Share Transfer	:	Transfer of 63,000,000 Shares held by Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee to CCSB during the prescription period
SICDA	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
Sq. ft.	:	Square feet
SSA	:	Share Sale Agreement
Subsidiary Companies	:	ETHSB, MSB, SFSB and SYOSB, collectively
SYOSB	:	Syarikat Yoong Onn Sdn. Bhd. (171966-W)
SYOSB Share(s)	:	Ordinary share(s) of RM1.00 each in SYOSB
Underwriters	:	PIVB, JF Apex Securities Berhad (47680-X) and Mercury Securities Sdn. Bhd. (113193-W), collectively
Underwriting Agreement	:	Underwriting agreement dated 4 November 2009 entered into between YOCB, the Offerors and the Underwriters
USA	:	United States of America
USD	:	United States Dollar
YFR	:	Yoon Fah Realty Sdn Bhd (87138-M)
YOCCB or Company	:	Yoong Onn Corporation Berhad (814138-K)
YOCCB Group or Group	:	YOCCB and its subsidiary companies, collectively

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DEFINITIONS (Cont'd)

Technical References

- Comforters : A comforter, also sometimes known as a quilt or duvet, is composed of two (2) layers of fabric, which is filled with either man-made fibres, down or feathers and machine quilted together. A comforter is usually used on a bed in place of a blanket
- Down : Down is the part of the feather of birds, commonly goose or duck, where there is no quill shaft. Down is very effective in trapping air, which is a good insulator of heat to keep users warm
- Home linen : Textile materials used in homes and include, among others, bed linens, bed spreads, quilts, bath towels, hand towels, table linen, placemats, napkins and cushion covers
- Homeware : A term used to refer to general household items not including fixtures, furnishing, consumables, electrical or electronic items, that are usually small in size, portable and are either functional or for aesthetics purposes. These include kitchenware like pots and pans, tableware like crockery and glasses, linens like table, bedding and bath linens, giftware like vase and glass sculpture, floor coverings like rugs, carpets and mats, and other accessories including cushions
- Polyester : Polyester is a man-made fibre and it blends easily with other fibres like cotton to make home linen and garments. Some of the benefits of polyester or polyester blends fabric are crease resistance, shape retention, quick drying, resilience and minimum care
- Quilts : Quilt is often used as heat insulation and aesthetics purposes. It is made of two layers of fabric with a layer of cotton, polyester fills, feathers or down in between and stitched together firmly. The stitching is commonly in a crisscross design. It usually comes with white covers, which would normally require additional coloured quilt covers for protection and decorative purpose
- Thread counts : Thread count is commonly used to describe one of the qualities of fabrics, particularly for bed linen. Thread count is the number of threads within a defined area, commonly one square inch. Generally, the higher the thread count, the finer, smoother and stronger the fabric. Nevertheless, a very high thread count would result in a very heavy cloth more suited for curtains or similar materials
- Quilt cover / duvet cover : An outer fabric covering of the comforter, quilt or duvet

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Address	Occupation	Nationality
Datuk Kamaludin Bin Yusoff <i>(Independent Non-Executive Chairman)</i>	No. 101, Jalan SS 3/41 Taman Subang 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chew Hon Foong <i>(Managing Director and Group Chief Executive Officer)</i>	No. 12, Jalan Hartamas 9 Taman Sri Hartamas 50480 Kuala Lumpur	Company Director	Malaysian
Chew Hon Keong <i>(Executive Director and Group Chief Operating Officer)</i>	No. 18, Jalan Bayu 7 Bukit Gita Bayu 43300 Seri Kembangan Selangor Darul Ehsan	Company Director	Malaysian
Datuk Hairuddin Bin Mohamed <i>(Independent Non-Executive Director)</i>	No. 195, Jalan UP3/1 Taman Ukay Perdana 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Yeoh Chong Keng <i>(Independent Non-Executive Director)</i>	No. 15, Jalan SS 7/9 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Lee Kim Seng <i>(Independent Non-Executive Director)</i>	No. 31, Jalan Badam Taman Cheras 56100 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

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

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1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Dato' Tang Swee Guan (MIA 5393)
Cheong Sin Yee (f) (MAICSA 7052271)
PTP Corporate Services Sdn. Bhd. (506471-V)
Suite 13A.01 (A), Level 13A
Wisma Goldhill
67 Jalan Raja Chulan
50200 Kuala Lumpur

Tel: (603) 2032 2895
- REGISTERED OFFICE** : Suite 13A.01 (A), Level 13A
Wisma Goldhill
67 Jalan Raja Chulan
50200 Kuala Lumpur

Tel: (603) 2032 2895
- HEAD OFFICE** : Lot No. PT 16690-16692
Jalan Permata 2
Arab-Malaysian Industrial Park
71800 Nilai
Negeri Sembilan Darul Khusus

Tel: (606) 799 6012
Fax: (606) 799 7015
Email: info@yoongonn.com
Website: www.yoongonn.com
- AUDITORS & REPORTING ACCOUNTANTS** : Horwath
(Chartered Accountants AF1018)
Level 16 Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel: (603) 2166 0000
- SOLICITORS FOR THE IPO** : Iza Ng Yeoh & Kit
Suite 13.08, 13th Floor
Plaza 138, No. 138
Jalan Ampang
50450 Kuala Lumpur

Tel: (603) 2732 3888
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

Tel: (603) 7728 0248

1. CORPORATE DIRECTORY (Cont'd)

VALUER	:	Henry Butcher Malaysia (NS) Sdn Bhd (553971-D) No. 55, 1 st Floor Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel: (606) 761 8681
PRINCIPAL BANKERS	:	AmBank Berhad (8515-D) Level 12A, Menara Dion Jalan Sultan Ismail 50250 Kuala Lumpur Tel: (603) 2026 3939 Hong Leong Bank Berhad (97141-X) Level 5, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur Tel: (603) 2164 2828 UOB Bank Berhad (271809-K) Jalan Imbi Branch 197-199 Jalan Imbi 55100 Kuala Lumpur Tel: (603) 2143 5722
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2693 2075
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (378993-D) 26 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2721 2222
ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND SOLE PLACEMENT AGENT	:	Public Investment Bank Berhad (20027-W) 25 th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel: (603) 2166 9382

1. CORPORATE DIRECTORY (Cont'd)

UNDERWRITERS : JF Apex Securities Berhad (47680-X)
6th Floor, Menara Apex
Off Jalan Semenyih
Bukit Mewah
43000 Kajang
Selangor Darul Ehsan

Tel: (603) 8736 1118

Mercury Securities Sdn. Bhd. (113193-W)
Lot 6-05, Level 6
Tower Block, Menara Milenium
8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

Tel: (603) 2094 2828

LISTING SOUGHT : Main Market of Bursa Securities

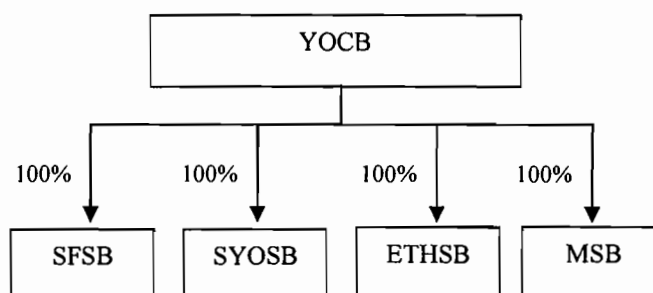
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2. INFORMATION SUMMARY

THIS INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND THE IPO. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 Introduction and History of our Group

We were incorporated in Malaysia as a public limited company on 17 April 2008 under the Act. We are an investment holding company and are engaged in the provision of management services whilst our wholly-owned subsidiaries are principally involved in design, manufacturing, distribution, retailing and trading of home linen, homeware and bedding accessories. Our Group's corporate structure is as follows:



The principal activities of our subsidiaries are as follows:

Subsidiaries	Date / Place of incorporation	Issued and paid-up share capital RM	Principal activities
MSB	18 June 1984 / Malaysia	350,000	Retailing of home linen and homeware
SYOSB	13 July 1988 / Malaysia	2,000,000	Distribution and trading of home linen and homeware
ETHSB	30 June 1993 / Malaysia	200,000	Distribution and trading of home linen and homeware
SFSB	7 September 1996 / Malaysia	500,000	Design and manufacturing of home linen and bedding accessories, and trading of home linen

The beginning of our Group's roots can be traced back to the 1960s with the establishment of Yoon On, a partnership entity. Yoon On was involved in the trading and retailing of textile and home linen, focusing on bed linen. In 1976, Yoon On started off with small-scale manufacturing of bed linen and started expanding its presence in the local markets by marketing its own proprietary brands namely *Diana* and *Novelle* in 1982.

SYOSB is our Group's main distribution and trading arm, focusing mainly on home linen after it took over the entire business operations of Yoon On in 1988. In 1992, we made our first export sales to Singapore for our in-house manufactured bed linen.

2. INFORMATION SUMMARY (Cont'd)

SFSB is our Group's design and manufacturing arm, focusing mainly on home linen and bedding accessories. In 2000, we constructed a manufacturing plant on our 9.3-acre land in Nilai, Negeri Sembilan Darul Khusus to increase our manufacturing capacity. Subsequently, all manufacturing activities of our Group were undertaken by SFSB.

ETHSB is our Group's distribution and trading arm, focusing mainly on homeware and interior products such as floor coverings (i.e. rugs, carpets and mats) and ready-made curtains. In 2005, we undertook the trading of homeware in East Malaysia and exports to Brunei through ETHSB.

MSB is our Group's retailing arm. Our Group's "Home's Harmony" flagship outlet, which is located at 1 Utama Shopping Centre, Petaling Jaya, Selangor Darul Ehsan was established in 2004 and since then, all of "Home's Harmony" retail outlets are operating under MSB.

2.2 Our Business Operations

Our Group is an integrated manufacturer and distributor of our own brands of home linen which focuses on the production of bed and bath linen, bedding accessories and curtains.

Our Group serves as a one-stop supply centre for home linen and bedding accessories, especially for our trade customers. Our Group markets all of our home linen under fourteen (14) brand names and undertakes our own in-house design, which is supplemented by purchases from international independent design houses to provide variety and help address diverse trends especially in overseas countries. As at the LPD, our Group has approximately 2,500 of our own designs, focusing on bed linen.

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

As at the LPD, our Group has thirteen (13) fully owned retail outlets and one (1) retail outlet that is fully owned and managed by an appointed dealer under the "Home's Harmony" brand name. Due to our Group's growing presence and brand building ability, we marketed our own in-house brands as well as externally sourced homeware under fourteen (14) of our own proprietary brand names namely, *Diana, Novelle, Jean Perry, Louis Casa, Genova, Firenze, RedDanielle, BedTalk, Cotonsoft, Niki Cains, Oasis, Ann Taylor, Sarah Miller* and *Season*.

Since our inception in 1960s, we have established our reputation in the home linen industry and have since become one of the major companies involved in the manufacture and / or specialised retailing of home linen and homeware in Malaysia in 2009. We also currently export our products to many overseas countries and for the FYE 30 June 2009, our products were sold in nine (9) overseas countries namely Singapore, Taiwan, Turkey, Indonesia, Australia, Brunei, Mozambique, New Caledonia and Fiji.

For further information on the history, principal activities and business operations of our Group, please refer to Sections 5 and 6 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.3 Financial Highlights

2.3.1 Proforma Consolidated Income Statements

The following table is a summary of our proforma consolidated audited income statements for the past five (5) financial years up to FYE 30 June 2009 which has been prepared for illustrative purposes only based on the assumption that the current structure of our Group had been in existence throughout the financial years under review.

	-----Audited FYE 30 June----->				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	68,418	86,808	85,185	102,200	130,084
Cost of sales	(48,868)	(63,778)	(58,054)	(66,143)	(83,683)
GP	19,550	23,030	27,131	36,057	46,401
Other income	111	846	75	776	711
Selling and distribution expenses	(1,588)	(1,640)	(2,303)	(2,867)	(5,286)
Administrative expenses	(8,394)	(10,549)	(11,705)	(15,137)	(19,611)
Other expenses	(1,346)	(2,884)	(2,187)	(3,888)	(2,469)
Finance costs	(161)	(335)	(577)	(1,237)	(1,101)
PBT	8,172	8,468	10,434	13,704	18,645
Income tax expense	(2,411)	(2,332)	(3,185)	(2,998)	(4,764)
PAT	5,761	6,136	7,249	10,706	13,881
EBITDA	9,640	10,225	12,518	17,749	22,042
PAT attributable to equity holders of YOCEB	5,761	6,136	7,249	10,706	13,881
GP margin (%)	28.6	26.5	31.8	35.3	35.7
PBT margin (%)	11.9	9.8	12.2	13.4	14.3
Net profit margin (%)	8.4	7.1	8.5	10.5	10.7
Number of Shares assumed in issue* ('000)	94,829	94,829	94,829	94,829	94,829
Gross EPS^ (sen)	8.6	8.9	11.0	14.5	19.7
Net EPS^ (sen)	6.1	6.5	7.6	11.3	14.6

Notes:

* Assumed number of ordinary shares in issue arrived at based on issued and paid-up capital after the Acquisitions but before the IPO.

^ The gross EPS and net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the relevant financial years.

There was no MI, share of profits / losses of associated companies or joint ventures, exceptional or extraordinary items in the financial years under review. Detailed information on our proforma consolidated income statements are set out in Section 12.1 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3.2 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effects on our audited balance sheets as at 30 June 2009 had the Flotation Exercise completed on that date and that the current structure of our Group had been in existence throughout the financial years under review.

	Audited as at 30 June 2009 RM'000	(I) After Acquisitions RM'000	(II) After (I) and IPO RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	-	30,856	30,856
Goodwill	-	637	637
	-	31,493	31,493
Current Assets			
Inventories	-	30,441	30,441
Trade receivables	-	16,639	16,639
Other receivables, deposits and prepayments	917	3,216	2,299
Tax refundable	-	43	43
Deposits with a financial institution	-	6,029	6,029
Cash and bank balances	#	5,857	16,424
	917	62,225	71,875
TOTAL ASSETS	917	93,718	103,368
EQUITY AND LIABILITIES			
Equity			
Share capital	#	47,415	60,000
Share premium	-	-	7,750
Reserves	(6)	13,284	11,599
TOTAL EQUITY	(6)	60,699	79,349
Non-Current Liabilities			
Long-term borrowings	-	3,412	3,412
Deferred tax liabilities	-	1,703	1,703
	-	5,115	5,115
Current Liabilities			
Trade payables	-	5,136	5,136
Other payables and accruals	923	6,163	6,163
Short-term borrowings	-	15,291	6,291
Provision for taxation	-	1,314	1,314
	923	27,904	18,904
Total Liabilities	923	33,019	24,019
TOTAL EQUITY AND LIABILITIES	917	93,718	103,368

2. INFORMATION SUMMARY (Cont'd)

	Audited as at 30 June 2009 RM'000	(I) After Acquisitions RM'000	(II) After (I) and IPO RM'000
Number of ordinary shares assumed in issue at par value of RM0.50 each ('000)	^	94,829	120,000
(NTL) / NTA	(6)	60,062	78,712 [@]
(NTL) / NTA per share (RM)	(1,647)	0.63	0.66
(NL) / NA	(6)	60,699	79,349 [@]
(NL) / NA per share (RM)	(1,647)	0.64	0.66

Notes:

RM2

^ 4 ordinary shares of RM0.50 each

@ After deducting the estimated listing expenses of RM3,500,000

Detailed information on our proforma consolidated balance sheets are set out in Section 12.2 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.3.3 Proforma Consolidated Cash Flow Statement

The following is our proforma consolidated cash flow statement for the FYE 30 June 2009 which have been prepared for illustrative purposes only on the assumption that the current structure of our Group had been in existence throughout the financial year under review.

	FYE 30 June 2009 RM'000
CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES	
PBT	18,645
Adjustments for:	
Allowance for doubtful debts	69
Allowance for slow-moving inventories	462
Depreciation of property, plant and equipment	2,437
Interest expense	1,005
Plant and equipment written off	202
Loss on disposal of equipment	3
Interest income	(45)
Writeback of allowance for doubtful debts	(10)
Operating profit before working capital changes	22,768
Increase in inventories	(3,625)
Decrease in trade and other receivables	3,837
Increase in trade and other payables	3,882
CASH FROM OPERATIONS	26,862
Interest paid	(1,005)
Income tax paid	(5,327)
NET CASH FROM OPERATING ACTIVITIES	20,530
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES	
Purchases of plant and equipment	(1,793)
Proceeds from disposal of plant and equipment	5
Interest received	45
NET CASH FOR INVESTING ACTIVITIES	(1,743)
CASH FLOWS FOR FINANCING ACTIVITIES	
Repayment to a director	(5)
Net repayments of bankers' acceptances	(9,368)
Repayment of term loans	(2,604)
Repayment of hire purchase payables	(187)
NET CASH FOR FINANCING ACTIVITIES	(12,164)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,264
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	11,887

Detailed information on our proforma consolidated cash flow statement is set out in Section 12.3 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.4 Dividend Forecast and Policy

We have not declared or paid any dividend since our incorporation on 17 April 2008. Moving forward, future dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

It will be the policy of our Directors to recommend dividends to allow shareholders to participate in the profits of our Group as well as maintaining adequate reserves for the future growth of our Group.

Further details on the dividend forecast and policy of our Group is set out in Section 13.7 of this Prospectus.

2.5 Qualification of Audited Financial Statements

The auditors' reports for all the companies within our Group for the financial years under review were reported without any qualification.

2.6 Principal Statistics Relating to the IPO

2.6.1 Our Share Capital

	RM
Authorised share capital	
200,000,000 ordinary shares of RM0.50 each	<u>100,000,000</u>
Issued and credited as fully paid-up share capital	
94,829,260 ordinary shares of RM0.50 each	47,414,630
To be issued pursuant to the Public Issue	
25,170,740 ordinary shares of RM0.50 each	12,585,370
Enlarged issued and paid-up share capital upon Listing	
120,000,000 ordinary shares of RM0.50 each	<u>60,000,000</u>

2.6.2 Issue Price per IPO Share

Issue price per IPO Share RM0.88

2.6.3 Total Market Capitalisation upon Listing

Total market capitalisation based on the IPO Price of RM0.88 per Share and the enlarged share capital of 120,000,000 Shares RM105,600,000

2.6.4 Offer for Sale

- (i) 12,000,000 Shares will be offered for sale by way of placement to Bumiputera investors approved by MITI; and
- (ii) 13,229,260 Shares will be offered for sale by way of placement to selected investors.

2. INFORMATION SUMMARY (Cont'd)

2.6.5 Proforma Consolidated NTA and NA as at 30 June 2009

	RM
Proforma Consolidated NTA	
- After the Flotation Exercise and deducting estimated listing expenses of RM3,500,000	78,712,000
Proforma Consolidated NTA per Share	
- Based on our enlarged share capital of 120,000,000 Shares	0.66
Proforma Consolidated NA	
- After the Flotation Exercise and deducting estimated listing expenses of RM3,500,000	79,349,000
Proforma Consolidated NA per Share	
- Based on our enlarged share capital of 120,000,000 Shares	0.66

2.6.6 Classes and Ranking

We have only one class of shares, being ordinary shares of RM0.50 each. The IPO Shares will rank *pari passu* in all respects with our then existing shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of allotment thereof.

Please refer to Section 3 of this Prospectus for detailed information of the IPO.

2.7 Risk Factors

There are a number of risk factors (which may not be exhaustive), both specific to our Group and relating to the general business environment, which may impact the operating performance and financial position of our Group. To appreciate the risk factors associated with an investment in us, you should read this entire Prospectus carefully, taking into consideration the following summary of key risk factors:

2.7.1 Risks in Relation to Our Shares and the IPO

- (i) No Prior Market for Our Shares;
- (ii) Failure or Delay in Our Listing;
- (iii) Indefinite Delay Between Settlement and Trading of Our Shares; and
- (iv) Control by Substantial Shareholders.

2.7.2 Risks Relating to the Business of Our Group

- (i) Business Risks;
- (ii) Dependency on Our Directors and Key Management;
- (iii) Competition;
- (iv) Dependency on the Supply of Raw Materials;
- (v) Dependency on Our Major Customers;
- (vi) Dependency on Our Principal Products and Markets;
- (vii) Shortage of Skilled Labour;
- (viii) Keeping Abreast with the Latest Trends and Designs;
- (ix) Trademarks;
- (x) Brand Loyalty;
- (xi) Seasonality;
- (xii) Inventory Management;
- (xiii) Challenges faced in Expanding our Distribution Network;
- (xiv) Expansion of Business and Risk of Over Expansion;

2. INFORMATION SUMMARY (Cont'd)

- (xv) Product Liability;
- (xvi) Legal Uncertainties Concerning Contractual Agreements;
- (xvii) Future Injections of Capital;
- (xviii) Material Commitments and Indebtedness;
- (xix) Emergency Risks and System Failure;
- (xx) Adequacy of Insurance Coverage; and
- (xxi) Political, Economic and Regulatory Considerations.

2.7.3 Financial Risks

- (i) Foreign Exchange Risks;
- (ii) Borrowings and Interest Rate Risks; and
- (iii) Restrictive Covenants.

The details of the aforementioned risks are provided in the section on “Risk Factors” contained in Section 4 of this Prospectus. If you are unsure about any of the information contained in the section on “Risk Factors”, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

2.8 Utilisation of Proceeds

We expect the proceeds from the Public Issue of approximately RM22.2 million to be fully utilised by our Group as follows:

Details of the utilisation of proceeds	Proceeds RM'000	Estimated timeframe for utilisation from the date of Listing
Repayment of bank borrowings	9,000	Within six (6) months
Local and overseas expansion	6,000	Within twenty four (24) months
Working capital	3,650	Within twenty four (24) months
Estimated listing expenses	3,500	Within six (6) months
Total	22,150	

Further details on the utilisation of the gross proceeds are set out in Section 3.9 of this Prospectus.

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3. PARTICULARS OF THE IPO

3.1 Introduction

This Prospectus is dated 3 December 2009.

A copy of this Prospectus has been registered with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

The approval from the SC for the Flotation Exercise has been obtained vide its letter dated 25 June 2009. The approval from the SC for the revision in the allocation of the Offer Shares and Public Issue Shares has also been obtained vide its letter dated 13 August 2009. The approval from the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has resolved to approve our admission to the Official List of the Main Market of Bursa Securities and the listing and quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, vide its letter dated 19 November 2009. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the said permission for the listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such a longer period as may be specified by the SC), provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares in which listing is sought must be held by a minimum of 1,000 public shareholders holding not less than 100 shares each at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our listing on the Main Market of Bursa Securities. In such an event, monies paid in respect of all applications will be returned in full without interest.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. In the case of an application by way of Application Form, an applicant should state his / her CDS account in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish his / her CDS account number to the Participating Financial Institutions by way of keying in his / her CDS account number if the instructions on the ATM screen at which he / she enters his / her Electronic Share Application requires him / her to do so.

3. PARTICULARS OF THE IPO (Cont'd)

In the case of an application by way of Internet Share Application, the applicant can make an application only if he / she has a CDS account and an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institutions by way of keying in his / her CDS account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

No person is authorised to give any information or make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and /or offer to subscribe for our IPO Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinion or reports expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Company or our Shares.

You should rely on your own evaluation to assess the merits and risks of the IPO and an investment in us. In considering the investment, if you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

3.2 Indicative Timetable

The indicative timetable of events leading up to the listing of and quotation for our entire issued and paid-up capital are as follows:

Event	Tentatives Dates
Opening date of application	3 December 2009
Closing date of application	10 December 2009
Tentative date for balloting of applications	14 December 2009
Tentative date for despatch of notices of allotment to successful applicants	22 December 2009
Tentative Listing date	23 December 2009

3. PARTICULARS OF THE IPO (Cont'd)

The application period will open at 10.00 a.m. on 3 December 2009 and will remain open until 5.00 p.m. on 10 December 2009 or such further period or periods as our Directors and Managing Underwriter in their absolute discretion may mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment and listing of our entire issued and paid-up share capital on the Main Market of Bursa Securities would be extended accordingly and we will notify the public via an advertisement in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

3.3 Purpose of the IPO

The purpose of the IPO is as follows:

- (i) to enhance the stature and corporate profile of our Group. The IPO will help us create greater public awareness and corporate visibility of our Group through the media and publicly filed documents. This will provide indirect benefits such as creating brand awareness, instilling confidence and pride amongst our business partners, employees and customers;
- (ii) to provide an opportunity for the Malaysian Public, eligible Directors and employees, and other persons who have contributed to the success of our Group to participate in the continuing growth of our Group by way of equity participation;
- (iii) to enable our Group to gain access to the capital markets for funds to finance our future expansion and continued growth; and
- (iv) to obtain a listing of and quotation for our Company's entire issued and paid-up share capital on the Main Market of Bursa Securities.

3.4 Share Capital

	RM
Authorised share capital	
200,000,000 ordinary shares of RM0.50 each	100,000,000
Issued and credited as fully paid-up share capital	
94,829,260 ordinary shares of RM0.50 each	47,414,630
To be issued pursuant to the Public Issue:	
25,170,740 ordinary shares of RM0.50 each	12,585,370
Enlarged issued and paid-up share capital upon Listing	
120,000,000 ordinary shares of RM0.50 each	60,000,000

We have only one (1) class of shares, being ordinary shares of RM0.50 each. The IPO Shares will upon allotment and issue, rank *pari passu* in all respects with our then existing issued and paid-up ordinary shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

3. PARTICULARS OF THE IPO (Cont'd)

Subject to any special rights attaching to any shares which we may issue in the future, the holders of ordinary shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

At any of our general meeting, each ordinary shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

3.5 Plan of Distribution

The details of the IPO are as follows:

3.5.1 Public Issue

The Public Issue of 25,170,740 new Shares, representing approximately 20.98% of our enlarged issued and paid-up share capital, at an issue price of RM0.88 per Share are payable in full upon application, is subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

(i) Malaysian Public

6,000,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for Bumiputera investors.

(ii) Eligible Directors, Employees and Other Persons who have Contributed to the Success of Our Group

6,500,000 Public Issue Shares, representing approximately 5.42% of our enlarged issued and paid-up share capital will be made available for application by eligible Directors, employees and other persons who have contributed to the success of our Group.

The criteria for the allocation of the Public Issue Shares to the Directors, employees and other persons who have contributed to the success of our Group, as approved by the Board are as follows:

- (a) Directors and employees of our Group
- Seniority;
 - Length of service;
 - Category of employees;
 - Job performance; and
 - Other criteria deemed fit by our Management.
- (b) Other persons who have contributed to the success of our Group
- Length of relationship;
 - Volume and frequency of transactions with us; and
 - Other criteria deemed fit by our Management.

3. PARTICULARS OF THE IPO (Cont'd)

Directors

The details of allocation of the Public Issue Shares to the eligible Directors of our Group are as follows:

Eligible Directors	Designation	No. of Public Issue Shares allocated
Datuk Kamaludin Bin Yusoff	Independent Non-Executive Chairman	1,000,000
Yeoh Chong Keng	Independent Non-Executive Director	100,000
Lee Kim Seng	Independent Non-Executive Director	100,000
Total		<u>1,200,000</u>

Employees and other persons who have contributed to the success of our Group

The details of allocation of the Public Issue Shares to eligible employees and other persons who have contributed to the success of our Group are as follows:

Category eligible employees	No. of persons	No. of Public Issue Shares allocated
Managerial and professional	12	777,000
Technical and supervisory	25	65,900
Executives and sales personnel	196	387,800
Clerical and related occupations	359	101,100
	<u>592</u>	<u>1,331,800</u>
Other persons who have contributed to the success of our Group	100	3,968,200
Total	<u>692</u>	<u>5,300,000</u>

(iii) Selected Investors by way of Private Placement

12,670,740 Public Issue Shares, representing approximately 10.56% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

3.5.2 Offer for Sale

The Offer for Sale of 25,229,260 Shares representing 21.02% of our enlarged issued and paid-up share capital, at an offer price of RM0.88 per Share are payable in full upon application, is subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

3. PARTICULARS OF THE IPO (Cont'd)**(i) Bumiputera Investors Approved by MITI**

12,000,000 Offer Shares, representing 10.00% of our enlarged issued and paid-up share capital will be made available by way of placement to Bumiputera investors approved by MITI; and

(ii) Selected Investors by way of Placement

13,229,260 Offer Shares, representing approximately 11.02% of our enlarged issued and paid-up share capital will be made available by way of placement to selected investors.

3.5.3 Reallocation

The Offer Shares shall be subject to the following reallocation provisions:

- (i) Any of the Offer Shares under Section 3.5.2(i) not subscribed for by the Bumiputera investors under the Offer for Sale to be placed to Bumiputera investors approved by MITI shall be made available for application by the Bumiputera public as part of the IPO balloting process;
- (ii) Thereafter, any Offer Shares that were reallocated to the Bumiputera public (as part of the IPO balloting process) pursuant to Section 3.5.3(i) not subscribed for by the Bumiputera public, shall be made available for the application by the Malaysian Public;
- (iii) Subsequently, any unsubscribed Offer Shares by the Malaysian Public pursuant to Section 3.5.3(ii) will be made available for subscription by selected investors; and
- (iv) Lastly, any unsubscribed Offer Shares by the selected investors pursuant to Section 3.5.3(iii) will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement dated 4 November 2009.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares pursuant to Section 3.5.1(i) and (ii) of this Prospectus has been fully underwritten by the Underwriters, save for the 1,200,000 IPO Shares allocated to eligible Directors which have been fully taken up.

Any portion of the Public Issue Shares which are not subscribed by the eligible Directors, employees and other persons who have contributed to the success of the our Group will be made available for subscription by the Malaysian Public.

Thereafter, any Public Issue Shares not subscribed for by the eligible Directors, employees and other persons who have contributed to the success of our Group and the Malaysian Public will be made available for subscription by selected investors.

Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement dated 4 November 2009.

3. PARTICULARS OF THE IPO (Cont'd)

3.6 Basis of Arriving at the IPO Price

The IPO price of RM0.88 per Share was determined and agreed upon by our Directors, Offerors and PIVB as the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent, after taking into consideration the following factors:

- (i) our Group's operating and financial performance as outlined in Sections 6, 12 and 13 of this Prospectus. Based on the proforma consolidated financial statements of our Group for the FYE 30 June 2009, we have recorded PAT of RM13.9 million which translates into a net EPS of 11.6 sen based on our enlarged issued and paid-up share capital of 120,000,000 Shares. This in turn, translates into a net PE Multiple of approximately 7.6 times based on our IPO price of RM0.88;
- (ii) the future plans, strategies and prospects of our Group's businesses as outlined in Section 6.21 of this Prospectus;
- (iii) the competitive strengths and advantages of our Group as outlined in Section 6.10 of this Prospectus; and
- (iv) the prevailing market conditions as set out in Section 7 of this Prospectus.

Our market capitalisation will be RM105,600,000 derived based on the IPO Price and our enlarged issued and paid-up share capital of 120,000,000 Shares.

However, you should note that the market prices of our Shares upon and subsequent to the listing on the Main Market of Bursa Securities are subject to vagaries of the market forces and other uncertainties, which may affect the price of our Shares being traded. You should also bear in mind the "Risk Factors" set out in Section 4 of this Prospectus before deciding on whether or not to invest in our Shares.

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3. PARTICULARS OF THE IPO (Cont'd)

3.7 Selling Shareholders

(i) The information on our Offerors in respect of the Offer For Sale are as follows:

Name	Address	Before the IPO		Share offered pursuant to the Offer for Sale			After the IPO	
		No. of Shares	% ^(a)	No. of Offer Shares	% of the existing share capital ^(a)	% of the enlarged share capital ^(b)	No. of Shares	% ^(b)
Chew Hon Foong	No. 12, Jalan Hartamas 9 Taman Sri Hartamas 50480 Kuala Lumpur	24,426,647	25.76	7,733,647	8.16	6.44	16,693,000 ^(c)	13.91
Chew Hon Keong	No. 18, Jalan Bayu 7 Bukit Gita Bayu 43300 Seri Kembangan Selangor Darul Ehsan	24,426,500	25.76	7,733,500	8.16	6.44	16,693,000 ^(c)	13.91
Chew Hon Yoong	E-2-9, Sentosa Court Jalan Sri Sentosa Taman Sri Sentosa 58000 Kuala Lumpur	15,049,616	15.87	3,877,616	4.09	3.23	11,172,000 ^(c)	9.31
Chew Hon Yoon	No. 2, Jalan Midah 11 Taman Midah Cheras 56000 Kuala Lumpur	15,049,616	15.87	3,877,616	4.09	3.23	11,172,000 ^(c)	9.31
Chew Fui Ngee	No. 7, Jalan Bukit Segar 2 Taman Bukit Segar Cheras 56100 Kuala Lumpur	7,357,917	7.76	87,917	0.09	0.07	7,270,000 ^(c)	6.06

3. PARTICULARS OF THE IPO (Cont'd)

Name	Address	Before the IPO		Share offered pursuant to the Offer for Sale			After the IPO	
		No. of Shares	% ^(a)	No. of Offer Shares	% of the existing share capital ^(c)	% of the enlarged share capital ^(b)	No. of Shares	% ^(b)
Chow Siew Sen	No. 46, Jalan Sengaring Taman Tenaga Cheras 56000 Kuala Lumpur	6,783,978	7.16	1,383,978	1.46	1.15	5,400,000	4.50
Dang Chee Wai	No. 12, Jalan Awan Kecil 5 Taman OUG 58200 Kuala Lumpur	867,493	0.91	267,493	0.28	0.22	600,000	0.50
Loo Lai Yoke	No. 61, Jalan Midah 11 Taman Midah Cheras 56000 Kuala Lumpur	867,493	0.91	267,493	0.28	0.22	600,000	0.50

Notes:

(a) Based on the existing issued and paid-up share capital of 94,829,260 Shares.

(b) Based on the enlarged issued and paid-up share capital of 120,000,000 Shares.

(c) During the prescription period, all their respective shareholdings in the Company will be transferred to CCSB. Please refer to Section 5.43 of this Prospectus for more detailed information.

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3. PARTICULARS OF THE IPO (Cont'd)

(ii) Material relationship of the selling shareholders with our Group for the past three (3) years are as follows:

Name	Material relationship of the selling shareholders with our Group		
	FYE 2007	FYE 2008	FYE 2009
Chew Hon Foong	<ul style="list-style-type: none"> Substantial shareholder of ETHSB, MSB, SFSB^(a) and SYOSB^(b) Director of ETHSB, MSB and SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB, ETHSB, MSB, SFSB^(a) and SYOSB^(b) Director of YOCCB, ETHSB, MSB and SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB, ETHSB, MSB, SFSB and SYOSB Director of YOCCB, ETHSB, MSB and SYOSB
Chew Hon Keong	<ul style="list-style-type: none"> Substantial shareholder of ETHSB, MSB^(c), SFSB and SYOSB^(b) Director of ETHSB, SFSB and SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB, ETHSB, MSB^(c), SFSB and SYOSB^(b) Director of YOCCB, ETHSB, SFSB and SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB, ETHSB, MSB, SFSB and SYOSB Director of YOCCB, ETHSB, SFSB and SYOSB
Chew Hon Yoong	<ul style="list-style-type: none"> Substantial shareholder of ETHSB^(d), MSB, SFSB and SYOSB^(b) Director of MSB and SFSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB^(e), ETHSB^(d), MSB, SFSB and SYOSB^(b) Director of MSB and SFSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB^(e), ETHSB^(d), MSB, SFSB and SYOSB Director of MSB and SFSB
Chew Hon Yoon	<ul style="list-style-type: none"> Substantial shareholder of ETHSB^(d), MSB^(c), SFSB^(a) and SYOSB^(b) Director of SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB^(e), ETHSB^(d), MSB^(c), SFSB^(a) and SYOSB^(b) Director of SYOSB 	<ul style="list-style-type: none"> Substantial shareholder of YOCCB^(e), ETHSB^(d), MSB, SFSB and SYOSB Director of SYOSB

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3. PARTICULARS OF THE IPO (Cont'd)

Name	Material relationship of the selling shareholders with our Group		
	FYE 2007	FYE 2008	FYE 2009
Chew Fui Ngee	Substantial shareholder of ETHSB ^(d) , MSB ^(c) , SFSB ^(a) and SYOSB ^(b)	Substantial shareholder of YOCB ^(e) , ETHSB ^(d) , MSB ^(c) , SFSB ^(a) and SYOSB ^(b)	Substantial shareholder of YOCB ^(e) , ETHSB ^(d) , MSB ^(c) , SFSB ^(a) and SYOSB
Chow Siew Sen	Substantial shareholder of SYOSB	Substantial shareholder of SYOSB	Substantial shareholder of SYOSB
Dang Chee Wai	Substantial shareholder of ETHSB	Substantial shareholder of ETHSB	Substantial shareholder of ETHSB
Loo Lai Yoke	Substantial shareholder of ETHSB	Substantial shareholder of ETHSB	Substantial shareholder of ETHSB

Notes:

- (a) Deemed interested by virtue of the direct interest of his / her siblings, Chew Hon Keong and Chew Hon Yoong in SFSB.
- (b) Deemed interested by virtue of his direct interest in YFR, pursuant to Section 6A of the Act.
- (c) Deemed interested by virtue of the direct interest of his / her siblings, Chew Hon Foong and Chew Hon Yoong in MSB.
- (d) Deemed interested by virtue of the direct interest of his / her siblings, Chew Hon Foong and Chew Hon Keong in ETHSB.
- (e) Deemed interested by virtue of the direct interest of his / her siblings, Chew Hon Foong and Chew Hon Keong in YOCB.
- (f) Deemed interested by virtue of the direct interest of her siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon in MSB.
- (g) Deemed interested by virtue of the direct interest of her siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon in SFSB.

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3. PARTICULARS OF THE IPO (Cont'd)

3.8 Dilution

Dilution is the amount by which the issue price paid by subscribers and / or purchasers of our Public Issue Shares in this IPO exceeds our proforma consolidated NA per Share after the IPO.

Our proforma consolidated NA per Share as at 30 June 2009 before adjusting for the gross proceeds due to our Group from the Public Issue and based on the issued and paid-up share capital of 94,829,260 Shares was approximately RM0.64 per Share.

Pursuant to the Public Issue of 25,170,740 new Shares at an issue price of RM0.88, our proforma consolidated NA per Share as at 30 June 2009 (after adjusting for the gross proceeds and deducting the estimated listing expenses) due to our Group from the Public Issue and based on the enlarged issued and paid-up share capital of 120,000,000 Shares upon listing would have been approximately RM0.66. This represents an immediate increase in the proforma consolidated NA per Share of RM0.02 to our existing shareholders and an immediate dilution in the proforma consolidated NA per Share of RM0.22 or approximately 25% to our new investors.

The following table illustrates the dilution per Share as at FYE 30 June 2009:

	RM	RM
IPO Price		0.88
Proforma consolidated NA per Share based on the issued and paid-up share capital of 94,829,260 Shares	0.64	
Increase in the proforma consolidated NA per Share attributable to existing shareholders	0.02	
Proforma consolidated NA per Share based on the enlarged issued and paid-up share capital of 120,000,000 Shares upon listing		0.66
Dilution in the proforma consolidated NA per Share to new public investors		0.22

The following table summarises the total number of Shares acquired by our Directors or senior management, substantial shareholders or person connected to them, the total consideration paid by them and the average effective cash cost per Share to our Directors or senior management, substantial shareholders or person connected to them of Shares acquired by them from the date of incorporation, and to the new public investors who subscribe for and / or purchase the Public Issue Shares pursuant to the Public Issue:

	Before IPO No. of Shares	After IPO No. of Shares	Total consideration RM'000	Average effective cash cost per Share RM
<u>Directors and substantial shareholders</u>				
Chew Hon Foong	24,426,647 ^(a)	16,693,000	12,213	0.50
Chew Hon Keong	24,426,500 ^(a)	16,693,000	12,213	0.50
<u>Substantial shareholders</u>				
Chew Hon Yoong	15,049,616 ^(a)	11,172,000	7,525	0.50
Chew Hon Yoon	15,049,616 ^(a)	11,172,000	7,525	0.50
Chew Fui Ngee	7,357,917 ^(a)	7,270,000	3,679	0.50

3. PARTICULARS OF THE IPO (Cont'd)

	Before IPO No. of Shares	After IPO No. of Shares	Total consideration RM'000	Average effective cash cost per Share RM
Other shareholders				
Chow Siew Sen	6,783,978 ^(a)	5,400,000	3,392	0.50
Dang Chee Wai	867,493 ^(a)	600,000	434	0.50
Loo Lai Yoke	867,493 ^(a)	600,000	434	0.50
New investors				
- from Public Issue	-	25,170,740	22,150	0.88
- from Offer for Sale	-	25,229,260	22,202	0.88

Note:

- (a) On 9 January 2009, YOCB entered into a SSA with the vendors of ETHSB, MSB, SFSB and SYOSB, namely Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon, Chew Fui Ngee, Chow Siew Sen, Dang Chee Wai and Loo Lai Yoke in relation to the Acquisitions for a consideration of RM47,414,628 via the issuance of 94,829,256 Shares.

3.9 Utilisation of Proceeds

The total gross proceeds of approximately RM22.2 million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	Note	Proceeds RM'000	Estimated timeframe for utilisation from the date of Listing
Repayment of bank borrowings	(a)	9,000	Within six (6) months
Local and overseas expansion	(b)	6,000	Within twenty four (24) months
Working capital	(c)	3,650	Within twenty four (24) months
Estimated listing expenses	(d)	3,500	Within six (6) months
Total		22,150	

Notes:

- (a) Our Group intends to utilise a portion of the listing proceeds to pare down our Group's existing bank borrowings. The following table shows the indebtedness of our Group to be pared down:

Bank facilities	Maturing date	Purpose of borrowings	Interest rate %	Amount of borrowings to be discharged RM'000
For company:				
SFSB	One (1) to six (6) months 25 October 2012	To finance import and purchases	4.35 - 5.05	4,000
		For working capital	4.10	3,000
SYOSB	25 July 2010	For working capital	4.10	2,000
				9,000

3. PARTICULARS OF THE IPO (Cont'd)

Based on the current average interest rate of approximately 4.37% per annum, the repayment of the bank borrowings is expected to result in an estimated interest savings of approximately RM393,000 per annum. Any variation in the actual repayment of bank borrowings from the estimated amount will be adjusted in the allocation for working capital.

- (b) Our Group intends to utilise a portion of the listing proceeds to defray the cost to be incurred for local and overseas expansions for the next two (2) years, of which is expected to contribute positively to our Group's future financial performance.

Local expansion

The estimated cost for local expansion is approximately RM4,000,000 and the details of expenses in setting-up each retail outlet and third party retail location are as follows:

- (i) Setting-up retail outlets

The estimated cost of setting up a retail outlet in a local shopping complex of approximately 2,500 square feet would require approximately RM500,000 for renovation costs, fixtures and fittings and inventories.

- (ii) Setting-up third party retail locations

The estimated cost of setting up a third party retail locations in departmental stores, specialty stores and hypermarkets would require approximately RM175,000 for renovation costs, fixtures and fittings and inventories.

Our Group intends to establish two (2) retail outlets and eight (8) additional third party retail locations by 31 December 2010. The remaining proceeds earmarked for local expansion will be utilised in 2011.

Overseas expansion

The estimated cost of appointing dealers and distributorship in overseas would require approximately RM2,000,000 for research works, travelling, accommodation, trade fairs, exhibition, marketing and promotion activities. Our Group would continue its overseas sales and distribution efforts to penetrate new countries such as Japan and Philippines in the next twelve (12) months.

- (c) Our requirement for working capital will increase in tandem with our expected business growth. A portion of the proceeds will be used as general working capital for our Group to support our business operations which includes but not limited to financing our day-to-day operations, including the payment of salaries, purchases of raw materials and trading goods, other operating and administrative expenses. This would further enhance our cash flow position and enable us to conduct our operations smoothly.
- (d) The estimated listing expenses are as follows:

	RM'000
Professional fees	1,500
Underwriting, placement fees and brokerage	700
Printing of Prospectus and advertising fees	550
Issuing house	150
Fees to the authorities	150
Miscellaneous	450
Total	3,500

Any difference arising from the utilisation as set out above will be adjusted accordingly with our working capital requirements.

We will bear all expenses and fees incidental to the listing and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees the aggregate of which is estimated to be RM3.5 million. The Offer for Sale will raise gross proceeds of approximately RM22.2 million. This amount shall accrue entirely to the Offerors and no part of the proceeds shall be receivable by us. The Offerors shall bear all expenses such as underwriting commission, placement fees, stamp duty, penalty, if any, registration and share transfer fees relating to the Offer Shares.

3. PARTICULARS OF THE IPO (Cont'd)

3.10 Brokerage, Placement Fees and Underwriting Commission

3.10.1 Brokerage

Brokerage fees are payable by us in respect of the Public Issue Shares at the rate of 1.0% on the IPO price of RM0.88 per Share in respect of successful applications which bear the stamps of PIVB, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of Malaysian Investment Banking Association or MIH.

3.10.2 Placement Fees

The placement fees are payable by our Company to the Placement Agent at a rate of up to 2.0% of the IPO Price of RM0.88 per Share for each Public Issue Share placed.

3.10.3 Underwriting Commission

We together with the Offerors had entered into a conditional underwriting agreement with the Underwriters on 4 November 2009 ("Underwriting Agreement") to underwrite 11,300,000 Public Issue Shares available for application by the Malaysian Public, the eligible employees and other persons who have contributed to the success of our Group and 220,000 Offer Shares pursuant to Section 3.5.3(iv) ("Underwritten Shares").

The underwriting commission is payable by our Company and the Offerors at a rate of 2.0% of the IPO Price multiplied by the number of Public Issue Shares and Offer Shares underwritten by each of the respective Underwriters. The Managing Underwriter's fees is also payable by us and the Offeror at a rate of 0.5% of the IPO Price multiplied by the total number of Public Issue Shares and Offer Shares underwritten.

3.11 Salient Terms of the Underwriting Agreement

The following salient terms are reproduced from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

Clause 2.4 Conditions Precedent

The obligations of each of the Underwriters and the Managing Underwriter under this Agreement are conditional upon:

2.4.1 the issuance of the Prospectus within three (3) months from the date of this Agreement or such extended time as the Parties may mutually agree in writing;

2.4.2 there having been on or prior to the last day for receipt of application for the Underwritten Shares as stated in the Prospectus or any later date as the Company may decide subject to the consent of the Managing Underwriter and Underwriters ("Closing Date"), neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Company, which is material in the context of the IPO Shares from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Managing Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;

3. PARTICULARS OF THE IPO (Cont'd)

- 2.4.3 *the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus with the SC of:*
- (a) *a certified true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
 - (b) *a certificate in the form or substantially in the form contained in Schedule 4 signed by the duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquires, there has been no such change, development or occurrence as is referred to in Clause 3 hereof;*
- 2.4.4 *the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated on the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company;*
- 2.4.5 *the Managing Underwriter having been satisfied that adequate arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 16.3;*
- 2.4.6 *the issue, offering and subscription of the IPO Shares pursuant to and in accordance with the provisions of the Prospectus are not prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia (including without limitation Bursa Securities);*
- 2.4.7 *the Managing Underwriter having been satisfied that the Company have complied and that the issuance of the Public Issue Shares and the offering of the Offer Shares are in compliance with the Guidelines on the Offering of Equity and Equity-Linked Securities issued by the SC and all revisions, amendments and / or supplements thereto;*
- 2.4.8 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO Shares and the lodgment of the Prospectus with the Companies Commission of Malaysia on or before their release under the IPO;*
- 2.4.9 *the Company will apply for the approval-in-principle of Bursa Securities for the admission of the Company to the Official List of Bursa Securities and for dealing in and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities prior to the issuance of the Prospectus, and will obtain Bursa Securities' approval-in-principle as soon as possible, and shall comply with all requirements and provisions of the CMSA and other applicable legislation, the Listing Requirements and the requirements of all other relevant authorities;*
- 2.4.10 *the issue and offering of the IPO Shares having been approved by the SC, FIC and by MITI, and or any other relevant authority or authorities;*

3. PARTICULARS OF THE IPO (Cont'd)

- 2.4.11 *the Composite Index of Bursa Securities shall not be less than 900 points on or prior to the Closing Date;*
- 2.4.12 *the receipt of irrevocable undertakings from placees of the Public Issue in relation to the subscription of their respective entitlements; and*
- 2.4.13 *this Agreement having been duly executed by all Parties hereto and duly stamped.*

Clause 15 Termination

- 15.1 *Notwithstanding anything herein contained, as Managing Underwriter and / or the Underwriters (as the case may be) may by notice in writing to the Company and the Offerors, as the case may be given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:*
 - 15.1.1 *any of the conditions set out in Clause 2.4 is not fulfilled or complied to the satisfaction of the Managing Underwriter or the Underwriters by the Closing Date PROVIDED THAT the Underwriters may at its discretion with respect only to its own obligation waive compliance with any of the provisions of Clause 2.4; or*
 - 15.1.2 *in the opinion of the Underwriters, there is a breach by the Company of any of the representations, warranties or undertakings contained in Clause 3 or breach of any of the terms and conditions of this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or*
 - 15.1.3 *there is failure on the part of the Company and the Offerors to perform any of their obligations herein contained; or*
 - 15.1.4 *there is withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the IPO, or the distribution or sale of the Public Issue Shares; or*
 - 15.1.5 *there shall have occurred, or happened or come into effect any material and adverse change to the business or financial condition of the Company and / or the Group; or*
 - 15.1.6 *in the opinion of the Underwriters, there shall have occurred, happened or come into effect any of the following circumstances:*
 - (a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic, political conditions or in market condition (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-Bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or exchange control regulation or legislation or currency exchange rates, occurrence as a result of an act or acts of God, or in the event of national disorder, outbreak of war or the declaration of a state of national emergency as would in its reasonable opinion prejudice materially the success of the issuance / offer of the IPO Shares and their distribution or sale or the occurrence of any combination of any of the foregoing; or*

3. PARTICULARS OF THE IPO (Cont'd)

(b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Managing Underwriter and / or the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents) which or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting hereof; or

15.1.7 a supplemental prospectus is issued with the SC's approval subsequent to the issue of the Prospectus in which there shall have been events which have occurred detailed in Clause 15.1.1 to 15.1.6 above which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on, and / or materially prejudice the business or the operations of the Company, the success of the IPO, the distribution or sale of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting thereof.

15.2 Upon such notice(s) being given under Clause 15.1, the Underwriters shall be released and discharged of their obligations without prejudice to their rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 3 and under Clause 16.3 for the payment of the costs and expenses already incurred prior to or in connection with such termination and for loss and damages arising from termination due to any antecedent breach.

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4. RISK FACTORS

Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks set out below. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

4.1 Risks in Relation to Our Shares and the IPO

4.1.1 No Prior Market for Our Shares

Prior to the IPO, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. There can also be no assurance that the IPO Price will correspond to the price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The IPO Price was determined after taking into consideration a number of factors, including but not limited to, our Group's financial, operating history and position, our future plans and the prospects for the industry in which our Group operates. As such, the price at which our Shares will trade on the Main Market of Bursa Securities would be dependent upon market forces beyond our control.

4.1.2 Failure or Delay in Our Listing

Our Listing may be potentially delayed or aborted in the event of the following:

- (i) any or all of the identified investors fail for whatever reason to subscribe for / acquire the IPO Shares allocated to them; or
- (ii) the Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations there under; or
- (iii) we are unable to meet the public spread requirement, that is, at least 25% of the total number of shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares at the point of our admission to the Main Market of Bursa Securities.

Although our Directors will endeavour to ensure our compliance with the various Listing Requirements, including, *inter-alia*, the public spread requirement imposed by Bursa Securities for our successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or non-implementation of our Listing.

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4. RISK FACTORS (Cont'd)

4.1.3 Indefinite Delay Between Settlement and Trading of Our Shares

After our Shares have been allotted to investors' CDS Accounts with Bursa Depository, which would occur at least two (2) clear market days prior to the anticipated date for admission, it may not be possible to recover immediately the monies paid in respect of these shares from us in the event our Listing does not occur. It is expected that there will be a gap of approximately four (4) weeks between the opening of the application for the IPO Shares and trading of our Shares.

In order for us to return monies to investors in respect of IPO Shares following their allotment, a reduction of our share capital would be necessary. This would require a special resolution as approved by our shareholders and the approval of courts in Malaysia. Hence, there can also be no assurance that monies can be recovered within a short period of time.

If Bursa Securities does not admit our Shares onto the Main Market of Bursa Securities, the market for our Shares will be illiquid and it may not be possible to trade the Shares. This may also have a material adverse effect on the value of our Shares.

4.1.4 Control by Substantial Shareholders

Based on the shareholdings of Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon in CCSB, which in turn will become the substantial shareholder of YOCCB as disclosed in Section 8.1.1 of this Prospectus, they indirectly own 52.50% of the issued and paid-up capital of YOCCB upon completion of the IPO. With their shareholdings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, and Chew Hon Yoon via CCSB, are able to influence certain decisions of our Group, save and except otherwise regulated.

However, in addition to the Corporate Governance policies in place, the risk may be mitigated by the appointment of four (4) independent directors to the Board, who will be sitting in various committees such as audit, remuneration and nomination to ensure that all decisions made are in the best interests of the shareholders of YOCCB at large.

4.2 Risks in relation to the Business of Our Group**4.2.1 Business Risks**

Our Group is not isolated from general business risks as well as risks inherent in the manufacturing industry and those specific to the home linen industry. For example, our Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian economy, entry of new players, constraints in skilled labour supply, changes in the law and tax legislation affecting the industry, increased production costs, changes in business and credit conditions, fluctuations in foreign exchange rates and introduction of new technologies.

Although our Group seeks to limit these risks through, *inter-alia*, maintaining good business relationships with its customers and suppliers, increasing automation to reduce dependency on labour, efficient cost control, increasing product range, presence in different market segments, diverse overseas presence, extensive distribution network, no assurance can be given that a change in any of these factors will not have a material adverse effect on our Group's business.

4. RISK FACTORS (Cont'd)

4.2.2 Dependency on Our Directors and Key Management

Our Group's continuing success will depend to a large extent upon the abilities and continued efforts of our Directors as well as our Group's key management. The loss of any of our Directors or our key senior management may adversely affect our Group's continued ability to compete and expand in the industry. Our Group's future success will also depend upon its ability to attract, retain and motivate skilled and qualified personnel.

To ensure smooth succession planning, numerous efforts have been made by our Group to train and groom younger members of our Management team to gradually take on more responsibilities. Identified employees and younger members of our Management team would join our Directors or key management on various business trips for wider business exposure. In addition, our Directors also recognise the importance for our Group to attract and retain skilled and capable personnel. As such, we have in place our human resource strategies which include providing competitive and performance based remuneration and reward schemes, and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities.

Nevertheless, there can be no assurance that the above measures will be successful in retaining key personnel or ensuring smooth succession should changes occur.

4.2.3 Competition

Our Group faces competition from other manufacturers, domestically, regionally and internationally especially through the influx of low price home linen and bedding accessories from lower cost production country like China, which has an abundant supply of labour at comparatively lower cost structure which places continuous pressure on the Malaysian home linen industry.

Our Group is primarily an integrated manufacturer and distributor of our own brands of home linen and bedding accessories. This is in contrast to most of the operators in the home linen industry in Malaysia, which are mainly contract manufacturers or contract jobbers. As a brand owner, our Group is not subjected to the full impact of competition from lower cost producing countries like China. In fact, this lower cost producing country could work to our Group's advantage to maintain competitiveness as our products could be outsourced to overseas contractors if the need arises. Although, the outlook of our Group within the home linen industry is more favourable than those that are focused only on contract manufacturing, there is no assurance that our Group will be able to maintain and / or expand its market share in its local and overseas markets.

4.2.4 Dependency on the Supply of Raw Materials

The manufacture of home linen is ultimately dependent on the availability of major raw materials such as fibres, yarns and fabrics. For the FYE 30 June 2009, the purchases of textile fabrics accounted for 48.8% of our Group's total purchases. Our Group sourced all of the textile fabrics from overseas suppliers and manufacturers. Any shortage in the supply of raw materials may lead to a disruption in our Group's manufacturing operations.

4. RISK FACTORS (Cont'd)

Nonetheless, we recognise the said risk and are of the view that the said risk is mitigated by the following factors:

- (i) according to the Malaysian Industrial Development Authority, there are two (2) companies producing polyester staple fibres and nine (9) companies manufacturing yarn in Malaysia; and

(Source: IMR Report)

- (ii) fibres, yarns and fabrics are widely produced and can be sourced from numerous suppliers in overseas markets.

(Source: IMR Report)

Thus far, our Group has not experienced any shortages in the supply of raw materials for our manufacturing operations. In addition, we also currently have a relatively diverse base of suppliers for these raw materials. Notwithstanding the above, there can be no assurance that the aforementioned factors will be able to mitigate the risk arising from dependency on supply of raw material.

4.2.5 Dependency on Our Major Customers

For the FYE 30 June 2009, AEON CO. (M) BHD and T.C. Homeplus Pte Ltd from Singapore, contributed approximately 23.9% and 14.2% to our Group's total sales, respectively. Any termination (with or without cause) of existing contracts with these major customers may significantly affect our operations, performance and profitability.

Our top customers, AEON CO. (M) BHD and T.C. Homeplus Pte Ltd have been dealing with our Group for approximately twenty-four (24) and twelve (12) years respectively, indicating a stable business relationship. This would provide the basis for continuing business and growth.

AEON CO. (M) BHD is involved in retailing operations and property management services in Malaysia. The large business operations of AEON CO. (M) BHD indicates business stability, which would enable them to continue to purchase home linen, bedding accessories and homeware from our Group.

T.C. Homeplus Pte Ltd is our sole distributor in Singapore, which is involved in retailing, distribution and wholeselling of home furnishing and accessories. Our Group's products are purchased by customers in Singapore due to our established brand names, creative designs and quality. Through T.C. Homeplus Pte Ltd, our Group's products would reach retailers and end-consumers in Singapore.

Part of our Group's philosophy has always been on nurturing and building strong and long-term business relationship with our customers. This includes nurturing our biggest customers, and at the same time building more revenue contribution from other existing customers and winning new customers.

The diversity of our Group's products provides significant convenience to trade with customers such as AEON CO. (M) BHD and T.C. Homeplus Pte Ltd. This will ensure continuing customer loyalty.

In addition, our Group has many long-term customers where eleven (11) of our top twenty (20) customers have been dealing with us for ten (10) or more years and approximately 80% of our top twenty (20) customers have been dealing with us for five (5) years or more. This indicates a stable and dependable customer base to sustain and grow the business.

4. RISK FACTORS (Cont'd)

Nevertheless there is no assurance that our Group's dependency on major customers will not affect our future business performance. Further thereto, as mentioned in Section 6 of this Prospectus, our Group is looking at expanding our current operations further overseas, where opportunities in home linen industry exist, to mitigate against any over dependency on the domestic market by spreading our revenue base over a greater geographical area.

4.2.6 Dependency on Our Principal Products and Markets

A significant portion of our Group's revenue is generated from our principal products comprising of home linen. Due to the changing consumer preferences and trends, there can be no assurance that the demand for these principal products will be sustained in the future and the business of our Group may be affected in the event such adverse changes occur.

Our Group recognises this risk and has already taken steps to mitigate this risk through diversification of our product range to include bedding accessories and externally sourced products such as table linen and kitchen linen as well as textile based fabric products without incurring any significant cost as our Group can leverage on our existing design and manufacturing facilities. However, there is no assurance that our product diversification will successfully eliminate the risk of dependency on our principal products.

For the FYE 30 June 2009, our Group's products were mainly sold in Malaysia. In order to limit the risk of our Group's dependency on a particular market, we have further expanded to Singapore, Taiwan and Turkey via our intermediaries and retailers, and moving forward, we plan to expand into other countries such as Japan and Philippines. While our Group continues to expand into foreign markets, there can be no assurance that our Group will continue to be successful in penetrating new markets nor can there be any assurance that our Group would be able to sustain and continue to grow in our existing markets.

4.2.7 Shortage of Skilled Labour

The nature of the industry our Group is operating in is such that it is highly dependent on skilled labour in the areas such as bed linen design, sewing or stitching techniques and seam construction.

Our Directors and Management recognise that there should not be any over reliance on any single personnel in the production process of our Group. In view of the above, our Group provides on-the-job and external training for our employees so as to ensure that the technical know-how of the production process is spread across the workforce to mitigate over-reliance on any single personnel.

Shortages in this skilled labour would have an impact on our Group's business. Although according to our Directors and Management, our Group has not experienced any shortage of such types of skilled labour thus far, but there can be no assurance that such a problem will not arise in the future.

4.2.8 Keeping Abreast with the Latest Trends and Designs

Amongst the challenges of the home linen industry would be to keep abreast with the latest trends and fashion in the home linen industry. Global trends and designs are incessantly and rapidly changing and hence keeping up with the latest trends and designs in the home linen market would not be an easy task. Failure to do so may result in our home linen designs losing their appeal.

4. RISK FACTORS (Cont'd)

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

Our Group's senior management travels frequently to Europe and China in search for the latest trends and fresh ideas for their designs. As at the LPD, we have produced approximately 2,500 designs since 1988. Although our Group will continue to take the necessary measures to keep abreast with the latest trends and designs, there is no assurance that our home linen will continue to be appealing to consumers in the future.

4.2.9 Trademarks

Our Directors believe that our products' brand names are one of the critical factors that differentiate us from our competitors and we have taken steps to protect our rights by registering our existing product brands, namely *Diana*, *Jean Perry* and *Novelle* to name a few.

The existing trademark laws provides only limited protection which is required to be renewed periodically and generally do not have extraterritorial coverage. Although some of our Group's trademarks are registered, there can be no assurance that our Group will be able to protect its trademarks against infringement, counterfeiting, unauthorised third party use or exploitation, any of which would reflect negatively on the image of our products brand names and also may result in an adverse impact to the operating results and financial position of our Group.

4.2.10 Brand Loyalty

Our Directors believe that our Group's own and licensed established brand names play a vital role in contributing to the growth of our Group and have enabled our Group to be one of the major companies involved in the manufacture and / or specialised retailing of home linen and homeware in Malaysia in 2009.

The prominence of our home grown brand names is to some extent resulted from consumers' loyalty and the quality associated with the brand names. Therefore, our Group has been constantly promoting and developing the *Diana* and *Novelle* brand names for approximately twenty-seven (27) years respectively since the inception of these brands in 1982 and for the *Jean Perry* brand name for approximately twelve (12) years since the inception of this brand in 1997.

Furthermore, our Group recognises the importance of owning strong brand names. Thus, our Group has always strived to increase our brand awareness among consumers through advertisements and promotions through various mediums, including free-to-air television and radio, pay television, internet, magazines and newspaper as well as through our wholly-owned retail outlets. However, there can be no assurance that the above steps will be successful in enhancing our Group's existing brand names or promoting our new brand names.

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4. RISK FACTORS (Cont'd)

4.2.11 Seasonality

Our Group operates in the home linen industry which is inherently seasonal in nature. As a significant amount of our sales is transacted locally, the industry usually records better sales during the festive seasons like Hari Raya Aidilfitri, Chinese New Year, Deepavali and Christmas. However, our Group seeks to mitigate this risk by introducing new designs and participating in nationwide sales carnival throughout the year.

4.2.12 Inventory Management

Despite the fact that home linen are not perishable goods, our Group takes cognisance of the importance of having a high inventory turnover to minimise the incidence of inventory surplus as the design may be antiquated as well as for prudent financial management purposes. Nevertheless, due to the nature of the home linen industry and our Group's business, our Group has to maintain a sufficient inventory level to ensure that all third party retail locations and our own retail outlets are adequately stocked with home linen, homeware and bedding accessories of various sizes, colours and designs. We also have to maintain sufficient stock to meet demands from our customers to ensure prompt delivery.

4.2.13 Challenges faced in Expanding Our Distribution Network

Our major mode of distribution is through our distribution network of retail counters. Hence, our ability to secure tenancy for retail outlets in prime shopping malls, which commands high-volume of pedestrian traffic and close proximity to our target markets, would contribute to our overall business growth. In the event that our expansion is through the setting up of retail outlets in new markets, we may face considerable difficulties in identifying suitable and strategic third party retail locations or if identified, it may involve high rental cost. Rental being one of our major operating expenses, is subject to fluctuations in property prices. Hence, our operating profit margins may be adversely affected if we are unable to improve our revenue should there be any increase in the rental cost of our retail outlets.

Our Group has vast experience in identifying and negotiating the rental of retail outlets in prime locations and has in the past been able to secure retail outlets in strategic locations with high pedestrian flow. As at the LPD, we have a total of thirteen (13) fully owned retail outlets and one (1) retail outlet that is fully owned and managed by an appointed dealer in Malaysia. In order to limit the risk of rental cost fluctuations, our Group seeks to negotiate for rental agreements with pre-agreed rental rates and tenancy period of at least two (2) years with the option to extend for another year. However, there can be no assurance that our Group will be able to successfully identify and / or continue to rent these prime locations with no significant increase in rental cost.

4.2.14 Expansion of Business and Risk of Over Expansion

Our Group has envisaged various well-structured expansion plans to penetrate deeper into the consumer markets and to expand into new geographical markets as well as to diversify our range of products. Substantial management resources will be devoted to launch our products and expand our operations in these new markets. However, there is no guarantee that these new sales and marketing efforts will be successful or contribute significant revenue and profit to our Group. Any such failure could have an adverse impact on our business, financial condition and operating results.

4. RISK FACTORS (Cont'd)

Our Group will also be subject to additional risks when we operate in foreign countries that could harm our financial condition and operating results. These risks include amongst others, compliance with local regulatory requirements, fluctuations in currency exchange rate, any imposition of currency exchange and capital controls, unexpected changes in regulatory requirements, cost of staffing and managing overseas operations, and poor market acceptance of our products.

In order to limit our risk associated with the expansion of the business, our Group will conduct or engage professionals to conduct detailed analysis of potential new markets prior to making any concrete decisions on expansion of our business in certain target markets. Various possible aspects of the penetration strategy will be reviewed and modified in accordance with the specific requirements of the respective target markets.

However, there is no assurance that our Group will be able to successfully penetrate new markets and that we can expand our existing market share within and outside Malaysia. Further, there is no assurance that our Group will not face the risk of rapid or over expansion.

4.2.15 Product Liability

We are exposed to inherent risk of the industry which is the liability laws in the countries where our products are marketed and may face lawsuits arising from alleged injuries to users caused by any alleged defects in our products. A product liability suit or action, whether or not meritorious, could result in costs and diversion of management's attention and our resources, which could have an adverse impact on our business, operating results and financial conditions. In addition, a suit alleging a defect or a breach of an express or implied warranty, if successful, may also have adverse precedent effect on other or future actions as well as our reputation.

Our Group seeks to mitigate this risk by ensuring our appointed suppliers as well as our own manufacturing processes apply stringent quality controls in the various stages of production to minimise the incidents of product defects. In addition, we are also insured for product liability claims for certain of our bedding products.

However, if we are ever unsuccessful in defending a product liability suit in any jurisdiction, we may have to pay monetary damages which may exceed our insured sum. This would have an impact on our reputation and profitability. Nevertheless, as at the LPD, we do not currently have or had previously experienced any legal suit, or threat of a legal suit, involving liability in any of the countries where we have market presence.

4.2.16 Legal Uncertainties Concerning Contractual Agreements

Our Company has entered into various agreements and arrangements in relation to our business and operations. These include, *inter-alia*, supplier agreements, manufacturing and supply agreements, tenancy agreements, facility / term loan agreements, dealership agreement and other agreements related to the business of our Company. The documentation evidencing such agreements and arrangements were either prepared in-house or by the other contracting party or external lawyers. Although our Directors believe that these contractual agreements have been in compliance with the relevant laws and regulations in Malaysia and other countries whose laws and regulations our Company may be subject to, there is no assurance that these contractual agreements or arrangements may not subsequently be found to be subject to legal uncertainties or litigation proceedings, as there are risks which are inherent in doing business, particularly overseas.

4. RISK FACTORS (Cont'd)

We seek to mitigate this risk by seeking legal advice as and when necessary on any new agreements or arrangements that are not customary to our operations or are not in the ordinary course of our business or if there should be any material changes in the status of existing agreements or arrangements or the laws affecting the same.

4.2.17 Future Injections of Capital

Our Directors believe that the net proceeds from the Public Issue, together with other existing sources of funds, will be sufficient to meet our Group's projected working capital and other cash requirements in the foreseeable future.

There is no assurance that future events may not cause our Group to seek additional capital. If additional capital is required, there can be no assurance that it will be available or if available, that it will be on terms satisfactory or favourable to our Group. Alternative source of capital such as the issuance of additional equity by us may result in the dilution of interests of our shareholders.

4.2.18 Material Commitments and Indebtedness

Save as disclosed in Sections 13.4 and 13.5(iii) of this Prospectus, there are no material commitments or indebtedness incurred or known to be incurred by our Group which may have a substantial impact on the financial position of our Group.

However, there can be no assurance that our Group will not have any further material commitments or indebtedness in future.

4.2.19 Emergency Risks and System Failure

As with any business, our Group is susceptible to the normal emergency and security risks in the form of breakout of fire, electricity disruptions, theft, and computer viruses and other adverse events. Such incidences may affect the operational and financial performance of our Group. However, the financial impact is not expected to be significant as our business operations which comprise our head office, subsidiary office and retail outlets are located at different geographical areas.

Nonetheless, our Group has in place the following risk management practices and pre-emptive measures to further mitigate these risks:

- (i) Our Group carries out regular service and maintenance of our equipment and safety systems to ensure that they are in good working condition and to minimise the frequency of breakdowns;
- (ii) Our head office and subsidiary office are installed with approved fire fighting systems such as hose reel, sprinklers and fire extinguishers;
- (iii) All data in the main computer server are automatically backed-up on a daily basis; and
- (iv) The head office and warehouse facilities are guarded twenty-four (24) hours daily.

In addition to the above, our Group has taken reasonable measures to ensure that our assets are adequately covered by insurance in order to mitigate any losses which may arise as a result of insured contingencies. However, there can be no assurance that these mitigating factors will be able to entirely mitigate the normal emergency and system failures.

4. RISK FACTORS (Cont'd)

4.2.20 Adequacy of Insurance Coverage

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could have an adverse impact on its business operations. In ensuring such risks are maintained to the minimum, we regularly review and ensure adequate insurance coverage for our assets. At present, our Group has insurance coverage for our current and non-current assets to insure against unforeseen events such as fire, flood, burglary and public liability, save for those inventories kept at third party retail locations. However, there can be no assurance that the insurance coverage would be adequate for the replacement costs of the assets or any consequential loss arising therefrom.

4.2.21 Political, Economic and Regulatory Considerations

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

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

Whilst we strive to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our operations, financial performance and future prospects.

4.3 Financial Risks**4.3.1 Foreign Exchange Risks**

Our Group is dependent on raw materials such as textile fabrics and fibres (polyester fibres and cotton fibres), which are imported. Our Group's products are presently also sold in overseas markets. Sales to these markets are often transacted in USD and SGD, and any expenditure incurred by our Group in the generation of sales to these markets may be in local currencies.

As a result, our Group is exposed to foreign exchange fluctuations. Approximately 21.1% of our revenue and 54.1% of our purchases for the FYE 30 June 2009 are transacted in foreign currencies, mainly in USD and SGD. As such, fluctuations in foreign exchange rates will have an impact on the RM price of the imported raw materials and on the RM price of exported products. The risk of foreign exchange fluctuations is mitigated by the managed float mechanism by Bank Negara Malaysia adopted since 21 July 2005 on the RM-USD conversion rate, which may minimise extreme exchange rate fluctuation.

We maintain foreign currency bank accounts for business transactions transacted in the respective foreign currencies. These foreign currency are maintained in the respective currency accounts, which are later used to make payments in the respective foreign currencies. This approach forms a natural hedge to minimise our foreign currency exchange risk exposure. In addition, we also have forward contracts which serve as a hedging instrument up to a period of six (6) months for some of our purchases.

4. RISK FACTORS (Cont'd)

Notwithstanding the above, there is no assurance that future significant fluctuations in exchange rates or financial crisis will not have an adverse material effect on the financial performance of our Group.

4.3.2 Borrowings and Interest Rate Risks

As at 30 June 2009, our total short-term and long-term borrowings amounted to approximately RM15.3 million and RM3.4 million respectively. Our indebtedness is considered material in comparison to our scale of operations and share capital. Therefore, we are susceptible to fluctuations in interest rates.

There can also be no assurance that our gearing level will remain the same in the future and our performance would remain favourable in the event of adverse change in interest rates in respect of new financing facilities that are procured. Notwithstanding this, the interest rate exposure is managed through the use of fixed and variable rate instruments such as short term forward contracts to partially lock in RM-USD and RM-SGD exchange rates as well as natural hedging and our Directors shall evaluate and closely monitor the financial position of our Group prior to entering any new credit facilities in order to meet the repayment obligations.

Furthermore, it is our Group's intention to utilise a portion of the proceeds from the Public Issue to reduce our borrowings. Please refer to Section 3.9 of this Prospectus for the utilisation of proceeds.

4.3.3 Restrictive Covenants

Pursuant to various credit facility agreements entered into by our Group with banks or financiers, we are bound by certain negative covenants which may limit our Group's operating and financial flexibility. The aforesaid covenants are typically contained in credit facility agreements of such nature. Any act by our Group falling within the ambit or scope of such covenants will require the consent of the relevant bank / financier.

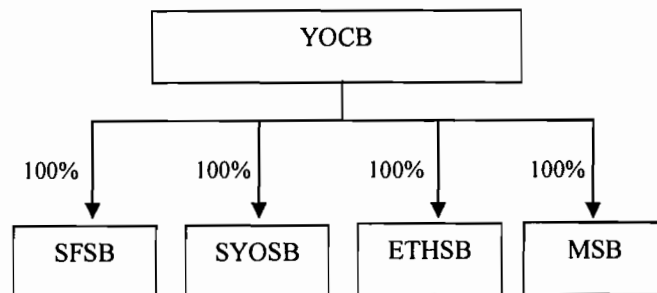
Breach of such covenants may give rise to a right by the bank / financier to terminate the relevant credit facility and / or enforce any security granted in relation to that credit facility, thereby adversely affecting our operations. Our Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

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5. INFORMATION ON OUR GROUP

5.1 Introduction and History of Our Group

We were incorporated in Malaysia as a public limited company on 17 April 2008 under the Act. We are an investment holding company and are engaged in the provision of management services whilst our wholly-owned subsidiaries are principally involved in design, manufacturing, distribution, retailing and trading of home linen, homeware and bedding accessories. Our Group's corporate structure is as follows:



The beginning of our Group's roots can be traced back to the 1960s with the establishment of Yoon On, a partnership entity. Yoon On was involved in the trading and retailing of textile and home linen, focusing on bed linen. In 1976, Yoon On started off with small-scale manufacturing of bed linen and started expanding its presence in the local markets by marketing its own proprietary brands namely *Diana* and *Novelle* in 1982.

SYOSB is our Group's main distribution and trading arm, focusing mainly on home linen after it took over the entire business operations of Yoon On in 1988. In 1992, we made our first export sales to Singapore for our in-house manufactured bed linen.

SFSB is our Group's design and manufacturing arm, focusing mainly on home linen and bedding accessories. Our Group ventured into manufacturing of bath linen and other textile based on home furnishing and accessories including curtains and cushion covers in 1994. Two (2) years later, SFSB was incorporated to undertake our Group's manufacturing activities in Nilai, Negeri Sembilan Darul Khusus. In 2000, we constructed a manufacturing plant on our 9.3-acre land in Nilai, Negeri Sembilan Darul Khusus to increase our manufacturing capacity. Subsequently, all manufacturing activities of our Group were undertaken by SFSB.

ETHSB is our Group's distribution and trading arm, focusing mainly on homeware and interior products such as floor coverings (i.e. rugs, carpets and mats) and ready-made curtains. In 1993, ETHSB was incorporated and commenced its distribution and trading activities in 2004. In 2005, we undertook the trading of homeware in East Malaysia and export to Brunei through ETHSB.

MSB is our Group's retailing arm. Our Group's "Home's Harmony" flagship outlet, which is located at 1 Utama Shopping Centre, Petaling Jaya, Selangor Darul Ehsan was established in 2004 and since then, all of "Home's Harmony" retail outlets are operating under MSB.

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5. INFORMATION ON OUR GROUP *(Cont'd)*

5.2 Our Business Operations

Our Group is an integrated manufacturer and distributor of our own brands of home linen which focuses on the production of bed and bath linen, bedding accessories and curtains.

Our Group serves as a one-stop supply centre for home linen and bedding accessories, especially for our trade customers. Our Group markets all of our home linen under fourteen (14) brand names and undertakes our own in-house design, which is supplemented by purchases from international independent design houses to provide variety and help address diverse trends especially in overseas countries. As at the LPD, our Group has approximately 2,500 of our own designs, focusing on bed linen.

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

As at the LPD, our Group has thirteen (13) fully owned retail outlets and one (1) retail outlet that is fully owned and managed by an appointed dealer under the "Home's Harmony" brand name. Due to our Group's growing presence and brand building ability, we marketed our own in-house brands as well as externally sourced homeware under fourteen (14) of our own proprietary brand names namely, *Diana, Novelle, Jean Perry, Louis Casa, Genova, Firenze, RedDanielle, BedTalk, Cotonsoft, Niki Cains, Oasis, Ann Taylor, Sarah Miller* and *Season*.

Our Group has also consistently carried out advertising and promotional activities to create and promote the awareness of our own brand names in the home linen industry. The success of our Group in building up our own brand names is attributed to our ability to design and develop completely original and proprietary designs via our in-house design centre and introduce quality home linen products at affordable prices which caters to the demand of not only the affluent customers but to a wide range of customers. Our Group also ensures that our own brand names represent quality by implementing stringent quality controls and conducts rigorous quality testing on our products.

Our Group provides a collection of numerous designs, and for each designs, there is a choice of four (4) to eight (8) colour prints. Our Group has the in-house capabilities to create and develop designs that cater to different sizes, lifestyles, activities and climatic conditions for both the local and overseas markets.

Since our inception in 1960s, we have established our reputation in the home linen industry and have since become one of the major companies involved in the manufacture and / or specialised retailing of home linen and homeware in Malaysia in 2009. We also currently export our products to many overseas countries and for the FYE 30 June 2009, our products were sold in nine (9) overseas countries namely Singapore, Taiwan, Turkey, Indonesia, Australia, Brunei, Mozambique, New Caledonia and Fiji.

Further details of our subsidiaries are set out in Section 5.6 of this Prospectus.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.3 Share Capital

As at the date of this Prospectus, our authorised share capital is RM100,000,000 comprising of 200,000,000 Shares. The issued and paid-up share capital is RM47,414,630 comprising of 94,829,260 Shares.

The changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Par value RM	Consideration	Cumulative total no. of Shares	Cumulative issued and paid-up share capital RM
17.04.2008	2	1.00	Subscribers' shares	2	2
21.08.2008	-	0.50	Subdivision of par value from RM1.00 to RM0.50	4	2
11.08.2009	94,829,256	0.50	Acquisitions	94,829,260	47,414,630

5.4 Flotation Exercise

In conjunction with, and as an integral part of the listing and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, we undertook the following corporate exercises:

5.4.1 Acquisitions

5.4.1.1 Acquisition of ETHSB

On 9 January 2009, we entered into a conditional SSA with the vendors of ETHSB for the acquisition of the entire issued and paid-up share capital of ETHSB comprising of 200,000 ordinary shares of RM1.00 each in ETHSB for a consideration of RM2,891,643 satisfied by the issuance of 5,783,286 new Shares at par.

The vendors of ETHSB, the number of shares that were acquired by YOCEB and the number of new Shares that were issued to them pursuant to the Acquisition of ETHSB are disclosed as follows:

	No. of shares acquired by YOCEB	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Chew Hon Foong	70,000	35.00	1,012,075.00	2,024,150
Chew Hon Keong	70,000	35.00	1,012,075.00	2,024,150
Dang Chee Wai	30,000	15.00	433,746.50	867,493
Loo Lai Yoke	30,000	15.00	433,746.50	867,493
	200,000	100.00	2,891,643.00	5,783,286

5. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM2,891,643 for the Acquisition of ETHSB was agreed upon on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of ETHSB of RM2,891,643 as at 30 June 2008.

The Acquisition of ETHSB was completed on 11 August 2009.

5.4.1.2 Acquisition of MSB

On 9 January 2009, we entered into a conditional SSA with the vendors of MSB for the acquisition of the entire issued and paid-up share capital of MSB comprising of 350,000 ordinary shares of RM1.00 each in MSB for a consideration of RM744,835 satisfied by the issuance of 1,489,670 new Shares at par.

The vendors of MSB, the number of shares that were acquired by YOCB and the number of new Shares that were issued to them pursuant to the Acquisition of MSB are disclosed as follows:

	No. of shares acquired by YOCB	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Chew Hon Foong	87,500	25.00	186,209.00	372,418
Chew Hon Keong	87,500	25.00	186,209.00	372,418
Chew Hon Yoong	87,500	25.00	186,208.50	372,417
Chew Hon Yoon	87,500	25.00	186,208.50	372,417
	350,000	100.00	744,835.00	1,489,670

The purchase consideration of RM744,835 for the Acquisition of MSB was agreed upon on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of MSB of RM744,835 as at 30 June 2008.

The Acquisition of MSB was completed on 11 August 2009.

5.4.1.3 Acquisition of SFSB

On 9 January 2009, we entered into a conditional SSA with the vendors of SFSB for the acquisition of the entire issued and paid-up share capital of SFSB comprising of 500,000 ordinary shares of RM1.00 each in SFSB for a consideration of RM7,249,379 satisfied by the issuance of 14,498,758 new Shares at par.

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5. INFORMATION ON OUR GROUP (Cont'd)

The vendors of SFSB, the number of shares that were acquired by YOCCB and the number of new Shares that were issued to them pursuant to the Acquisition of SFSB are disclosed as follows:

	No. of shares acquired by YOCCB	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Chew Hon Foong	125,000	25.00	1,812,345.00	3,624,690
Chew Hon Keong	125,000	25.00	1,812,345.00	3,624,690
Chew Hon Yoong	125,000	25.00	1,812,344.50	3,624,689
Chew Hon Yoon	125,000	25.00	1,812,344.50	3,624,689
	500,000	100.00	7,249,379.00	14,498,758

The purchase consideration of RM7,249,379 for the Acquisition of SFSB was agreed upon on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of SFSB of RM7,249,379 as at 30 June 2008.

The Acquisition of SFSB was completed on 11 August 2009.

5.4.1.4 Acquisition of SYOSB

On 9 January 2009, we entered into a conditional SSA with the vendors of SYOSB for the acquisition of the entire issued and paid-up share capital of SYOSB comprising of 2,000,000 ordinary shares of RM1.00 each in SYOSB for a consideration of RM36,528,771 satisfied by the issuance of 73,057,542 new Shares at par.

The vendors of SYOSB, the number of shares that were acquired by YOCCB and the number of new Shares that were issued to them pursuant to the Acquisition of SYOSB are disclosed as follows:

	No. of shares acquired by YOCCB	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Chew Hon Foong	503,860	25.19	9,202,693.50	18,405,387
Chew Hon Keong	503,856	25.19	9,202,620.00	18,405,240
Chew Hon Yoong	302,570	15.13	5,526,255.00	11,052,510
Chew Hon Yoon	302,570	15.13	5,526,255.00	11,052,510
Chew Fui Ngee	201,428	10.07	3,678,958.50	7,357,917
Chow Siew Sen	185,716	9.29	3,391,989.00	6,783,978
	2,000,000	100.00	36,528,771.00	73,057,542

5. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM36,528,771 for the Acquisition of SYOSB was agreed upon on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of SYOSB as at 30 June 2008 of RM29,037,356 and the unaudited revaluation surplus of a freehold land and building of RM7,491,415, net of deferred taxation.

The Acquisition of SYOSB was completed on 11 August 2009.

5.4.2 IPO

5.4.2.1 Public Issue

The 25,170,740 new Shares to be issued at the IPO Price pursuant to the Public Issue, which represents 20.98% of our enlarged issued and paid-up share capital will be allocated in the following manner:

(i) Malaysian Public

6,000,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for Bumiputera investors.

(ii) Eligible Directors, Employees and Other Persons who have Contributed to the Success of Our Group

6,500,000 Public Issue Shares, representing approximately 5.42% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of our Group.

(iii) Selected Investors by way of Private Placement

12,670,740 Public Issue Shares, representing approximately 10.56% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

5.4.2.2 Offer For Sale

The 25,229,260 Offer Shares, which represents approximately 21.02% of our enlarged issued and paid-up share capital, will be allocated in the following manner:

(i) Bumiputera Investors Approved by MITI

12,000,000 Offer Shares, representing 10.00% of our enlarged issued and paid-up share capital will be made available by way of placement to Bumiputera investors approved by MITI; and

(ii) Selected Investors by way of Placement

13,229,260 Offer Shares, representing approximately 11.02% of our enlarged issued and paid-up share capital will be made available by way of placement to selected investors.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.3 Share Transfer

During the prescription period, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee will transfer a portion of Shares amounting to 63,000,000 Shares to CCSB to be satisfied partly by the issuance of 10,000 ordinary shares of RM1.00 each in CCSB to be issued at par and the remaining balance of RM31,490,000 will remain as amount owing from CCSB to Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee.

Further details of the Share Transfer are as set out below:

Shareholders	Before the Share Transfer		After the Share Transfer	
	No. of Shares held after the IPO	No. of Shares to be transferred	No. of Shares held	% of the enlarged share capital
Chew Hon Foong	16,693,000	16,693,000	-	-
Chew Hon Keong	16,693,000	16,693,000	-	-
Chew Hon Yoong	11,172,000	11,172,000	-	-
Chew Hon Yoon	11,172,000	11,172,000	-	-
Chew Fui Ngee	7,270,000	7,270,000	-	-
CCSB	-	-	63,000,000	52.50
Total	63,000,000	63,000,000	-	-

The shareholders of CCSB and the indirect interest of Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB after the IPO are as follows:

Shareholders	Direct interest in CCSB		Indirect interest in YOCB after the IPO	
	No. of shares held in CCSB	%	No. of Shares held via CCSB	%
Chew Hon Foong	2,650	26.50	63,000,000*	52.50
Chew Hon Keong	2,650	26.50	63,000,000*	52.50
Chew Hon Yoong	1,773	17.73	63,000,000*	52.50
Chew Hon Yoon	1,773	17.73	63,000,000*	52.50
Chew Fui Ngee	1,154	11.54	-	-
Total	10,000	100.00	N/A	N/A

Note:

* Deemed interest by virtue of his direct interest in CCSB pursuant to Section 6A of the Act.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.4 Listing

Upon completion of the abovementioned exercises, we shall seek the listing of and quotation for our enlarged issued and paid-up share capital of RM60,000,000 comprising 120,000,000 Shares on the Main Market of Bursa Securities.

5.5 Principal Activities of Our Subsidiaries

The principal activities of our subsidiaries are as follows:

Name of company / (Registration no.)	Date / Country of incorporation	Authorised share capital RM	Issued and paid- up share capital RM	Effective interest held %	Principal activities
MSB (121889-W)	18.06.1984 / Malaysia	500,000	350,000	100.00	Retailing of home linen and homeware
SYOSB (171966-W)	13.07.1988 / Malaysia	2,000,000	2,000,000	100.00	Distribution and trading of home linen and homeware
ETHSB (268537-K)	30.06.1993 / Malaysia	1,000,000	200,000	100.00	Distribution and trading of home linen and homeware
SFSB (401252-V)	07.09.1996 / Malaysia	500,000	500,000	100.00	Design and manufacturing of home linen and bedding accessories, and trading of home linen

5.6 Information on Our Subsidiary Companies

Our Group has no associated company as at the LPD. Further details on our subsidiary companies are as follows:

5.6.1 MSB

(i) History and Business

MSB was incorporated as a private limited company in Malaysia under the Act on 18 June 1984 and commenced its business operations on 1989. MSB is a wholly-owned subsidiary of YOCB.

MSB is principally engaged in retailing of home linen and homeware.

The core product brands sold under MSB and its respective target market are shown in the ensuing table:

Brand	Target market	Geographical location
<i>Jean Perry</i>	Premium market	Malaysia
<i>Novelle</i>	Premium market	Malaysia

5. INFORMATION ON OUR GROUP (Cont'd)**(ii) Share Capital**

The present authorised and issued and paid-up share capital of MSB is as follows:

	RM
Authorised share capital 500,000 ordinary shares of RM1.00 each	500,000
Issued and paid-up share capital 350,000 ordinary shares of RM1.00 each	350,000

Details of the changes in the issued and paid-up share capital of MSB since the date of incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
18.06.1984	2	Subscribers' shares	2
15.12.1994	39,998	Cash	40,000
24.03.1995	60,000	Cash	100,000
14.03.2002	250,000	Cash	350,000

(iii) Substantial Shareholders

We own the entire equity interest in MSB.

(iv) Subsidiary and Associated Company

MSB does not have any subsidiary or associated company as at the LPD.

5.6.2 SYOSB**(i) History and Business**

SYOSB was incorporated as a private limited company in Malaysia under the Act on 13 July 1988 and commenced its business operations on 1 August 1988. SYOSB is a wholly-owned subsidiary of YOCB.

SYOSB is principally engaged in distribution and trading of home linen and homeware.

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5. INFORMATION ON OUR GROUP (Cont'd)

The core product brands sold under SYOSB and its respective target market are shown in the ensuing table:

Brand	Target market	Geographical location
<i>Jean Perry</i>	Premium market	Malaysia, Taiwan, Singapore and Indonesia
<i>Novelle</i>	Premium market	Malaysia, Taiwan, Singapore and Indonesia

(ii) Share Capital

The present authorised and issued and paid-up share capital of SYOSB is as follows:

	RM
Authorised share capital	
2,000,000 ordinary shares of RM1.00 each	2,000,000
Issued and paid-up share capital	
2,000,000 ordinary shares of RM1.00 each	2,000,000

Details of the changes in the issued and paid-up share capital of SYOSB since the date of incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
13.07.1988	2	Subscribers' shares	2
20.09.1988	600,000	Non Cash	600,002
19.11.2007	1,399,998	Cash	2,000,000

(iii) Substantial Shareholders

We own the entire equity interest in SYOSB.

(iv) Subsidiary and Associated Company

SYOSB does not have any subsidiary or associated company as at the LPD.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.6.3 ETHSB

(i) History and Business

ETHSB was incorporated in Malaysia under the Act on 30 June 1993 as a private limited company under the name of Elegant Home Furnishing Centre Sdn Bhd. ETHSB commenced its business operations on 1 August 1993 and has assumed its present name since 27 April 2004. ETHSB is a wholly-owned subsidiary of YOCB.

ETHSB is principally engaged in distribution and trading of home linen and homeware.

The core product brands sold under ETHSB and its respective target market are shown in the ensuing table:

Brand	Target market	Geographical location
<i>Jean Perry</i>	Premium market	Malaysia and Brunei
<i>Novelle</i>	Premium market	Malaysia and Brunei

(ii) Share Capital

The present authorised and issued and paid-up share capital of ETHSB is as follows:

	RM
Authorised share capital	
1,000,000 ordinary shares of RM1.00 each	1,000,000
Issued and paid-up share capital	
200,000 ordinary shares of RM1.00 each	200,000

Details of the changes in the issued and paid-up share capital of ETHSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
30.06.1993	2	Subscribers' shares	2
30.03.1996	50,000	Cash	50,002
17.09.2007	149,998	Cash	200,000

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Substantial Shareholders

We own the entire equity interest in ETHSB.

(iv) Subsidiary and Associated Company

ETHSB does not have any subsidiary or associated company as at the LPD.

5.6.4 SFSB

(i) History and Business

SFSB was incorporated as a private limited company in Malaysia under the Act on 7 September 1996 under the name of Suasa Ketara Sdn Bhd. SFSB commenced its business operations on 1 August 2000 and has assumed its present name since 19 November 1999. SFSB is a wholly-owned subsidiary of YOCB.

SFSB is principally engaged in design and manufacturing of home linen and bedding accessories, and trading of home linen.

The core product brands sold under SFSB and its respective target market are shown in the ensuing table:

Brand	Target market	Geographical location
<i>Jean Perry</i>	Premium market	Malaysia, Taiwan, Australia, Singapore, Vietnam, Indonesia, New Caledonia and Mozambique
<i>Novelle</i>	Premium market	Malaysia, Taiwan, Australia, Singapore, Vietnam, Indonesia, New Caledonia and Mozambique

(ii) Share Capital

The present authorised and issued and paid-up share capital of SFSB is as follows:

	RM
Authorised share capital	
500,000 ordinary shares of RM1.00 each	500,000
Issued and paid-up share capital	
500,000 ordinary shares of RM1.00 each	500,000

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5. INFORMATION ON OUR GROUP (Cont'd)

Details of the changes in the issued and paid-up share capital of SFSB since the date of incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
07.09.1996	2	Subscribers' shares	2
22.06.2000	499,998	Cash	500,000

(iii) Substantial Shareholders

We own the entire equity interest in SFSB.

(iv) Subsidiary and Associated Company

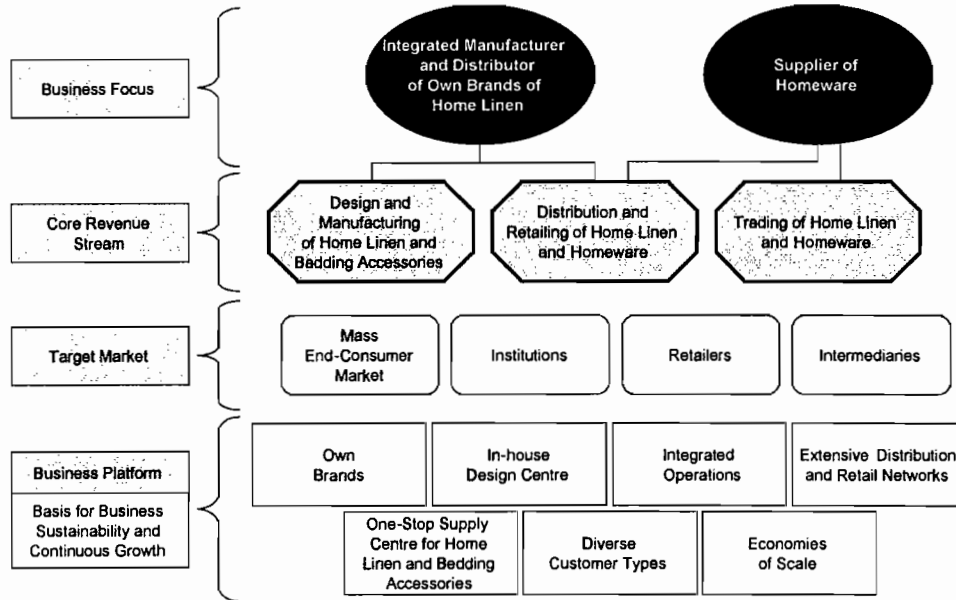
SFSB does not have any subsidiary or associated company as at the LPD.

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6. BUSINESS OVERVIEW

6.1 Business Model

Our Group's business model is depicted as follows:



(i) Business Focus

Our Group is primarily an integrated manufacturer and distributor of our own brands of home linen. Our manufacturing activities are focused on bed and bath linen, bedding accessories and curtains. Our Group markets all of our home linen under fourteen (14) brand names as detailed in Section 6.3 of this Prospectus.

We undertake our own in-house design, which is supplemented by purchases from international independent design houses to provide a variety of designs and help address diverse trends especially in overseas countries. As at the LPD, our Group has approximately 2,500 of our own designs, focusing on bed linen.

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

- (a) bed and bath linen;
- (b) bed, bath, living room and kitchen accessories;
- (c) rugs, carpets and floor mats; and
- (d) other homeware.

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

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6. BUSINESS OVERVIEW (Cont'd)

(ii) Core Revenue Stream

Our Group's core revenue streams are derived from:

- (a) design, manufacturing and distribution of home linen and bedding accessories;
- (b) retailing of home linen and homeware; and
- (c) trading of home linen and homeware.

We design and manufacture our own brands of home linen and bedding accessories focusing on the following:

Home Linen

- Bed linen, which includes bed coverings (such as fitted and flat bed sheets, bed spreads and bed skirts) and bedding coverings (such as pillows, bolsters, quilt and cushion covers);
- Bath linen, mainly bath, hand and face towels; and
- Others include customised curtains and ready-made curtains.

Bedding Accessories

- Pillows;
- Bolsters;
- Quilts;
- Comforters;
- Protectors (include pillow and mattress protectors);
- Cushions; and
- Others include foldable mattresses and chair pads.

Our Group undertakes retailing of home linen and homeware through our thirteen (13) fully owned retail outlets. In addition, our Group's appointed dealer owns and operates one (1) retail outlet under the "Home's Harmony" brand name. This enables us to enlarge our business base by directly servicing the mass consumers. In addition, retailing provides our Group with first hand consumer feedback to aid in product and marketing improvements. Please refer to Section 6.2.2 of this Prospectus for further details of our retail outlets.

We also undertake trading in home linen and homeware, primarily servicing institutions and intermediaries. This is a synergistic business activity as we are already sourcing homeware from local and international third parties for our retail operations.

(iii) Target Market

Our Group's target markets are:

- (a) mass end-consumer market (through our thirteen (13) fully owned retail outlets);
- (b) institutions (including hotels, resorts, hostels, hospitals, royal customs and military accommodations, and cruise ships);
- (c) retailers (including departmental stores, hypermarkets and supermarkets and specialty stores); and
- (d) intermediaries (including distributors and importers).

6. BUSINESS OVERVIEW (Cont'd)

Our Group services the mass end-consumer market through our own retail outlets and departmental stores in Malaysia. A significant proportion of our Group's revenue were derived from sales to retailers and intermediaries as they ultimately serve a larger mass consumer market as well as institutions through their own distribution and retail network. This enables us to address a wider spectrum of the market more efficiently and effectively, without having to invest significantly in retail and sales office infrastructure to reach as many end-consumers and institutions as possible. The diverse target markets will provide us with a wide direct and indirect customer base to ensure a continuing demand for our products and the platform to sustain and grow our business.

(iv) Business Platform

We operate on a platform that enables us to sustain our business as well as to provide future business growth. The business platform incorporates the following key strengths and success factors:

(a) Own Brands

We have our own brands of home linen, focusing on bed and bath linen. This enables us to maximise from our brand equity without the need to pay third party royalties, save for Warner Bros, Consumer Products Inc for the *Looney Tunes* brand. Further, our Group has control over our own brand names and this enables us to sell our products locally and globally without any major constraints.

Our Group has consistently built equity for our own brands. Our capability in creating our own brands differentiates ourselves from other operators that rely on third party brands. Furthermore, our Group has the experience and the track record in creating successful brands, which will form the platform to create new brands to launch new products, where required.

Currently, our Group has fourteen (14) brands carrying more than 7,500 stock keeping units which allow us to compete in the market place according to customer sentiments and economic sentiments and economic conditions. This provides our Group the flexibility to price our products and designs competitively without eroding our profit margins.

(b) In-house Design Centre

As an integrated manufacturer with in-house design capabilities, our Group is able to design and develop completely original and proprietary designs.

Through our in-house design efforts, we have successfully developed and commercialised approximately 2,500 different designs, focusing on bed linen since the commencement of our in-house design centre in 1988.

The ability to undertake in-house design activities is important as it enables our Group to react faster to changing market and consumer trends. Furthermore, our Group's capability to create and develop original and proprietary designs enables us to address opportunities targeting various segments of the market.

In addition to the above, our Group has in-house photo shooting capabilities, to create our own packaging designs, banners, promotional brochures and leaflets, interior decoration designs and many value added services, which further reduces costs.

6. BUSINESS OVERVIEW (Cont'd)

(c) Integrated Operations

As an integrated operator with in-house design, manufacturing, distribution and retailing, this provides our Group with significant competitive advantages as it increases cost-effectiveness, faster turnaround, convenience to customers through a one-stop supply centre for home linen and bedding accessories, as well as providing end-to-end quality assurance.

In addition, the integration of activities enables us to maximise on economies of scale and to maintain a high standard of quality in our products. It also allows us to meet high volume demand as well as fast turnaround in meeting customer orders. All these are critical, particularly in meeting the high demand during the festive seasons.

(d) Extensive Distribution and Retail Network

As at the LPD, our Group's in-house manufactured home linen and bedding accessories are available in our thirteen (13) fully owned retail outlets, one (1) retail outlet that is fully owned and managed by an appointed dealer and approximately another seventy-six (76) third party retail locations in Malaysia. In building our brand image, our concept stores are able to capture consumer's full attention on the respective brands through attractive displays, designs and promotions. Third party retail locations that carry our Group's products include departmental stores, specialty stores and hypermarkets. Some of these stores that carry our Group's products in Malaysia are Sogo (K.L.) Department Store Sdn. Bhd. ("Sogo"), Isetan, Metrojaya, Parkson, The Store, Tesco and Robinsons.

Our Group's products are also available overseas in approximately twenty-five (25) third party retail locations in Singapore, approximately twenty-one (21) third party retail locations in Taiwan and one (1) third party retail locations in Vietnam. This extensive distribution and retail network provide us with stronger market presence which is critical for continuing sales and profit growth.

(e) One-stop Supply Centre for Home Linen and Bedding Accessories

Our Group has the in-house design capabilities and manufacturing facilities to provide a wide range of home linen and bedding accessories to meet customers' needs and requirements. In addition to mass production, we also have the capabilities to customise designs of home linen and bedding accessories according to customer's specifications and requirements and produce them under the customer's brand names. In this respect, our Group has undertaken customised bedding accessories under the *Dunlopillo*, *Orthorest* and *Giant (in Singapore)* brands.

With a wide range of home linen and bedding accessories, our Group is able to serve as a one-stop supply centre for many of our customers, especially trade customers. This ease of convenience will create significant customer loyalty and attract new customers. Furthermore, the diversity of products provides our Group with opportunities for cross-selling, thus earning higher sales as well as reducing the unit cost of marketing and distribution.

6. BUSINESS OVERVIEW (Cont'd)

(f) Diverse Customer Types

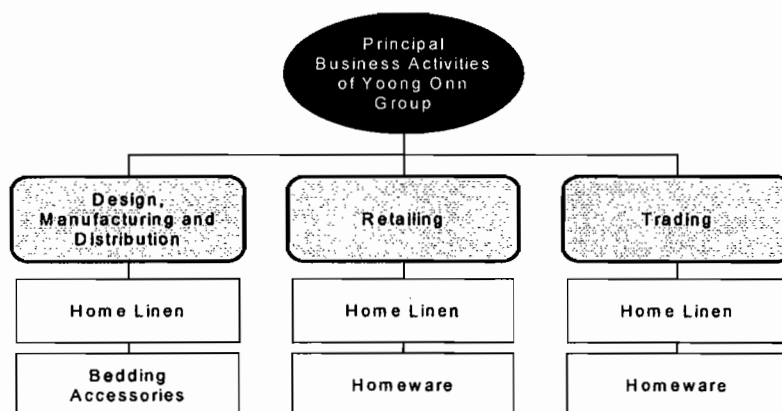
Our Group currently services a diverse range of customers including mass end-consumers, retailers, intermediaries and institutions. The trade customers ultimately service a wide base of end-consumers. Our diverse customer base will provide the platform to sustain and grow our business.

(g) Economies of Scale

Our Group enjoys economies of scale which is achieved through high volume of production, which makes us more cost competitive. This helps us to attract new customers and at the same time improve our profitability.

The high volume of production also enables our Group to procure materials at lower costs due to bulk purchases. Moreover, our Group enjoys economies of scale through optimal deployment of machinery and equipment to maximise asset utilisation and defraying of fixed costs over a large volume of orders.

6.2 Business Activities



Our Group is principally an integrated manufacturer and distributor of our own brands of home linen and bedding accessories. Our business activities incorporate the following:

- (i) Design, manufacturing and distribution of home linen and bedding accessories;
- (ii) Retailing of home linen and homeware; and
- (iii) Trading of home linen and homeware.

For the FYE 30 June 2009, 78.7% of our Group's total revenue was derived from Malaysia. Nine (9) overseas countries contributed the remaining 21.3% of our Group's total revenue.

Our business activities are supported by the following in-house facilities:

- (i) Design centre incorporating Computer Aided Design ("CAD") facilities;
- (ii) Manufacturing plant;
- (iii) Distribution and warehousing facilities; and
- (iv) Fully owned retail outlets in Malaysia.

6. BUSINESS OVERVIEW (Cont'd)

As an integrated manufacturer and distributor of our own brands of home linen and bedding accessories, our Group served as a one-stop supply centre particularly for home linen and bedding accessories, especially for our trade customers. This is one of our key competitive advantages, providing convenience and in-house total quality control for all of our design and manufacturing processes.

6.2.1 Design and Manufacturing

Our Group's core competency is design and manufacturing of home linen and bedding accessories. The design and manufacturing is undertaken by SFSB.

Design Activities

Our Group's in-house design activities encompass the following:

- (i) design and develop overall concept to meet functionality and aesthetic purposes;
- (ii) create patterns and prints such as featuring stripe, border, floral, and geometrical designs;
- (iii) create finishing embellishments including embroidery designs including letters, numbers, monograms, shapes, characters and flowers, and decorative stitching like picot and marrow stitching;
- (iv) selection of colours and fabric materials such as cotton, silk, sateen, jacquard, polyester, rayon, blends of Egyptian cotton, down proof cotton, percale cotton, various blends of cotton and polyesters, and others; and
- (v) develop computer generated prototypes.

Our Group is constantly introducing new and innovative concepts, designs and colour trends. We are able to provide a selection of a range of colour options and materials to be used with each design.

The in-house designs of bed linen collections are proprietary to our Group. As at the LPD, our Group has successfully developed approximately 2,500 different designs of bed linen collections since the commencement of design activities in 1988. Each collection may consist of a few designs, and for some designs there is a choice of four (4) to eight (8) colours.

Once the designs are completed and colours and materials selected, they are sent to suppliers in overseas countries such as China and Pakistan where materials are purchased, background colours are dyed and patterns are printed.

Some of the linen designs created by our Group are as follows:



Sateen Bed Linen Set



Lace Bed Linen Set

6. BUSINESS OVERVIEW (Cont'd)



Embroidery Bed Linen Set



Chiffon Silk Bed Linen Set



Printed Bed Linen Set



Printed Kid's Bed Linen Set

Manufacturing Activities

Our Group's in-house manufacturing activities encompass the following:

- (i) fabric is cut to size and shape for sewing and stitching;
- (ii) subsequently, cut fabric will go through sewing and hemming into flat or fitted sheets;
- (iii) for the manufacturing of bedding accessories, the fabric shells of the pillows or bolsters or cushions are manufactured in-house and filling materials are purchased externally but stuffed in-house;
- (iv) the manufacture of quilts is all undertaken in-house. This includes sizing and processing of polyester fibre, stuffing and sewing and stitching of the quilt covers as well as finishing of the quilt;
- (v) the comforter or quilt is then machine quilted, where the entire quilt comprising the top and bottom fabric and the centre batting are sewn together based on the design. Our Group has the capabilities to create quilt layouts in various patterns; and
- (vi) the different types of sewing and stitching which include seaming, edge finishing, and embroidery undertaken by our Group are as follows:
 - lockstitch consisting of two threads that are interlocked at short intervals. This does not pull easily;
 - bourdon stitching, which is a close and narrow row of decorative raised stitching such as monogram and finished edge;

6. BUSINESS OVERVIEW (Cont'd)

- hemstitching or picot stitching is also a decorative stitching along stitching lines of hems and borders to create an open weave pattern;
- marrow stitching creates a decorative band of tightly sewn thread across the hem line in sheets and pillowcases and along the sewing line of hems;
- machine embroidery is a decorative stitching where the designs or patterns are stitched on to the materials with an automated embroidery machine. Our Group currently has the capabilities to undertake various types of embroidery including appliqué, cutwork, cross-stitch, photo-stitch and etc; and
- finishing includes trimming loose threads, binding seam, cutting or tearing away excess backing, removing topping, cleaning stains (if any), pressing and steaming to remove wrinkles or hoop marks, as well as packing.

In addition, our Group has the in-house capabilities to manufacture home linen using various types of materials, such as cotton, jacquard, sateen, silk, polyester, rayon, blends of Egyptian cotton, percale cotton, down proof cotton and various blends of cotton and polyester.

Our Group is also involved in the manufacturing of polyester fibre battings as fillers for the manufacture of quilts, comforters, mattresses and pillow protectors, pillows, bolsters and cushions. The polyester battings are primarily for in-house use. Generally, the polyester battings are thicker but lighter than cotton batts and it has the capability to hold its shape better after repeated washing. In addition, it is also resistant to mould and mildew.

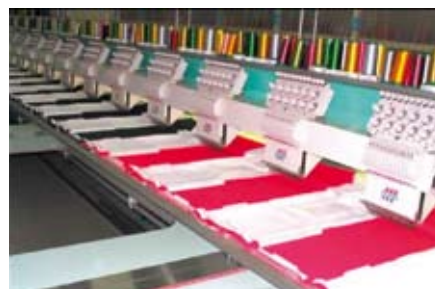
Some of the manufacturing activities undertaken by our Group are depicted as follows:



Cutting of Fabric from Bales on the Spreader Machine



Polyester Batting being Quilted to the Outer Fabric on the Multi Quilting Machine



Computerised Embroidery Machine



Quilting of Comforter being carried out on a Mechanised Quilting Machine

6. BUSINESS OVERVIEW (Cont'd)

In-house Manufactured Products

(i) Home linen

Bed linen is one of the major home linen manufactured by our Group. Some of the main bed linen manufactured by our Group is as follows:

- Bed sheets come in different sizes including single, queen and king size. Our Group manufactures fitted and flat sheets. Generally, the bed sheets are available in various colours, designs, patterns or plain and may be decorated with intricate embroidery, prints and embossing works. Bed sheets manufactured by our Group are made of different types of fabrics.
- Bed spreads are commonly used as decorative covers for beds and they look like large blankets placed over beds.
- Bed skirt consists of a flat piece of fabric with a ruffle or tailored attached skirt on three sides. This is usually used to hide the bed's box spring.
- Quilt cover primarily serves to protect and cover quilts. It comes in various sizes such as single, queen and king sizes. The quilt cover is usually designed to match the bed sheets.
- Pillow covers or pillowcases are usually made to match the bed.

Furthermore, our Group has the in-house capabilities to manufacture bed linen with different number of thread counts. Generally, thread counts refer to quality of fabric, which is determined by the number of threads per square inch. The higher the thread count, the finer and stronger the fabric. Higher quality linens tend to have a thread count of 280 per 10 square cm (180 per square inch) or more.

Currently, our Group supplies two (2) different range of bed linen with the following number of thread counts:

Range of Home Linen	Number of Thread Counts
High-end	Approximately 280 per 10 square cm or more (Approximately 180 per square inch or more)
Mid range	Approximately 200-280 per 10 square cm (Approximately 130-180 per square inch)

Other home linen manufactured by our Group includes:

- Bath linen, consisting of towels and bathrobes. Our Group mainly undertakes value-added processing of our bath linen including face towels, hand towels and bath towels. Some of the processes undertaken by our Group are hemming, stitching, embroidery, labelling and packaging.

6. BUSINESS OVERVIEW (Cont'd)

- Curtain, which is used to hang over windows or doorways. Our Group's curtains are available in a variety of widths, weights, styles and design to ensure it matches the theme of homes. In addition, our Group has the capabilities to manufacture various types of curtains, including eyelet curtains, tab-top curtains, roman blind, and French pleat.

Currently, our Group designs and manufactures ready-made and custom made curtains. Ready-made curtains are available in standard widths and lengths, which commonly features the most popular sizes of window or sliding door, while custom made curtains refer to those curtains manufactured based on customer specifications including measurement in width and length, selection of fabric and colour.

- Cushion covers, which are commonly used to cover cushions used in bedrooms and living rooms, particularly on sofas. In addition to protecting the cushion, the covers are also used for decorative purpose and mainly chosen to match the bed linen or sofa in the living room. Our Group manufactures various sizes of cushion covers in rectangular and square shapes, made from different fabrics and colours.

Some of the home linen manufactured by our Group is depicted as follows:



Bed Linen



Towels



Bed Sheet and Pillow Covers Set



Quilt Cover

(ii) Bedding Accessories

Our Group also manufactures bedding accessories, primarily pillows, quilts and foldable mattresses. These products are commonly stuffed with filled materials, including down, feathers, fibres, foam rubber or cotton.

6. BUSINESS OVERVIEW (Cont'd)

Some of the bedding accessories manufactured by our Group are as follows:

(a) Pillows

- Polyester pillow is filled with polyester fibres to provide consistent uniform firmness and support.
- Feather or down pillow are soft and noted for its ability to conform to the shapes of the body weight on the pillow.
- Cotton pillow is filled with natural cotton and comes in different lofts or fill weights. Cotton pillow has the springy softness, is cooler and more comfortable.
- Orthopaedic pillow is made of foam to support the neck by featuring a deep area for the head to rest and a supportive area to support the neck. This kind of pillow with a curved design adapts to the head, neck and shoulder to be in aligned with the spine while sleeping.
- Specialty pillow (including ginkgo pillow) also has a curved design to support the head and neck. It also consists of ginkgo leaves on both sides of the pillow, which is purported to have a calming effect on users.

Some of the pillows manufactured by our Group are as follows:



Down Pillow



Feather Pillow



Orthopaedic Pillow



Feather and Synthetic Fibre Pillow

(b) Bolsters

Bolsters manufactured by us are commonly filled with cotton or synthetic fibres.

6. BUSINESS OVERVIEW (Cont'd)

(c) **Quilt or Duvet**

Our Group currently manufactures the whole quilt or duvet. There are normally used with covers to protect the quilt.

(d) **Comforters**

Comforter functions similar to a quilt or duvet, is a soft and cosy bed covering which is also commonly used as an alternative to conventional blankets. It does not need a cover as it is made of decorative fabrics. The linen comforters manufactured by us are available in various designs including patterns and prints such as floral, plaids and stripes, as well as various colours that can commonly match the bed and the bedroom.

(e) **Pillow and mattress protectors**

Our Group also manufactures protectors, which are made of two layers of fabrics with a thin layer of filled materials. The filled materials are mainly polyester fibres. Our Group currently manufactures pillow and mattress protectors.

Our Group manufactures protectors with the various features, including machine washable, dust mite resistant, easy-care finish (with minimum need for ironing), anti-allergy polyester filling and also come in various sizes.



Pillow and Mattress Protectors

(f) **Cushions**

Cushions manufactured by our Group mainly uses polyesters fibre as fillers.



Cushions

6. BUSINESS OVERVIEW (Cont'd)

(g) Other bedding accessories

Other bedding accessories are foldable mattresses and chair pads.

(iii) Own Brands and Third Party Brands

Our Group manufactures two categories of home linen:

- Own brands; and
- Third party brands.

(a) Own Brands

Our Group is primarily an integrated manufacturer of home linen for the mass consumer as well as trade customers. We manufactured and launched our first own brands *Diana* and *Novelle* in 1982.

As at the LPD, we market our home linen under the following fourteen (14) brands:

- | | |
|----------------------|----------------------------|
| - <i>Diana;</i> | - <i>RedDanielle;</i> |
| - <i>Novelle;</i> | - <i>BedTalk;</i> |
| - <i>Jean Perry;</i> | - <i>Cotonsoft;</i> |
| - <i>Louis Casa;</i> | - <i>Niki Cains;</i> |
| - <i>Genova;</i> | - <i>Oasis;</i> |
| - <i>Firenze;</i> | - <i>Sarah Miller; and</i> |
| - <i>Ann Taylor;</i> | - <i>Season.</i> |

(b) Third Party Brands

Our Group also manufactures and sells home linen and bedding accessories under third party brands. In this situation, our Group will undertake design and manufacturing, but product specifications and packaging will come from the customers.

Our Group is also licensed to manufacture, distribute and sell products under the "Looney Tunes" copyrighted characters, including:

- *Bugs Bunny;*
- *Daffy Duck;*
- *Sylvester;*
- *Tweety;*
- *Road Runner;*
- *Wile E Coyote;*
- *Tasmanian Devil;*
- *Porky Pig; and*
- *Marvin The Martian.*

Currently, our Group mainly manufactures bed linen sets, incorporating bed sheets and pillow covers for the "Looney Tunes" brand. These third party brands designed and manufactured by our Group may eventually be retailed.

6. BUSINESS OVERVIEW (Cont'd)

In addition, our Group also customises bedding accessories according to the specifications and requirements of customers. Our Group currently manufactures pillows, bolsters and mattress protectors for external customers using third party brands such as *Dunlopillo*, *Orthorest* and *Giant* (in Singapore).



Our Group is currently carrying out R&D on bed linen to develop new ranges of enhanced bed linen collection targeting the upper end of the premium segment of the market.

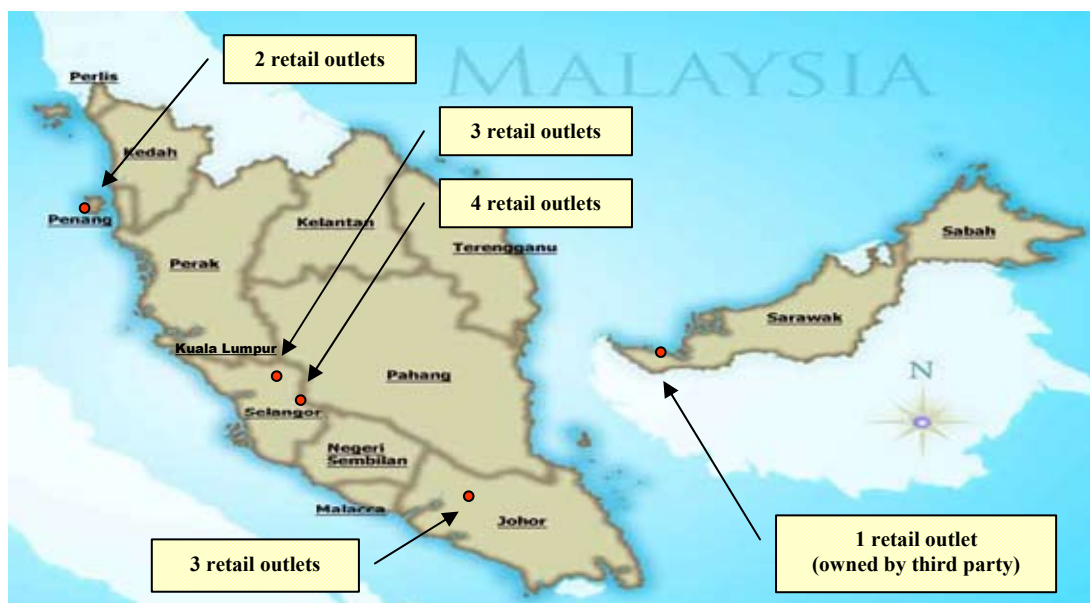
As part of our Group's future plans, we plan to manufacture Roman blinds under the umbrella of window blinds utilising fabric treated materials for protection from sunlight or for privacy by early 2010.

6.2.2 Retailing

Our Group also undertakes retailing through our subsidiary MSB.

Our Group's twelve (12) fully owned retail outlet operates under the "Home's Harmony" brand name and one (1) other fully owned retail outlet is under the "Home's Warehouse" brand name. In addition, our Group's appointed dealer owns and operates one (1) retail outlet under the "Home's Harmony" brand name.

The thirteen (13) fully owned retail outlets and one (1) retail outlet owned by third party are located in the following states and territory within Malaysia:



6. **BUSINESS OVERVIEW (Cont'd)**

Central Region

- (i) 1 Utama Phase 2, Bandar Utama, Petaling Jaya, Selangor Darul Ehsan;
- (ii) IOI Mall, Puchong, Selangor Darul Ehsan;
- (iii) The Mines Shopping Fair, Seri Kembangan, Selangor Darul Ehsan;
- (iv) Sunway Pyramid, Bandar Sunway, Petaling Jaya, Selangor Darul Ehsan;
- (v) Plaza Shah Alam, Shah Alam, Selangor Darul Ehsan;
- (vi) Hartamas Shopping Centre, Sri Hartamas, Kuala Lumpur;
- (vii) Leboh Pudu, Kuala Lumpur; and
- (viii) Cheras Leisure Mall, Kuala Lumpur.

Northern Region

- (i) Queensbay Mall, Persiaran Bayan Indah, Penang; and
- (ii) Gurney Plaza, Penang.

Southern Region

- (i) Plaza Pelangi, Johor Bahru, Johor Darul Takzim;
- (ii) Aeon Tebrau City, Johor Bahru, Johor Darul Takzim; and
- (iii) Tesco Desa Tebrau, Johor Bahru, Johor Darul Takzim.



Our Group's Retail Outlet in 1 Utama Shopping Centre



Our Group's Retail Outlet in Tesco Desa Tebrau