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Date: 22 September 2020

The Board of Directors
Mr D.I.Y. Group (M) Berhad
Lot 1907, Jalan KPB 11,
Kawasan Perindustrian Balakong,
43300 Seri Kembangan, Selangor
Malaysia.

Dear Sirs / Madams,

Independent Market Research on the Home Improvement Retail Sector in Malaysia and Brunei for Mr D.I.Y. Group (M) Berhad ("MDGM" or the "Company")

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Independent Market Report on the Home Improvement Retail Sector in Malaysia and Brunei ("**IMR Report**") for inclusion in MDGM's prospectus in relation to the listing of and quotation for the entire ordinary shares in MDGM on the Main Market of Bursa Malaysia Securities Berhad ("**Prospectus**").

We are aware that this IMR Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this IMR Report between the date hereof and the issue date of the Prospectus, we have an ongoing obligation to either cause this IMR Report to be updated for the changes and, where applicable, cause MDGM to issue a supplementary prospectus, or withdraw our consent to the inclusion of this IMR Report in the Prospectus.

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

June Liang Pui San
Country Head, Malaysia

F R O S T & S U L L I V A N

Methodology

For the purpose of preparing this Report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments in the relevant markets from 2020 to 2024.

Comparable key home improvement retailers identified in this report have been selected from a long list of brands developed by screening directories and visiting key shopping malls and shop lots in each respective country as well as discussing with industry players. Subsequently, the list was presented and discussed with industry players and experts[1] that agreed to be interviewed for the purpose of the analysis. Information were further validated via public information through secondary research (which covers reviews of company reports, official websites/social media channels, independent research reports, information from industry associations/authorities/internal organisations, as well as information from Frost & Sullivan research database) and fine-tuned by contacting identified brands (e.g. face-to-face, telephonic method, official social media platforms, among others).

Profile of Frost & Sullivan GIC Malaysia Sdn Bhd

FROST & SULLIVAN is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, FROST & SULLIVAN's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Kuala Lumpur and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. FROST & SULLIVAN is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.

Profile of the IMR signee, June Liang Pui San

June Liang is the Country Head, for Frost & Sullivan GIC Malaysia Sdn Bhd. June Liang possesses over 22 years of experience in market research and consulting, including over 13 years in independent market research and due diligence exercises for capital markets across the Asia Pacific region. June Liang holds a LLB (hons) from University of Wales, Cardiff and MBA from Imperial College.

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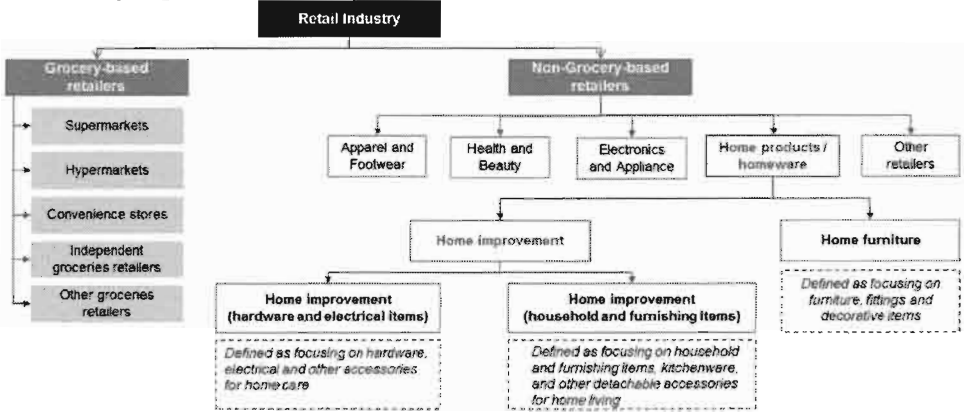
[1] Industry players are individuals currently or previously working for key home improvement retailers. Industry experts are individuals with in-depth knowledge on the industry (e.g. industry analysts).

1 INTRODUCTION TO THE HOME IMPROVEMENT RETAIL SECTOR

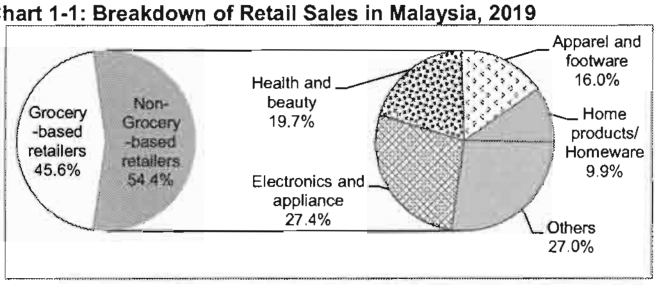
1.1 DEFINITION AND SEGMENTATION

Figure 1-1: Retail Industry Segmentation in Malaysia, 2020



Note: Other retailers include department stores and other non-grocery retailers.
Source: Frost & Sullivan

Chart 1-1: Breakdown of Retail Sales in Malaysia, 2019



Source: Frost & Sullivan

Malaysia's retail industry can be segmented into grocery and non-grocery based retailers. Grocery based retailers predominantly focus on the sale of food and beverages ("**F&B**") with some selling household supplies and other housing goods (e.g., detergents), lifestyle items (e.g., clothing, luggage) as well as consumer products (e.g., stationery, toys). Non-grocery based retailers, on the other hand, focus mainly on non-F&B products. Retailers within this segment are typically categorised by their product focus.

The non-grocery segment also covers home products, also known as homeware, which can be further categorised into home furniture and home improvement. Home furniture retailers generally focus on products such as furniture (e.g., beds, wardrobes, kitchen cabinets), fittings (e.g., kitchen and bathroom accessories) and decorative items (e.g., curtains, carpets).

Home improvement comprises activities such as renovating, remodelling and upgrading items and house interiors. Related products within this segment can be further categorised by their focus within hardware, electrical items and household and furnishing[2]. Besides the above-mentioned product categories, home improvement retailers also sell a wide range of consumables or daily use products such as jewellery (may include hair or body accessories), cosmetics, car accessories, toys, stationery and sports equipment.

MDGM is a leading market player within the home improvement segment in Malaysia. The retailer's hardware, household and furnishing and electrical product categories were its largest revenue contributors. The above-mentioned product categories together with stationery and sports equipment, contributed to approximately 76.1% of MDGM's total revenue in the financial year ended 31 December 2019.

1.2 EVOLUTION OF THE RETAIL SALES CHANNELS

Rapid urbanisation, modernisation, and solid domestic demand are key factors driving the development of Malaysia's retail landscape. Within the home improvement segment, retail activities are gradually shifting from traditional to modern retail channels. The business models of traditional or general retail, often termed as "mom-and-pop" stores, are typically less structured and usually operated by individuals or as family businesses.

Some traditional stores cover broad product categories (e.g., dry markets) or specialised goods (e.g., hardware stores). Traditional retailers usually operate on a small scale and focus on a single product segment, e.g., either hardware or household items and may carry limited branded goods to cater to the demand of households within the vicinity (e.g., neighbourhood sundry shops). The modern retail channels do not focus on a single product segment, but offer a variety of products. Most modern retail stores are owned by large corporate entities and established as chain stores with broad geographical coverage.

[2] Furnishing in the Household and Furnishing category excludes furniture (e.g., beds, wardrobes, kitchen cabinets) from the focus products.

2 ANALYSIS OF THE HOME IMPROVEMENT RETAIL SECTOR IN MALAYSIA

2.1 MACROECONOMIC OVERVIEW

2.1.1 Strong Gross Domestic Product ("GDP") Growth

Chart 2-1: Malaysia GDP at Constant Prices, 2014, 2019 and 2024F

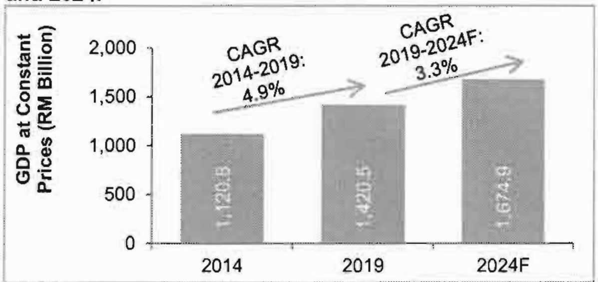
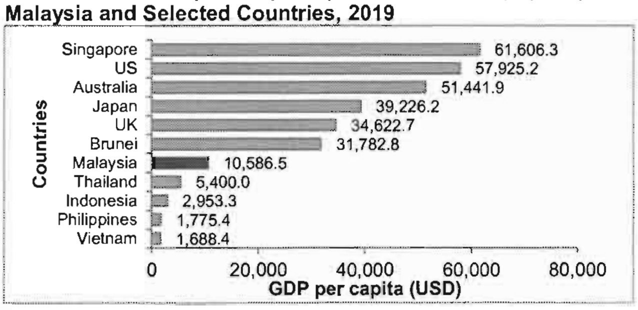


Chart 2-2: GDP per Capita (Constant Prices) (USD) of Malaysia and Selected Countries, 2019



*Source: Department of Statistics Malaysia ("**DOSM**"); International Monetary Fund ("**IMF**") (World Economic Outlook ("**WEO**"), (October 2019, April 2020 and June 2020 databases); Frost & Sullivan*

Following the real GDP growth rates of 6.0% and 5.0% in 2014 and 2015, respectively, the Malaysian economy slowed down in 2016 to a 4.4% real GDP growth, mainly due to the prolonged decline in global oil prices and oil export revenues. In 2018, the shift in the political landscape, the expansions in domestic demand, as well as the higher growth in net exports, contributed to an overall positive sentiment on the economy[3], which grew by 4.7%, while in 2019 the GDP grew by 4.3% supported by higher private sector spending and further growth in domestic demand[4]. The country's economy is forecasted to expand at a compound annual growth rate ("**CAGR**") of 3.3% between 2019 and 2024F, mainly driven by increasing private sector expenditure, in turn, boosting income growth and employment opportunities[5]. Malaysia's GDP per capita at constant prices was RM36,498.7 (USD8,922.4) in 2014 and RM43,305.7 (USD10,586.5) in 2019, and it is projected to grow to RM47,969.7 (USD11,726.6) by 2024F[6], in line with the positive GDP growth forecast.

2.1.2 Growing Population and Urbanisation in Malaysia

Table 2-1: Population and Urban Population in Malaysia, 2014–2024F

Population	2014	2015	2016	2017	2018	2019E	2020F	2021F	2022F	2023F	2024F
Population (in millions)	30.7	31.2	31.6	32.0	32.4	32.8	33.2	33.6	34.1	34.5	34.9
Urban population (%)	73.6%	74.2%	74.8%	75.4%	76.0%	76.6%	77.2%	77.7%	78.2%	78.7%	79.2%

*Note: Population (in millions) from IMF. Urban population (%) calculated based on data of Urban and Rural Population by the United Nations ("**UN**").*
Source: IMF (WEO, October 2019); UN

Table 2-2: Estimated Population and Population Density by Regions[7] in Malaysia, 2019E

Malaysia	Population (thousand)	Area (km²)	Population Density (people/km²)
Peninsular Malaysia			
Central	8,464.1	8,243	1,027
East Coast	4,840.8	63,963	76
Northern	6,762.7	32,336	209
Southern	5,865.5	27,536	213
East Malaysia	6,868.0	198,447	35

Source: DOSM; IMF; Frost & Sullivan

Malaysia's population grew from 30.7 million in 2014 to 32.8 million people in 2019 at a CAGR of 1.3%[8]. According to the UN, the urban population in Malaysia grew from 73.6% to 76.6%[9] of the total population over the same period, and forecasted to further grow to 79.2% by 2024F. Urbanisation is encouraging the development of new residential properties and townships, driving demand for home improvement items in line with the increase in home dwellers.

2.1.3 Growing Income

Table 2-3: Disposable Income Per Capita, (RM '000) in Malaysia, 2014–2024F

Disposable Income Per Capita (RM '000)	2014	2019	2024F	CAGR 2014 - 2019	CAGR 2019 – 2024F
Malaysia	19.3	25.5	32.1	5.7%	4.7%

Source: IMF (WEO, October 2019); Frost & Sullivan

[3] Bank Negara Malaysia ("**BNM**"), BNM Quarterly Bulletin – 4Q 2018
[4] BNM Quarterly Bulletin – 4Q 2019
[5] BNM Quarterly Bulletin 4Q 2018, February 2019.
[6] For reference purpose, the data is converted from RM into US using a Fixed Exchange Rate for 2019 of USD1=RM4.0907.
[7] Central region: state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. East Coast region: state of Kelantan, Terengganu and Pahang. Northern region: state of Perlis, Kedah, Pulau Pinang and Perak. Southern region: state of Johor, Melaka and Negeri Sembilan. East Malaysia: state of Sabah and Sarawak and the Federal Territory of Labuan.
[8] Derived using area data from DOSM's Population and Housing Census 2010 and Principal statistics of population, Malaysia, 2010-2020.
[9] UN, World Urbanization Prospects 2018, May 2018.

The positive economic situation in Malaysia is contributing to rising income and emergence of the middle income class. The disposable income per capita in Malaysia is forecasted to grow in the period from 2019 to 2024F.

Table 2-4: Percentage of Households by Monthly Household Gross Income Class in Malaysia, 2014, 2019

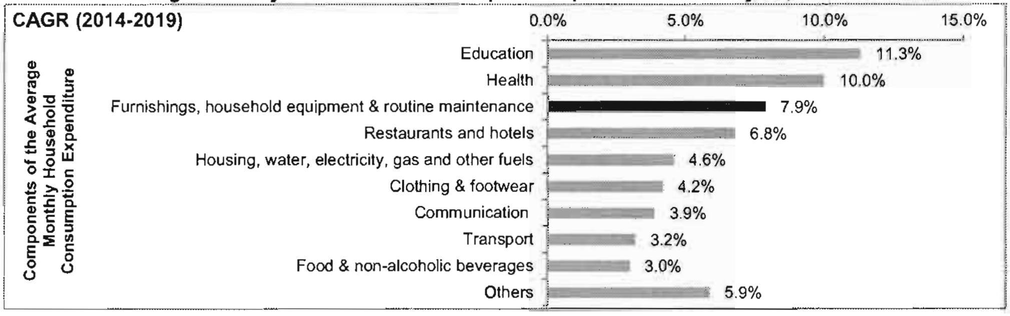
Number of Households (%)	2014	2019	Delta 2014-2019
<RM4,999	54.9%	41.8%	**-13.1%**
RM5,000–RM9,999	31.4%	34.6%	**3.2%**
RM10,000–RM14,999	8.3%	13.6%	**5.3%**
>RM15,000	5.4%	10.0%	**4.6%**

Notes: "Delta" refers to the difference between the values in 2019 compared to 2014.
Source: DOSM, Frost & Sullivan

The number of households with a monthly income below RM4,999 declined as a percentage of the total population from 2014 to 2019 due to the overall growth in income, with an increasing number of households earning more than RM5,000 per month. In particular, the number of households with a monthly income between RM10,000 and RM14,999 grew faster as compared to other income bands during the same period. The rising income is contributing to greater household purchasing power for various items, including the purchase of home improvement products.

2.1.4 Increasing Household Consumption Expenditure across Various Segments

Chart 2-3: Average Monthly Household Consumption Expenditure in Malaysia, 2014-2019



Contribution (2019)
1.5%
2.1%
4.4%
13.9%
23.6%
3.4%
5.1%
13.5%
17.3%
15.3%

Notes: (1) Others include alcoholic beverages, tobacco, recreation services, culture and miscellaneous goods and services; (2) Contribution data do not add up to 100% due to rounding.
Source: DOSM; Frost & Sullivan

Between 2014 to 2019, the total average monthly household expenditure in Malaysia increased from RM3,578 to RM4,534 at a CAGR of 4.8%. In particular, total average monthly household expenditure for furnishing, household equipment, and routine household maintenance[10] increased from RM137 to RM200 at a CAGR of 7.9% during the same period. Spending across other categories, in particular, babies and children products, has also been growing due to the willingness and propensity of households in Malaysia to spend on these products. For example, the average monthly household expenditure on toys and games in Malaysia increased from an estimated RM11.0 in 2014 to RM17.2 in 2019 at a CAGR of 9.4%[11]. The value is forecasted to grow at a CAGR of 9.9% in the period between 2019 and 2024F, potentially reaching RM27.6 by 2024F.

2.1.5 Overall Outlook

Malaysia's socioeconomic fundamentals are expected to remain stable, driven by steady population growth, strong domestic consumption, and robust trading activity. The services and manufacturing sectors are expected to drive the expansion. Increases in wages and employment opportunities will support the service sector growth. The manufacturing sector is expected to gain from the recovery in commodity supply. Household spending is likely to benefit from continued employment and income growth. In the second quarter of 2020, private consumption declined quarterly by 18.5% compared to the 6.7% growth registered in the first quarter of 2020[12], as it was affected by the recent Covid-19 outbreak and the Movement Control Order ("**MCO**"). The Malaysian government has since announced a RM260 billion Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and a RM35 billion short-term economic recovery plan (PENJANA) to strengthen private consumption growth and domestic demand, among others[13].

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[10] Expenditure items follow the recommendations of the UN, Classifications of Individual Consumption According to Purpose. Furnishings, household equipment and routine household maintenance broadly include categories of i) furniture, furnishings and loose carpets, ii) household textiles, iii) household appliances, iv) glassware, tableware and household utensils, v) tools and equipment for house and garden, vi) goods and services for routine household maintenance.
[11] Frost & Sullivan estimates.
[12] BNM Quarterly Bulletin – 2Q 2020
[13] Prime Minister's Office, "Teks Ucapan, Pelan Jana Semula Ekonomi Negara (PENJANA)", 5 June 2020.

2.2 INDUSTRY SIZE AND GROWTH TRENDS

The sales revenue of the retail industry in Malaysia grew from RM187.4 billion in 2014 to RM248.2 billion in 2019 at a CAGR of 5.8%. From 2019, the sales revenue is projected to reach RM327.7 billion by 2024F, due to rising disposable income levels, which is also supporting the expansion of physical and online retail channels.

Chart 2-4: Retail Sales Value in Malaysia, 2014–2024F

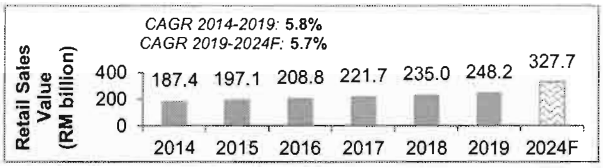
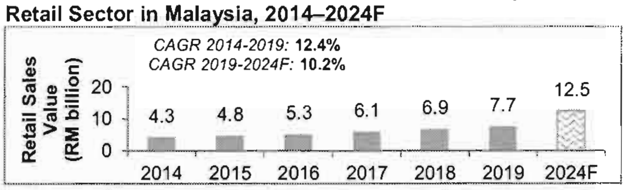


Chart 2-5: Retail Sales Value of the Home Improvement Retail Sector in Malaysia, 2014–2024F



Source: Frost & Sullivan

From 2019 to 2024F, the home improvement retail sector is expected to expand from RM7.7 billion to RM12.5 billion at a CAGR of 10.2%. In the first half of 2020, home improvement retailing was impacted by the MCO, implemented by the Malaysian Government. The MCO was introduced due to the COVID-19 outbreak to restrict the movement of people and prevent disease transmission. While COVID-19 impacted overall retail sales in physical stores due to less footfall to malls and shopfront stores, the sale of home improvement products was less impacted as people purchased do-it-yourself home improvement products online as they spent more time at home. Home improvement stores that focus on hardware products were among the first to be allowed to operate during the first extension of the Movement Control Order in April 2020, although only on selected days and with shorter operating hours. In May 2020, more businesses were allowed to operate following Standard Operating Procedures as per Malaysia National Security Council after the gradual lifting of movement restrictions. Both the retail industry and home improvement retailing are forecasted to recover in the second half of 2020 as movement restrictions are gradually lifted. During the MCO, consumers repaired damaged housing items on their own due to movement restrictions which limited the services provided by the professional home improvement contractors, and therefore the demand for home improvement products. As the movement restrictions are gradually lifted, the market is expected to recover as professional home improvement contractors are expected to purchase home improvement products to service households. As a result of the COVID-19 impact on the economy, it is observed that consumers are more price sensitive due to threat of unemployment and retrenchment. Frost & Sullivan opines that retailers who focus on a low price strategy are more competitive and well positioned to perform well during this uncertain period.

In the long run, the creation of new townships due to urbanisation and the resulting emergence of new residential and commercial areas are likely to provide more opportunities for home improvement retailers to increase their presence, stimulating demand in the underserved and unserved areas[14]. This is also anticipated to catalyse demand and supply of the Malaysian home improvement retail sector[15]. Retailers may also stimulate demand and industry growth via regular sourcing and introduction of new products in the market.

Increasing e-commerce participation by consumers and retailers is projected to stimulate home improvement retail sales. Internet penetration in Malaysia reached 90.1% in 2019[16], while the gross merchandise value of e-commerce is projected to grow from USD1.0 billion in 2015, to USD3.0 billion in 2019, to USD11.0 billion by 2025F, at a CAGR of 27.1% in the period from 2015 to 2025[17]. Overall, retailers are focused on creating a seamless omnichannel shopping experience including providing convenience through cashless transactions[18,19].

Despite higher consumer price index for furnishing, household equipment, and routine household maintenance from 106.4 points in 2014 to 116.4 points in 2019[20], the total average monthly household expenditure on this segment increased from RM137 in 2014 to RM200 in 2019 at a CAGR of 7.9%. The trend underscores the resilient demand for home improvement products irrespective of economic conditions or price increase.

The cost of goods and services continues to rise due to factors such as higher material input and import prices, the implementation and subsequent abolishment of Goods and Services Tax ("**GST**") in May 2018 and replacement with Sales and Services Tax ("**SST**") in September 2018, and depreciation of the ringgit. The rising living costs drive consumers to be more value conscious and seek products with lower costs and higher value.

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[14] Areas with minimal or no retailers offering similar home improvement products.
[15] More information and data available in the section on the retail supply and retail channels.
[16] DOSM, Internet Use and Access by Individuals and Households Survey Report 2019.
[17] Google Temasek, e-Conomy SEA 2019, October 2019.
[18] Seamless buying experience across online and offline touchpoints e.g., stores, mobile browsing, e-commerce marketplace, social media.
[19] The Edge Markets, "2010>2019: Decade of Disruption – Technology – Disruptor and Enabler for Retail", January 2020.
[20] DOSM, Consumer Price Index December 2014 and December 2019.

2.3 RETAIL SUPPLY AND RETAIL CHANNELS

The expansion of the overall retail space in Malaysia has contributed to an increase in floor space and number of stores by home improvement retailers over the 2014 to 2019 period.

Table 2-5: Retail Space of Home Improvement Retail Sector in Malaysia, 2014–2019

	2014	2015	2016	2017	2018	2019	CAGR (2014-2019)
Number of Stores	6,468	6,509	6,587	6,679	6,893	7,093	1.9%
Total space (million sq ft)	20.0	20.3	20.7	22.1	23.4	24.6	4.2%
Space per capita (sq ft)	0.65	0.65	0.66	0.69	0.72	0.77	3.4%

Source: Frost & Sullivan

Between 2014 and 2019, total retail space for the home improvement retail sector grew faster than growth in the number of stores due to the higher number of chain retailers setting up new stores with on average larger stores (in terms of square feet) compared to stores operated by independent retailers. The majority of the chain retailers are mainly concentrated in the Klang Valley[21], while several players such as Daiso and Yubiso, have expanded their presence to other major economic hubs in the country such as Penang and Johor Bahru. MDGM is the only chain player with a nationwide presence. Independent home improvement retailers are mainly present within commercial zones of suburban and rural districts. Nonetheless, Frost & Sullivan observes that the number of independent home improvement retail stores had declined in 2016 and 2017 from 6,064 in 2015 to 5,858 in 2017 due to the higher cost and complexity of business operations after the implementation of GST in 2015. The number is estimated to have risen back to 5,859 stores in 2019 from 5,831 stores in 2018 as new stores were opened in new locations and shops that closed down in the previous years were replaced by new stores. The number of independent home retail stores is forecasted to remain stable moving forward. States such as Kedah, Perlis and Kelantan have a lower penetration by large chain retailers compared to Klang Valley, Melaka and Johor, suggesting significant growth potential for the home improvement retail sector via the setting up of new stores in underserved areas.

Chart 2-6: Home Improvement Sector Retail Sales by Channels[22] in Malaysia, 2019

Note: Based on latest information as at 6 September 2020. Data may not add up due to rounding
Source: Frost & Sullivan

Retail mall-based stores constitute only 29.0% of the home improvement sector retail sales in 2019. Nevertheless, the number is forecasted to increase as shopping malls are considered an attractive location for chain retailers to reach a larger consumer base. The total space of shopping complexes[23] in Malaysia increased from 13.0 million square metres (sqm) in 2014 to 16.5 million sqm in 2019, growing at a CAGR of 4.9%[24], and it is forecasted to continue growing. Within the five largest shopping malls in Malaysia (in terms of gross floor space) as at 2019, Mid Valley Megamall & The Gardens, Sunway Pyramid and 1 Utama ranked top three by footfall.

2.4 COMPARISON WITH KEY MARKETS

2.4.1 Home Improvement Retail supply

Chart 2-7: Total Home Improvement Retail Space per Capita (sq ft) in Selected Countries, 2019

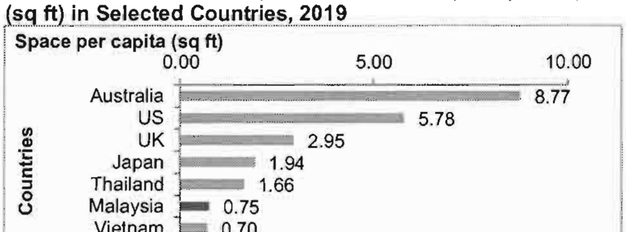
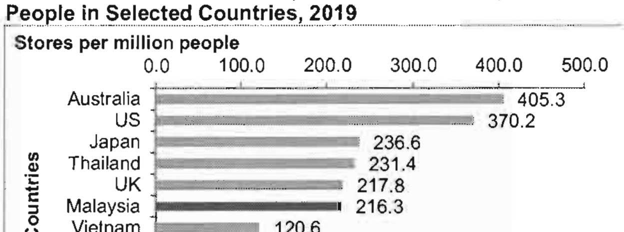


Chart 2-8: Total Home Improvement Stores per Million People in Selected Countries, 2019



Source: Frost & Sullivan

The supply of retail space in Malaysia is still underdeveloped and underpenetrated compared to other advanced economies, with significantly lower square feet per capita for both total retail space and space of the home improvement retail sector. Furthermore, population growth and urbanisation provide opportunities for developers to build new residential and commercial properties, and for home improvement retailers to set up new stores to serve

[21] Klang Valley is defined as the area of Kuala Lumpur and other adjoining cities and towns in the state of Selangor.
[22] Retail mall-based stores include stores located in shopping malls and within, or adjacent to, supermarkets and hypermarkets owned and operated by established mass merchandise retailers (e.g. AEON, Tesco, Giant). Standalone shopfront stores refer to stores that occupy shop lots.
[23] Data of shopping complexes are used as proxy for shopping malls.
[24] National Property Information Centre (NAPIC), Commercial Property Stock Table.

new catchment areas[25] that provide favourable conditions for the supply of home improvement retail space; while net absorption[26] for commercial properties is projected to remain positive.

2.4.2 Home Improvement Retail Sales

Chart 2-9: Retail Sales of the Home Improvement Retail Sector per Capita in Selected Countries (USD), 2019

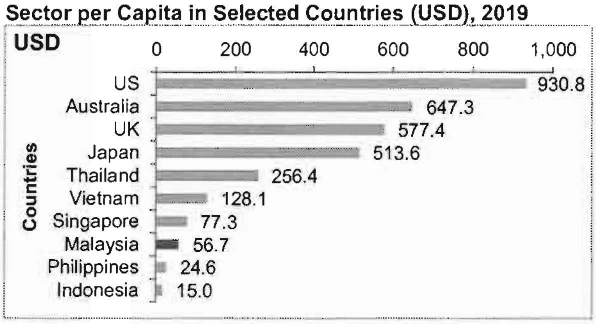


Table 2-6: Growth in Retail Sales of the Home Improvement Retail Sector per Capita in Selected Countries (Based on Local Currency), CAGR 2014-2019, CAGR 2019-2024F

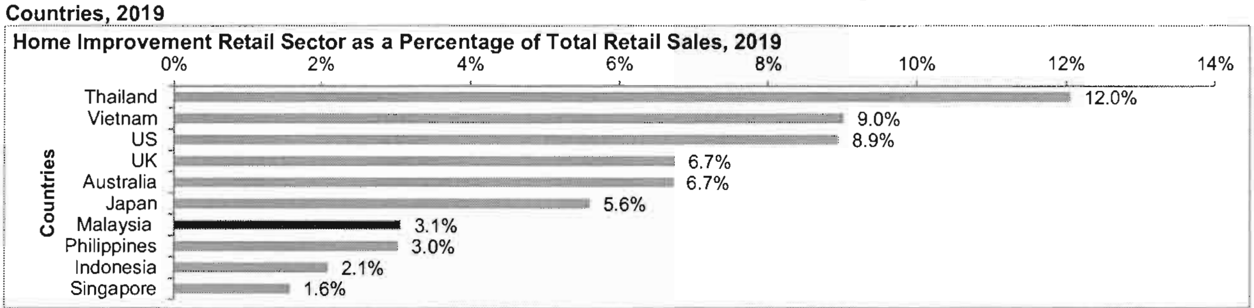
Countries	CAGR (2014-2019)	CAGR (2019-2024F)
US	3.4%	4.2%
Australia	0.7%	2.4%
UK	1.2%	1.9%
Japan	2.0%	2.2%
Thailand	2.5%	4.5%
Vietnam	8.0%	10.7%
Singapore	1.1%	0.9%
Malaysia	10.8%	8.9%
Philippines	6.4%	8.2%
Indonesia	6.1%	8.3%

Source: Frost & Sullivan

Malaysia recorded home improvement retail sales per capita at USD56.7 in 2019, substantially below the home improvement retail sales per capita of developed countries such as the United States of America ("**US**"), Australia and the United Kingdom ("**UK**") at USD930.8, USD647.3 and USD577.4 respectively and also lower than neighbouring countries like Thailand, Vietnam and Singapore. Home improvement retail sales per capita (in local currency) in Malaysia is expected to grow at a CAGR of 8.9% from 2019 to 2024F, higher than the growth rate forecast for the developed and the key neighbouring Association of Southeast Asian Nations ("**ASEAN**") countries (except Vietnam) due to the anticipated continued growth in disposable income in the forecast period.

2.4.3 Home Improvement Retailing in Global Context

Chart 2-10: Retail Sales of the Home Improvement Retail Sector as a Percentage of Total Retail Sales in Selected Countries, 2019



Source: Frost & Sullivan

Retail sales of the home improvement retail sector as a percentage of total retail sales in Indonesia, Philippines, Malaysia and Singapore are generally lower than in more developed countries. Given the availability of cheap labour, these countries show greater preference for "do-it-for-me" rather than "do-it-yourself" culture in developed economies. Nevertheless, Vietnam, Malaysia, Indonesia, and Philippines are projected to have the fastest growth rate of home improvement retail sales per capita over the period from 2019 to 2024F at a CAGR of 10.7%, 8.9%, 8.3%, and 8.2% respectively, with increasing acceptance of the "do-it-yourself" trend due to online influences and cultivation of this culture through the offline community.

2.5 BARRIERS TO ENTRY

Difficulty gaining market share in the competitive and fragmented market: Given the wide availability of home improvement product categories in many retail store formats, it may be difficult for new entrants to gain market share. It is likely to be challenging for new players to break even and be profitable compared to large players due to the rising costs associated with product distribution, staff training and marketing, among others.

Intense price competition: Existing large and chain home improvement retailers may have an advantage over new entrants since they are able to sell at a lower price due to good relationship with suppliers and economies of scale. Pricing is a key determinant for home improvement products in Malaysia due to the homogeneous product nature, enabling consumers to switch among different brands and purchase points easily. Malaysian consumers, especially

[25] The Star Online, "Retail sector positive but challenging", December 2018.

[26] Net absorption refers to the change in physically occupied space between two periods. It is the sum of square feet that became physically occupied minus the sum of square feet that became physically vacant during a specific period.

the low and mid-income groups, are more sensitive to price hikes of daily essential items due to the rising living costs attributable to inflation and the implementation of GST (in 2015), and subsequent substitution with SST implementation (in 2018).

Setting-up stores in shopping malls: It may be difficult for a new home improvement retailer to secure retail space at some desired locations as popular shopping malls usually have a long waiting list and stringent tenant selection criteria. Furthermore, existing players may have negotiated for a longer lease period and caps on rental, which could make it more difficult and costly for new entrants to establish their presence.

2.6 INDUSTRY RISKS AND MITIGANTS

Intense competition and difficulty retaining customer loyalty: While increasing competition among home improvement players could reduce brand loyalty, reputable retailers with strong market presence could have a competitive advantage over newer market entrants due to their strong foothold in the market.

High price sensitivity of customers: The increasing focus on quality and customer services are key areas, in line with the estimation of Malaysia to become a high-income nation within 10 years from 2020[27], likely to reduce customer sensitivity to price in the long-run and support stronger market growth.

Rising costs of doing business: While the escalating cost of doing business may reduce the profitability of home improvement retailers, participants with a large number of stores may be able to achieve better economies of scale, remaining competitive and profitable compared to home improvement retailers with a low number of stores.

2.7 COMPETITIVE LANDSCAPE

The home improvement retail sector in Malaysia is highly fragmented with both chain retail stores (such as MDGM and Ace Hardware) and standalone independent retail stores. The industry comprises numerous companies and brands, both local and international, offering a wide variety of home improvement products. Despite selling a wide variety of product categories, players tend to focus on a single or, on average, two key product categories as their main product offering.

2.7.1 Profiles of Key Players

The majority of physical stores of home improvement chain retailers in Malaysia are located in major cities while small independent companies concentrate mostly in states where their headquarters are located. Overall, Frost & Sullivan estimates that there are 7,093 stores operated by home improvement retailers as at 2019, with the growth driven by chain stores. Among the various participants, MDGM was the largest in Malaysia by geographical coverage and number of stores, with 575 MR. D.I.Y. stores nationwide distributed across all states including Federal Territories as at 31 December 2019, and growing further to 620 stores as at 30 June 2020 and 640 stores as at 6 September 2020. As one of the pioneer home improvement chain retailers in Malaysia, MDGM has the widest array of product categories in the country, including but not limited to, household and furnishing products, hardware products, electrical products, stationery and sports equipment.

Table 2-7: Selected Key Players in the Home Improvement Retail Sector in Malaysia, 6 September 2020

Brand Name[1]	Company in Malaysia	Presence in Malaysia [2]	Stores[3]	Key Product Category
MR. D.I.Y.	MDGM	All States including Federal Territories	640	Household, Furnishing, Hardware, Electrical
One Stop Superstore ("OSS")	One Stop Superstore Sdn Bhd *(under TCT Trading Sdn Bhd)*	SBH, SWK, LBN	83	Household, Furnishing
Daiso	AEON Co. (M) Bhd Newniso Sdn Bhd TLC Dream Sdn Bhd	All States *(except TRG, PHG, LBN)*	76	Household, Furnishing
Supersave	Supersave Group of Companies	SBH, SWK, SGR, NSN, JHR, PHG	71	Household, Furnishing
Yubiso	Yubiso (M) Sdn Bhd	KUL, SGR, PRK, PNG, NSN, JHR, MLK, PHG, KTN, TRG	65	Household, Furnishing
Ninso	Ninso Global Sdn Bhd *(under TCT Trading Sdn Bhd)*	JHR, SWK, SBH, SGR, KUL, MLK, NSN, PHG	42	Household, Furnishing
SWC, Cheap2Shop	SWC Enterprise Sdn Bhd	SGR, PRK, NSN, KTN, MLK	40	Household, Furnishing
Fun N Cheer ("FNC")	Fun N Cheer Sdn Bhd	KUL, SGR, JHR, PRK	31	Household, Furnishing
Kaison	Kaison Furnishing Sdn Bhd	KUL, SGR, PRK, MLK, NSN, KTN, KDH, PHG, SBH, SWK	29	Household, Furnishing
Miniso	Miniso (M) Sdn Bhd	KUL, SGR, PNG, MLK, JHR, PHG, SWK	29	Household, Furnishing
ACE Hardware ("AH")	Giant Ace Sdn Bhd	KUL, SGR, PRK, PNG, JHR	22	Hardware, Electrical
Team DIY Hardware	Team DIY Hardware Sdn Bhd	SGR	14	Hardware
Setiahub	Setiahub Sdn Bhd	KTN, SGR, NSN, KUL	13	Household, Furnishing
Muji	Muji (Malaysia) Sdn Bhd	KUL, SGR, JHR	9	Household, Furnishing
Noko	Megah Inovatif Sdn Bhd	SGR, PNG, JHR	6	Household, Furnishing
5ringgit Shop	Fasons Five Sdn Bhd	PNG, PRK	5	Household, Furnishing

[27] Malay Mail, "World Bank: Malaysia can be high-income nation within 10 years despite Covid-19, but six reforms needed for transition", June 2020

Notes: Data for each company is provided on a best-effort basis based on publicly available information. "N/A" indicates that data/information is not available. (1) The brands listed are home improvement chain retailers that have at least five stores in Malaysia as at 6 September 2020.2019 The brands are sorted based on the total number of stores in Malaysia; (2) Kuala Lumpur (KUL), Selangor (SGR), Negeri Sembilan (NSN), Melaka (MLK), Johor (JHR), Penang (PNG), Perak (PRK), Kedah (KDH), Kelantan (KTN), Terengganu (TRG), Pahang (PHG), Sarawak (SWK), Sabah (SBH), Labuan (LBN); (3) Store count is as at 6 September 2020.
Source: Respective Company Websites; Frost & Sullivan

Among the listed home improvement retailers, MDGM is the only home improvement retailer with presence in all Malaysian states including Federal Territories. In addition, MDGM is the only home improvement retailer focusing on both the hardware and electrical, as well as the household and furnishing product categories.

Within the hardware and electrical product categories, AH is the closest competitor[28] of MDGM with 22 stores, while within the household and furnishing product categories, OSS is the closest competitor with 83 stores.

2.7.2 Product Pricing Comparison

The table below provides a pricing comparison, based on the category of focus for MDGM, for the same branded products or similar products[29] available across the largest home improvement retailers.

Table 2-8: Price Comparison of Selected Comparable Products(1)(2)(3) in the Hardware, Electrical, Household & Furnishing Segments Sold by MDGM and Other Key Chain Home Improvement Retailers, as at 28 February 2020

Category	Brand	Specification	Price Comparison(4)(5) (RM)	
			MDGM	Competitors
Hardware				
Plumbing	Watertac	WTC Hand Bidet + Hose Set 301 WHT	11.68	AH: 20.90; SWC: 13.80; *Avg: 17.35*
Plumbing	Watertac	Wall Sink Tap P301	23.90	AH: 36.90
Fillers	PYE	Puttyfilla Cellulose Filler 1.5kg	11.27	AH: 13.90
Fillers	PYE	Woodfilla Teak 0.5kg	9.98	AH: 12.90
Fillers	PYE	Powderfilla Cellulose Filler 454gm	2.73	AH: 3.50
Solvents	PYE	Drain Clog Free (Drain Renovator Solvent) 500ml	9.00	AH: 11.90
Solvents	PYE	Drain Clog Free (Drain Renovator Solvent) 1litre	15.04	AH: 19.50
Locks	Stelar	Brass Padlock 20mm	1.69	FNC: 1.90
Locks	Stelar	Lock Stelar IMB32mm (CWD-0263)	3.89	FNC: 4.00
Locks	Stelar	Lock Stelar IMB38mm (CWD-0264)	5.19	FNC: 5.00
Locks	Stelar	Padlock TTN-38Lmm (long type)	5.84	FNC: 6.00
Lubricants	WD-40	Multi-purpose oil spray and lubricant 191ml	10.06	SWC: 13.80
Lubricants	WD-40	Multi-purpose oil spray and lubricant 277ml	12.73	AH: 14.90
Electrical				
Batteries	Eveready	Eveready Super Heavy Duty AA (4 units/pack)	6.51	AH: 7.50
Batteries	Eveready	Eveready Super Heavy Duty AA (8 units/pack)	10.90	AH: 12.00
Batteries	Eveready	Eveready Super Heavy Duty AAA (4 units/pack)	6.89	AH: 8.00
Batteries	Energizer	Energizer Max AA 1.5V (2 units/pack)	6.85	AH: 7.90
Batteries	Energizer	Energizer Max AA 1.5V (4 units/pack)	12.38	AH: 13.90
Batteries	Energizer	Energizer Max AAA 1.5V (4 units/pack)	12.38	AH: 13.90
Batteries	Energizer	Energizer Max AAA 1.5V (8 units/pack)	21.68	AH: 23.90
Extension Outlet	LWD	LWD 3 Gang Adaptor Port	18.77	SWC: 26.80
Extension Outlet	LWD	LWD Trailing Socket 2030NSP (3x1.25mm) cable 5M	22.55	SWC: 37.80
Lightings	Philips	Philips Master PL-C 18W/865/2P	6.38	AH: 7.90; SWC: 8.80; *Avg: 8.35*
Lightings	Philips	Philips Master PL-C 13W/827/2P	6.20	Supersave: 9.42
Lightings	Philips	Philips Master PL-C 13W/865/2P	6.46	AH: 7.50
Lightings	Philips	Philips Essential 18W WW E27 220-240V	9.23	SWC: 13.80
Lightings	Philips	Philips Essential 18W CDL E27 220-240V	8.33	SWC: 13.80
Lightings	Philips	Philips Essential 23W CDL E27 220-240V	12.63	Supersave: 16.99
Lightings	Philips	Philips Essential LED bulb CDL 7W E27 6500k 230V	10.90	AH: 13.90; SWC: 13.00; *Avg: 13.45*
Lightings	Philips	Philips Essential LED bulb CDL 9W E27 6500k 230V	11.90	AH: 13.90, SWC: 13.00; *Avg: 13.45*
Lightings	Philips	Philips Tornado 24W CDL E27 220-240V	17.60	SWC: 24.80
Lightings	Philips	Philips MyCare LEDSTICK CDL 5.5W E14 6500k	12.90	AH: 16.90
Lightings	Philips	Philips MyCare LEDSTICK CDL 11W E27 6500k	16.73	AH: 23.90
Household & Furnishing				
Cleaning Agents	Kleenso	9 in 1 Anti-Bacterial Tea Tree Oil Concentrated Floor Cleaner 900gm	13.61	AH: 17.90; SWC: 15.00; *Avg: 16.45*
Cleaning Agents	Kleenso	Serai Wangi Pest Repellent Spray 500ml	8.32	AH: 11.00; SWC: 10.00; *Avg: 10.50*
Cleaning Agents	Kleenso	Serai Wangi Floor Cleaner 900ml	7.85	SWC: 9.00
Housekeeping	Scotch Brite	Heavy Duty Scouring Sponge (1 piece/pack)	3.53	AH: 3.80
Housekeeping	Scotch Brite	Heavy Duty Scouring Sponge (3 pieces/pack)	3.68	AH: 8.20; Supersave: 5.99; *Avg: 7.10*

[28] The closest competitors are chosen based on similarity with the products of focus sold by MDGM (in the hardware and electrical product categories and in the household and furnishing product categories). As at 6 September 2020, the second largest players for each product category based on the number of stores are AH in hardware and electrical, and OSS in household and furnishing.

[29] Products that have similar characteristics (e.g. size, material, functionality, number of items in the package, other visual criteria).

Category	Brand	Specification	Price Comparison[3][4] (RM) MDGM	Competitors
Door Wedge	Rayaco	Door Stopper (2 pieces/pack)	2.74	SWC: 3.90
Laundry	Elianware	Plastic Clothes Pegs (40 pieces/pack)	5.88	Ninso (Sabah): 3.90
Laundry	Multi-brands	Plastic Clothes Hanger (6 pieces/pack)	1.63	Daiso: 5.90; AH: 6.50; Supersave: 3.50; SWC: 3.80; *Avg: 4.93*
Laundry	Multi-brands	Umbrella Hangers 26's	11.62	SWC: 14.80; OSS (Sabah): 10.50; *Avg: 12.65*

Notes: (1) Comparison of MDGM against the other chain home improvement retailers listed in the competitive landscape table (hardware, electrical, household and furnishing items focused) with five or more stores as at 28 February 2020; (2) Several household and furnishing items are either private label, in-house or unbranded; therefore, this analysis also includes products from different brands that have similar characteristics (e.g. size, material, functionality, number of items in the package, other visual criteria); (3) Based on available product of the same brands and/or similar specifications in the (i) Hardware and Electrical; (ii) Household and Furnishing categories, in MDGM and other comparable competitors' stores (i.e. AH, Supersave, Daiso, FNC, OSS, Ninso, and SWC); (4) Prices retrieved as at the following dates from the following stores: 18 February 2020: MDGM (Mid Valley Megamall), AH (Mid Valley Megamall), Daiso (Mid Valley Megamall)); 21 February 2020: FNC (Kepong outlet), OSS Premium Outlet Iramanis Kolongbong, OSS Premium Outlet Asia City; 22 February 2020: SWC (Batu Caves Outlet); 23 February 2020: Ninso (Kolombong Outlet), Supersave (IOI City Mall Putrajaya); (5) If a product is available at two or more of MDGM's competitors, the term "Avg" indicates the average of the prices by the competitors.

Source: Frost & Sullivan

The price of selected comparable products was generally lower at a MDGM store compared to the stores of other selected chain home improvement retailers in Malaysia. Frost & Sullivan also observed that in 2019, MDGM was a leading distributor in Malaysia for Philips, Faber Castell, Energizer, and brands held by Procter and Gamble.

2.7.3 Market Share Analysis

Chart 2-11: Market Share by Revenue of the Home Improvement Retail Sector in Malaysia, 2019

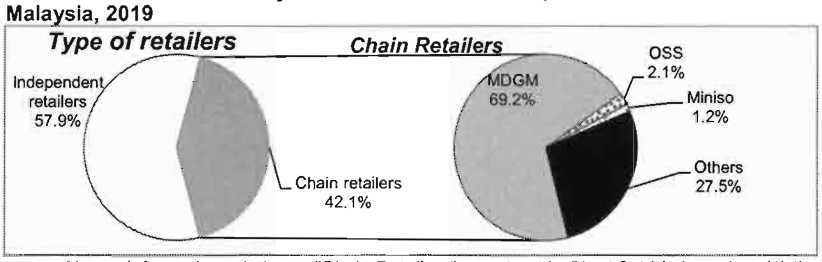
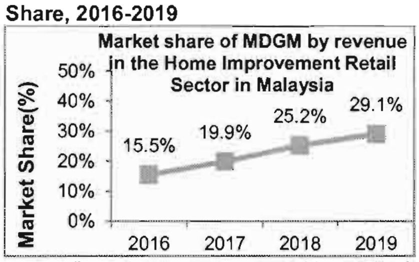


Chart 2-12: Evolution of MDGM Market Share, 2016-2019



Notes: Information relating to "Chain Retailers" as set out in Chart 2-11 is based on (1) the latest available financial data reported by selected players as at 6 September 2020; (2) "Others" include players with a market share of less than 1.0% and estimate for other players for which financial information are unavailable; (3) the revenue reported may include revenue derived from other non-home-improvement retail activities; and (4) revenue estimated for FY2019 for players with different reporting periods.

Source: Frost & Sullivan

As at 2019, MDGM's market share by revenue in the home improvement retail sector is estimated to have increased to 29.1%, from 15.5% in 2016, buoyed by the opening of numerous stores nationwide during the same period. Based on the 29.1% market share by revenue in 2019, MDGM is the market leader in the home improvement retail sector in Malaysia[30]. The market size of RM7.7 billion comprises a large number of small independent home improvement retailers (57.9% market share) and chain home improvement retailers (42.1% market share). MDGM's market share among home improvement chain retailers was 69.2% in 2019. Among home improvement chain retailers, MDGM has a channel market share of 78.5% in standalone shopfront and 64.5% in retail-mall based by revenue, as at 2019.

2.7.4 Benchmarking of MDGM with Public-listed Peers

Table 2-9: Comparison of MDGM[1] Against Key Public-listed Peers[1] with Business Interest in the Home Improvement Retail Sector, ASEAN, as at 31 December 2019

Company	Stores[2]	Geographic Exposure	Key Product Categories within home improvement retail	Revenue CAGR[3] (%)	Gross Profit Margin[4] (%)	Net Profit Margin[5] (%)
MDGM[6]	593	Malaysia, Brunei	Household, Furnishing, Hardware, Electrical	36.1%	42.3%	14.0%
Home Product Center Public Limited	113	Thailand, Malaysia	Hardware, Electrical, Furnishing	2.5%	30.7%	9.2%
Siam Global House Public Company Limited	67	Thailand, Cambodia	Hardware, Furnishing, Electrical	16.4%	23.6%	7.2%
Wilcon Depot, Incorporated	57	Philippines	Hardware, Electrical, Furnishing, Household	17.4%	33.4%	8.7%

[30] The confirmation of MDGM's market positioning in 2019 is by comparing the FY2019 revenue against the revenue of comparable chain home improvement retailers, namely OSS, Miniso, FNC, Ninso, Noko, Team DIY Hardware. The FY2019 revenue is unavailable for Daiso, Supersave, AH, Muji, SWC, Fason Five, Yubiso, Kaison, Setiahub, and accordingly their revenue is estimated by Frost & Sullivan based on the FY2018 revenue observing, amongst others, the number of stores newly established by these players in FY2019, compared to MDGM's addition of 112 MR. D.I.Y. stores in FY2019. For Daiso, Supersave, Yubiso and Kaison the FY2019 revenue is estimated by Frost & Sullivan based on indicative average revenue per store.

Company	Stores[2]	Geographic Exposure	Key Product Categories within home improvement retail	Revenue CAGR[3] (%)	Gross Profit Margin[4] (%)	Net Profit Margin[5] (%)
PT Ace Hardware Indonesia Tbk (" **AHI**")	197	Indonesia	Hardware, Electrical, Household	17.1%	47.7%	12.7%

Notes: Analysis is derived based on the latest group financial information of each respective companies as at 24 July 2020 (i.e. Financial Period December 2019). (1) The financial data for MDGM and selected peers are derived based on the FY2019 financials by each respective company, and may include revenue by other non-home improvement retail activities; (2) Number of stores at group level and may include non-home improvement retail stores as at December 31, 2019; (3) Revenue CAGR is derived based on three latest financial year information available (i.e. FYE December 2017 to FYE December 2019) for each respective company; (4) Gross profit is derived as gross profit over revenue. (5) Net profit is derived as profit after tax over revenue.(6) MDGM's store count and financial information refer to MR. D.I.Y. and MR. TOY.

Source: Respective companies' annual report, Frost & Sullivan analysis

Based on the FYE 31 December 2019, MDGM Group has experienced the highest revenue growth with the largest number of retail stores among the selected public-listed ASEAN retailers with business interests in the home improvement retail sector. In addition, MDGM has also achieved the highest net profit margin and second highest gross profit margin among the public-listed ASEAN peers in the same year.

3 OVERVIEW OF THE HOME IMPROVEMENT RETAIL SECTOR IN BRUNEI

3.1 DEFINITION AND SEGMENTATION

Brunei is the least populous country in ASEAN, with a total population of 459,500 in 2019. Brunei is divided into four main districts, namely, Brunei Muara, Belait, Tutong and Temburong[31]. The total land area in Brunei is 5,765 sq km, and the estimated population per sq km is 80 persons. Brunei is also one of ASEAN's high-income nations due to its abundant energy resources. Similar to Malaysia, non-grocery retailers are categorised based on the main product categories sold. Home product categories are further segmented into home furniture (which sell furniture as the main products) and home improvement retailers that are either focused on hardware and electrical goods or household and furnishing products.

3.2 INDUSTRY SIZE AND GROWTH TRENDS

The growth of the retail (and home improvement) retail sector in Brunei will be driven by the increasing urbanisation rate (from 77.9% in 2019 to 81.1% in 2030), strong purchasing power (GDP per capita of USD31,782.8), which is comparable to that in the UK and Japan (GDP per capita of USD34,622.7 and USD39,266.2 respectively), and rising household expenditure as well as household income. The Brunei's Vision 2035 national plan and the planned structural reforms to stimulate the economy and reduce the dependence on oil revenue are also expected to provide support to the retail trade industry in Brunei as well as the home improvement retailing market going forward.

Table 3-1: Real GDP and Sales Value of Retail Trade, Brunei, 2014–2024F

	2014	2019	2024F	CAGR 2014 - 2019	CAGR 2019 – 2024F
Real GDP (BND million)	18,671.0	19,098.4	21,693.1	**0.5%**	**2.6%**
Retail Sales Value (BND million)	378.8	403.8	444.00	**1.3%**	**1.9%**

Source: DEPD; IMF WEO (October 2019 and April 2020 databases); Frost & Sullivan

3.3 COMPETITIVE LANDSCAPE

Table 3-2: Key Players with At Least Three Stores in the Home Improvement Retail Sector in Brunei, 6 September 2020

Company (HQ)	Year of establishment	Stores	District	Key Product Segments
Ximivogue Brunei (China)	2019	8	Brunei Muara, Tutong	Household, Furnishing
Awinco Sdn Bhd (Hardware) (Brunei)	1999	7	Brunei Muara, Tutong	Hardware, Electrical
Chemiland Enterprise (Brunei)	1997	7	Brunei Muara, Belait	Hardware, Electrical
Waznah Enterprise (Brunei)	n/a	6	Brunei Muara	Household, Furnishing
MDGM (Malaysia)	2016	4	Brunei Muara, Tutong	Household, Furnishing, Hardware, Electrical
W.W. Mart (Brunei)	n/a	4	Brunei Muara	Household
Kim Supersave Department Stores Sdn Bhd (Malaysia)	2010	4	Brunei Muara	Household, Furnishing
Kim Hoe Hardware Sdn Bhd (Brunei)	1984	3	Brunei Muara	Hardware, Electrical

Note: Based on publicly available information as at 6 September 2020.

Source: Frost & Sullivan

The home improvement retail sector in Brunei is highly fragmented, with a large number of small players owning one, two or three stores only. As at 6 September 2020, only seven companies, namely, Ximivogue Brunei, Awinco Sdn Bhd, Chemiland Enterprise, Waznah Enterprise, MDGM, W.W. Mart and Kim Supersave Department Stores Sdn Bhd have four or more home improvement stores in Brunei. Overall, as at 6 September 2020, the key home improvement stores in Brunei are mostly located within the shopping district of Brunei Muara, as the majority of the other home improvement retailers in Brunei are small-scale retailers operating in various other shop lot locations.

[31] Department of Economic Planning and Development ("**DEPD**"), Brunei. Population size refers to mid-year population estimates.

4 PROSPECTS AND OUTLOOK FOR MDGM

The outlook for MDGM is positive, in line with the favourable economic growth for Malaysia and Brunei, which is likely to contribute to higher disposable income for the population, higher spending, and ultimately, retail market expansion. Despite the short term challenges face by the retail market due to the movement restrictions during COVID-19 outbreak, the home improvement retail sectors are less impacted due to the shift to online purchase, and the fact that some of these products are necessities and accordingly the perform well even during economic downturns (but consumers may turn to players offering more competitive pricing).

With increasing urbanisation and household income, the home improvement retail sector in Malaysia is forecasted to grow at a CAGR of 10.2% from RM7.7 billion in 2019 to RM12.5 billion in 2024F, growing faster than the overall retail sector, driven by the expansion of major chain retailers in urban and rural areas, creation of new townships as well as emergence of new residential and commercial areas outside major urban areas.

These positive factors augur well for MDGM, given its vast presence in Malaysia and being the largest home improvement retailer in terms of revenue and number of stores. MDGM is the only home improvement retailer with a presence in all Malaysian states, including Federal Territories. In terms of distribution channels, MDGM is one of the few large chain home improvement retailers with its own online website, allowing the company to reach customers nationwide via online and offline channels. Offline, MDGM is present in multiple retail channels and convenient locations that are easily accessible to customers, such as retail mall-based stores in shopping malls (including Malaysia's top three malls by footfall),and standalone shopfront stores located at shop lots, allowing the company to reach to broader customer segments (e.g. different demographics and disposable incomes). MDGM is the market leader in retail mall-based and standalone shopfront stores, among home improvement retailers, in terms of sales as of 2019. MDGM is likely to benefit from the expected new malls opening in Malaysia, which offers the opportunity to open new stores and reach out to a larger consumer base. As compared to other advanced economies, the underpenetrated supply of retail space and retail sales of home improvement retailing per capita in Malaysia offer the opportunity for home improvement retailers to open new stores to serve new catchment areas especially in states with lower penetration by large chain retailers, such as Kedah, Perlis and Kelantan. Due to the large scale of its operations, MDGM also benefits from economies of scale advantage, enabling the company to negotiate directly with manufacturers or main suppliers, and sell its products at more competitive prices compared to other home improvement retailers, thus increases its profitability. Having its own delivery and warehousing logistics capabilities also allow MDGM to benefit from further cost savings as compared to a third-party outsourcing model. Its centrally managed inventory management and distribution systems help to ensure that MDGM stores have sufficient stock to meet customer demands. The wide product variety available in the stores, in terms of product categories and stock keeping units, as well as availability of both branded and private label products, enable MDGM to offer attractive and comprehensive price-to-quality value propositions to customers as compared to their competitors. As consumers are price sensitive due to the economic slowdown during COVID-19 outbreak, MDGM continues to gain traction and benefit from its competitive pricings compared to other players. Opening its first store in 2005, MDGM continues to boost its high brand visibility as a convenient one-stop destination for customers' home improvement needs through its extensive stores coverage across Malaysia.

MDGM reinforced its presence in Malaysia during the 2014 to 2019 period, setting up many stores across the country. According to Frost & Sullivan, the company demonstrates significant potential to sustain the expansion of its physical presence in the country. In fact, the home improvement retail sector in Malaysia is still underpenetrated compared with other developed markets (in terms of retail space per capita and retail sales per capita). Frost & Sullivan opines that MDGM has considerable opportunity to expand its footprint within the country via the opening of new stores to tap into unserved and underserved areas, including second and third tier cities.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Profiles of our Promoters and substantial shareholders

(i) Bee Family Limited as Promoter and substantial shareholder

Bee Family Limited was incorporated in the BVI under the BVI Business Companies Act, 2004 on 6 May 2019 as a BVI business company.

The principal activity of Bee Family Limited is investment holding.

As at the LPD, the issued share capital of Bee Family Limited is USD2,600,000 comprising 100,000 ordinary shares of USD1.00 each and 25,000 redeemable preference shares of USD100.00 each.

The shareholders of Bee Family Limited and their respective holdings in ordinary shares as at the LPD are as follows:

		Direct		Indirect	
Shareholder	Current address	No. of ordinary shares	%	No. of ordinary shares	%
Yeh Family (PTC) Ltd	Tortola Pier Park Building 1, Wickhams Cay I, Second Floor, Road Town, Tortola, BVI	54,237	54.2	-	-
WEI Future Capital Ltd	Tortola Pier Park Building 1, Wickhams Cay I, Second Floor, Road Town, Tortola, BVI	32,823	32.8	-	-
Tan Lee Hon	2, Lorong Berjaya Indah 6, Taman Berjaya Indah, 14000 Bukit Mertajam, Pulau Pinang	4,666	4.7	-	-
Poh Chu Tan	2, Lorong Berjaya Indah 6, Taman Berjaya Indah, 14000 Bukit Mertajam, Pulau Pinang	2,935	2.9	-	-
Tan Lee Ching	32A, A/10 Sri Klebang, Bandar Baru Sri Klebang, 31200 Chemor, Perak	2,596	2.6	-	-
Tan Lay Keow	No. 45, Jalan Selesaria 3, Taman Gembira, 58200 Kuala Lumpur	1,874	1.9	-	-
Tan Chin Hua	32A, A/10 Sri Klebang, Bandar Baru Sri Klebang, 31200 Chemor, Perak	869	0.9	-	-

		Direct		Indirect	
Shareholder	**Current address**	**No. of ordinary shares ('000)**	**%**	**No. of ordinary shares ('000)**	**%**
Tan Yu Yeh	No. 45, Jalan Selesaria 3, Taman Gembira, 58200 Kuala Lumpur	-	-	54,237[(1)]	54.2
Tan Yu Wei	No. 72, Jalan Selesaria 3, Taman Gembira, 58200 Kuala Lumpur	-	-	32,823[(2)]	32.8

Notes:

(1) Deemed interested by virtue of his shareholdings in Yeh Family (PTC) Ltd, applying Section 8(4) of the Act.

(2) Deemed interested by virtue of his shareholdings in WEI Future Capital Ltd, applying Section 8(4) of the Act.

(ii) Tan Yu Yeh as Promoter and substantial shareholder

Tan Yu Yeh, a Malaysian, is our Non-Independent Executive Director and Executive Vice Chairman. For details of Tan Yu Yeh's profile, see Section 9.2.1(ii) of this Prospectus.

(iii) Tan Yu Wei as Promoter and substantial shareholder

Tan Yu Wei, a Malaysian, is our Alternate Director to Tan Yu Yeh and Executive Vice President. For details of Tan Yu Wei's profile, see Section 9.2.1(vii) of this Prospectus.

(iv) Yeh Family (PTC) Ltd as Promoter and substantial shareholder

Yeh Family (PTC) Ltd was incorporated in the BVI under the BVI Business Companies Act, 2004 on 6 May 2019 as a BVI business company, known as Yeh Family Ltd. On 4 June 2020, it changed its name to Yeh Family (PTC) Ltd and amended its memorandum of association to be a private trust company. Its principal activity is to carry on or undertake trust business as a private trust company, and is the trustee of the Yeh Family Trust whose beneficiaries include Tan Yu Yeh, his spouse and children.

As at the LPD, the issued share capital of Yeh Family (PTC) Ltd is USD1,000 comprising 1,000 ordinary shares of USD1.00 each, which is entirely held by Tan Yu Yeh.

(v) WEI Future Capital Ltd as Promoter and substantial shareholder

WEI Future Capital Ltd was incorporated in the BVI under the BVI Business Companies Act, 2004 on 6 May 2019 as a BVI business company and its principal activity is investment holding.

As at the LPD, the issued share capital of WEI Future Capital Ltd is USD1,000 comprising 1,000 ordinary shares of USD1.00 each, which is entirely held by Tan Yu Wei.

(vi) Tan Lee Ching as Promoter

Tan Lee Ching, a Malaysian, is our Promoter by virtue of her being a person connected to Tan Yu Yeh and Tan Yu Wei. She is an employee of our Group. For details of Tan Lee Ching's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

(vii) Tan Lee Hon as Promoter

Tan Lee Hon, a Malaysian, is our Promoter by virtue of her being a person connected to Tan Yu Yeh and Tan Yu Wei. She is an employee of our Group. For details of Tan Lee Hon's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

(viii) Tan Lay Keow as Promoter

Tan Lay Keow, a Malaysian, is our Promoter by virtue of her being a person connected to Tan Yu Yeh and Tan Yu Wei. She is an employee of our Group. For details of Tan Lay Keow's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

(ix) Tan Chin Hua as Promoter

Tan Chin Hua, a Malaysian, is our Promoter by virtue of him being a person connected to Tan Yu Yeh and Tan Yu Wei. He is an employee of our Group. For details of Tan Chin Hua's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

(x) Poh Chu Tan as Promoter

Poh Chu Tan, a Malaysian, is our Promoter by virtue of him being a person connected to Tan Yu Yeh and Tan Yu Wei. He is an employee of our Group. For details of Poh Chu Tan's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

(xi) Hyptis as substantial shareholder

Hyptis was incorporated in the BVI under the BVI Business Companies Act, 2004 on 17 February 2015 as a special purpose vehicle to hold investments of the Creador Funds, in our Company.

As at the LPD, the issued share capital of Hyptis is USD50,000 comprising 50,000 ordinary shares of USD1.00 each.

Each of the Creador Funds is managed by the Fund Managers of Creador Funds. Our Director, Brahmal A/L Vasudevan is a director and substantial shareholder of the Fund Managers of Creador Funds. Each of the Fund Managers of Creador Funds is formed under the laws of Mauritius as a private company limited by shares with limited life and holds a Collective Investment Schemes manager licence granted by the Financial Services Commission of Mauritius. Each Fund Manager of Creador Funds is responsible for the conduct and affairs of the Creador Funds.

Creador Funds' interests in our Company, being one of their investee companies, is for investment purposes only where they do not participate in the day-to-day management and operations of such investee companies.

As at LPD, the Creador Funds are diversely owned by 97 limited partners/shareholders in aggregate predominantly consisting of institutions such as university endowment funds, pension funds, fund of funds, foundations, not-for-profit organisations and family offices from North America, Europe and Asia with interests ranging from 0.003% to 14.4% in the Creador Funds.

No single limited partner/shareholder of the Creador Funds has any control or the ability to participate in the management of the Creador Funds or ultimately the Creador Funds' investee companies, including Hyptis.

The shareholders of Hyptis and their respective shareholdings in Hyptis as at the LPD are as follows:

		Direct		Indirect	
Shareholder	**Current address**	**No. of ordinary shares**	**%**	**No. of ordinary shares**	**%**
Creador III L.P.[(1)]	IFS Court, Bank Street, TwentyEight, Cybercity, Ebene, 72201 Mauritius	37,500	75.0	-	-
Creador II, LLC[(2)]	IFS Court, Bank Street, TwentyEight, Cybercity, Ebene, 72201 Mauritius	11,896	23.8	-	-
Creador II L.P.[(1)]	IFS Court, Bank Street, TwentyEight, Cybercity, Ebene, 72201 Mauritius	604	1.2	-	-

Notes:

(1) A limited partnership formed under the laws of Mauritius and licensed by the Financial Services Commission of Mauritius to operate as a closed-end fund.

(2) A public company limited by shares with limited life, formed under the laws of Mauritius and licensed by the Financial Services Commission of Mauritius to operate as a closed-end fund.

(xii) Platinum Alphabet as substantial shareholder

Platinum Alphabet was incorporated in Malaysia under the Act on 27 May 2019 as a private limited company under its present name and its principal activity is investment holding.

As at the LPD, the issued share capital of the company is RM10,501,000.99, comprising 100,000 ordinary shares of RM1,000.99 and 105,000 redeemable preference shares of RM10,500,000.00. The company's shareholders are Gan Choon Leng (32.0%), Tan Gaik Hoon (32.0%), Toh Hooi Hak (18.0%), Toh Lay Fan (10.8%) and Toh Lee Soo (7.2%), who are all employees of our Group.

(xiii) Gan Choon Leng as substantial shareholder

Gan Choon Leng, a Malaysian, is our substantial shareholder by virtue of his interest in Platinum Alphabet. He is an employee of our Group. For details of Gan Choon Leng's familial relationship with our substantial shareholders, Promoters and Directors, see Section 9.5 of this Prospectus.

(xiv) Tan Gaik Hoon as substantial shareholder

Tan Gaik Hoon, a Malaysian, is our substantial shareholder by virtue of her interest in Platinum Alphabet. She is an employee of our Group. For details of Tan Gaik Hoon's familial relationship with our substantial shareholders, Promoters, Directors and key senior management, see Section 9.5 of this Prospectus.

9.1.2 Shareholding of our Promoters and substantial shareholders

The following tables set out the direct and indirect shareholdings of our Promoters and substantial shareholders before and after our IPO:

		Before our IPO[(1)]				Upon Listing[(2)]				Upon Listing and assuming exercise of ESOS Options[(3)]			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Country of Incorporation	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Promoters and substantial shareholders													
Bee Family Limited	BVI	3,202,225	52.6	-	-	3,202,225	51.0	-	-	3,202,225	50.6	-	-
Tan Yu Yeh	Malaysian	245,265	4.0	3,203,045	(4)52.6	590	*	3,202,225	(4)51.0	2,240	*	3,202,225	(4)50.6
Tan Yu Wei	Malaysian	148,063	2.4	3,203,045	(5)52.6	-	-	3,202,225	(5)51.0	1,410	*	3,202,225	(5)50.6
Yeh Family (PTC) Ltd	BVI	-	-	3,202,225	(6)52.6	-	-	3,202,225	(6)51.0	-	-	3,202,225	(6)50.6
WEI Future Capital Ltd	BVI	-	-	3,202,225	(6)52.6	-	-	3,202,225	(6)51.0	-	-	3,202,225	(6)50.6
Promoters													
Tan Lee Ching	Malaysian	11,712	0.2	-	-	250	*	-	-	560	*	-	-
Tan Chin Hua	Malaysian	3,921	0.1	-	-	100	*	-	-	340	*	-	-
Tan Lee Hon	Malaysian	21,048	0.4	-	-	500	*	-	-	1,210	*	-	-
Tan Lay Keow	Malaysian	8,454	0.1	-	-	500	*	-	-	820	*	-	-
Poh Chu Tan	Malaysian	13,241	0.2	-	-	250	*	-	-	580	*	-	-

		Before our IPO[1]				Upon Listing[2]				Upon Listing and assuming exercise of ESOS Options[3]			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Country of Incorporation	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Substantial shareholders													
Hyptis	BVI	1,095,876	18.0	-	-	959,873	15.3	-	-	959,873	15.2	-	-
Platinum Alphabet	Malaysia	433,842	7.1	-	-	433,842	6.9	-	-	433,842	6.9	-	-
Creador III L.P.	Mauritius	-	-	1,095,876	(7)18.0	-	-	959,873	(7)15.3	-	-	959,873	(7)15.2
Creador II, LLC	Mauritius	-	-	1,095,876	(7)18.0	-	-	959,873	(7)15.3	-	-	959,873	(7)15.2
Gan Choon Leng	Malaysian	19,561	0.3	433,842	(8)7.1	500	*	433,842	(8)6.9	1,030	*	433,842	(8)6.9
Tan Gaik Hoon	Malaysian	19,561	0.3	433,842	(8)7.1	500	*	433,842	(8)6.9	970	*	433,842	(8)6.9

Notes:

* Negligible.

(1) Based on our issued 6,088,200,000 Shares after the Pre-IPO Exercise.

(2) Based on our enlarged issued 6,276,600,000 Shares upon Listing and assuming full subscription of our Issue Shares allocated to our employees under the allocation for Eligible Persons in respect of the Retail Offering.

(3) Based on our enlarged issued 6,323,970,000 Shares after assuming full exercise of the 47,370,000 ESOS Options intended to be offered as described in Section 4.2.5 of this Prospectus.

(4) Deemed interested by virtue of his interest in Bee Family Limited, through his shareholdings held in Yeh Family (PTC) Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares (as defined in note (7) below) from Creador Funds upon (a) the exercise of an option by a financier referred to in note (7) below and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

(5) Deemed interested by virtue of his interest in Bee Family Limited through his shareholding held in WEI Future Capital Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares (as defined in note (7) below) from Creador Funds upon (a) the exercise of an option by a financier referred to in note (7) below and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(6) Deemed interested by virtue of its interest in our Company via Bee Family Limited, applying Section 8(4) of the Act.

(7) Deemed interested by virtue of its interest in our Company via Hyptis, applying Section 8(4) of the Act and by virtue of its obligation to acquire the number of Shares which are charged by Hyptis to a financier, applying Section 8(6) of the Act. The number of charged Shares is up to 311.1 million Shares upon Listing ("**Charged Shares**").

(8) Deemed interested by virtue of their interests in Platinum Alphabet, applying Section 8(4) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past three years

Save as disclosed below, there has been no change in our Promoters' and substantial shareholders' shareholdings in our Company for the past three years preceding the LPD:

	As at 31 December 2016				As at 31 December 2017				As at 31 December 2018			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Bee Family Limited	-	-	-	-	-	-	-	-	-	-	-	-
Yeh Family (PTC) Ltd	-	-	-	-	-	-	-	-	-	-	-	-
WEI Future Capital Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Tan Yu Yeh	1	*	9,499	[1]95.0	1	*	9,299	[1]93.0	1	*	8,199	[1]82.0
Tan Yu Wei	-	-	9,499	[1]95.0	-	-	9,299	[1]93.0	-	-	8,199	[1]82.0
Tan Lee Ching	-	-	-	-	-	-	-	-	-	-	-	-
Tan Chin Hua	-	-	-	-	-	-	-	-	-	-	-	-
Tan Lee Hon	-	-	-	-	-	-	-	-	-	-	-	-
Tan Lay Keow	-	-	-	-	-	-	-	-	-	-	-	-
Poh Chu Tan	-	-	-	-	-	-	-	-	-	-	-	-
Hyptis	500	5.0	-	-	700	7.0	-	-	1,800	18.0	-	-
MDHM	9,499	95.0	-	-	9,299	93.0	-	-	8,199	82.0	-	-
Creador III L.P.	-	-	500	[2]5.0	-	-	700	[2]7.0	-	-	1,800	[2]18.0
Creador II, LLC	-	-	500	[2]5.0	-	-	700	[2]7.0	-	-	1,800	[2]18.0
Platinum Alphabet	-	-	-	-	-	-	-	-	-	-	-	-
Tan Gaik Hoon	-	-	-	-	-	-	-	-	-	-	-	-
Gan Choon Leng	-	-	-	-	-	-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

	As at 31 December 2019				As at 23 September 2020			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Bee Family Limited	-	-	-	-	3,202,225,000	52.6	-	-
Yeh Family (PTC) Ltd	-	-	-	-	-	-	3,202,225,000	(3)52.6
WEI Future Capital Ltd	-	-	-	-	-	-	3,202,225,000	(3)52.6
Tan Yu Yeh	1	*	8,199	(1)82.0	245,265,100	4.0	3,203,044,900	(4)52.6
Tan Yu Wei	-	-	8,199	(1)82.0	148,062,800	2.4	3,203,044,900	(5)52.6
Tan Lee Ching	-	-	-	-	11,711,600	0.2	-	-
Tan Chin Hua	-	-	-	-	3,920,800	0.1	-	-
Tan Lee Hon	-	-	-	-	21,048,200	0.3	-	-
Tan Lay Keow	-	-	-	-	8,453,800	0.1	-	-
Poh Chu Tan	-	-	-	-	13,240,900	0.2	-	-
Hyptis	1,800	18.0	-	-	1,095,876,000	18.0	-	-
MDHM	8,199	82.0	-	-	819,900	*	-	(7) -
Creador III L.P.	-	-	1,800	(2)18.0	-	-	1,095,876,000	(2)18.0
Creador II, LLC	-	-	1,800	(2)18.0	-	-	1,095,876,000	(2)18.0
Platinum Alphabet	-	-	-	-	433,842,400	7.1	-	-
Tan Gaik Hoon	-	-	-	-	19,561,100	0.3	433,842,400	(6)7.1
Gan Choon Leng	-	-	-	-	19,561,100	0.3	433,842,400	(6)7.1

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

* Negligible.

(1) Deemed interested by virtue of his shareholdings in MDHM applying Section 8(4) of the Act.

(2) Deemed interested by virtue of its interest in our Company via Hyptis, applying Section 8(4) of the Act and by virtue of its obligation to acquire the number of Shares which are charged by Hyptis to a financier, applying Section 8(6) of the Act. The number of charged Shares is up to 311.1 million Shares upon Listing ("**Charged Shares**").

(3) Deemed interested by virtue of its interest in our Company via Bee Family Limited, applying Section 8(4) of the Act.

(4) Deemed interested by virtue of his interest in Bee Family Limited, through his shareholdings held in Yeh Family (PTC) Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares from Creador Funds upon (a) the exercise of an option by a financier referred to in note (2) above and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

(5) Deemed interested by virtue of his interest in Bee Family Limited through his shareholding held in WEI Future Capital Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares from Creador Funds upon (a) the exercise of an option by a financier referred to in note (2) above and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

(6) Deemed interested by virtue of their interests in Platinum Alphabet, applying Section 8(4) of the Act.

(7) Deemed interested by virtue of the right of MDHM to acquire such number of Charged Shares from Creador Funds upon (a) the exercise of an option by a financier referred to in note (2) above and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

9.2 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the MCCG which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies. The MCCG is specifically targeted for large companies i.e. companies on the FTSE Bursa Securities Top 100 Index or companies with market capitalisation of RM2.0 billion and above, at the start of the companies' financial year ("**Large Companies**"). Once a company is under the category of Large Companies, it will remain as one for the entire financial year regardless of the change in its status during the financial year.

Currently, our Company has yet to adopt the recommendations under MCCG to have a Board comprising a majority of independent directors. In this regard, we endeavour to comply with this practice within two years from our Listing by appointing an additional independent director. Our Board will also provide a statement on the extent of compliance with the MCCG in our first annual report as a listed entity.

With that, our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board have set out the following key responsibilities in the board charter:

(i) set the corporate values and promote a good corporate governance culture within our Group, which reinforces ethical, prudent and professional behaviour and ensure that its obligations to shareholders and other stakeholders are met;

(ii) review, challenge and decide on proposals put forward by our management for the Company, and monitor its implementation by our management;

(iii) review and oversee the implementation of the strategic business plan of our Group to ensure that it supports long-term value creation and promotes sustainability, taking into consideration the economic, environmental and social considerations;

(iv) oversee the conduct of our Group's business and operations to ensure that the businesses are being properly managed;

(v) review and ensure the adequacy and integrity of the internal controls and management systems of our Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

(vi) identify the principal risks of the business of our Group and recognise that the business decisions involve the taking of appropriate risks;

(vii) set the risk appetite within which our Board expects the management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

(viii) ensure that all members of our Board and the management team are of sufficient calibre, including having in place a process to provide for the orderly succession of our Board and the management team;

(ix) ensure that our Company has in place the appropriate corporate disclosure procedures to ensure effective communication with its shareholders and other stakeholders; and

(x) ensure the integrity of our Company's financial and non-financial reporting.

In addition, the roles and responsibilities of our Independent Non-Executive Chairman are clearly segregated to further enhance and preserve a balance of authority and accountability. Our Independent Non-Executive Chairman is primarily responsible for the following:

(i) providing leadership to our Board and overseeing our Board in the effective discharge of its fiduciary duties;

(ii) setting the agenda for our Board meetings and ensuring efficient and effective conduct of our Board meetings;

(iii) ensuring that complete and accurate information is provided to our Board members in a timely manner to facilitate decision-making;

(iv) leading Board meetings and encouraging active participation and allowing dissenting views to be freely expressed;

(v) promoting constructive and respectful relations between Board members and managing the interface between our Board and management;

(vi) ensuring that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to our Board as a whole; and

(vii) leading our Board in establishing and monitoring good corporate governance in our Company.

On the other hand, our Executive Vice Chairman and our Chief Executive Officer are primarily responsible for implementing the policies and strategies approved by our Board for the purposes of running the business and the day-to-day management of our Group, within the authorities as delegated by the Board.

The details of the members of our Board and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Director	Designation	Age	Date of appointment as Director	Date of expiration of the current term of office at AGM	No. of years and months in office
Dato' Azlam Shah Bin Alias	Independent Non-Executive Chairman	60	1 January 2019	Subject to retirement by rotation at the AGM in 2023	1 year 8 months
Tan Yu Yeh	Non-Independent Executive Director/ Executive Vice Chairman	49	1 June 2016	Subject to retirement by rotation at the AGM in 2021	4 years 3 months
Ong Chu Jin Adrian	Non-Independent Executive Director/ Chief Executive Officer	50	11 February 2019	Subject to retirement by rotation at the AGM in 2022	1 year 6 months
Brahmal A/L Vasudevan	Non-Independent Non-Executive Director	51	31 August 2018	Subject to retirement by rotation at the AGM in 2023	2 years
Ng Ing Peng	Independent Non-Executive Director	63	1 January 2019	Subject to retirement by rotation at the AGM in 2021	1 year 8 months

Director	Designation	Age	Date of appointment as Director	Date of expiration of the current term of office at AGM	No. of years and months in office
Leng Choo Yin	Independent Non-Executive Director	48	1 January 2019	Subject to retirement by rotation at the AGM in 2022	1 year 8 months
Tan Yu Wei	Alternate Director to Tan Yu Yeh/ Executive Vice President	47	3 March 2020	Nil	6 months
Soo Sze Yang	Alternate Director to Brahmal A/L Vasudevan	31	22 June 2020	Nil	2 months

None of our other Directors represent any corporate shareholder on our Board except for Tan Yu Yeh and Tan Yu Wei in respect of Bee Family Limited and Brahmal A/L Vasudevan and Soo Sze Yang in respect of Hyptis. Further, there are no family relationships between our Directors save and except for Tan Yu Yeh and Tan Yu Wei, who are brothers.

9.2.1 Profiles of our Directors

(i) Dato' Azlam Shah Bin Alias

Dato' Azlam Shah Bin Alias, a Malaysian aged 60, is our Independent Non-Executive Chairman. He was appointed to our Board on 1 January 2019.

He currently serves as a Senior Adviser to the Chief Executive Officer of Tesco Stores Malaysia Sdn Bhd ("**Tesco Malaysia**") and also a member of the advisory board of Tesco Malaysia. Prior to this, he has been a key member of Tesco Malaysia Senior Leadership Board, legal compliance and risk management and property acquisitions committees, together with other various internal and external functions. Soon after joining Tesco Malaysia in 2001 as Regional Property Director, he led Tesco Malaysia's government and corporate affairs functions to help deliver Tesco Malaysia's business expansion plans by developing local supply networks, hypermarkets and superstores and distributive network.

From 1999 to 2001, he was posted to ExxonMobil Asia Pacific Private Limited based in Singapore as its Regional Real Estate Outsourcing Manager responsible for managing the outsourcing of Asia Pacific real estates. Prior thereto, he held various roles in Esso Malaysia Berhad in retail development where he handled site research on petrol and service stations, retail acquisitions, retail management and divestment portfolios. From 1987 to 1991, he was a Retail Development Representative with Mobil Oil Malaysia Sdn Bhd.

He is an active committee member of the PPUM (Pusat Perubatan Universiti Malaya) Care Fund, and also as an Advisor of UMCares, *a Community and Sustainability Centre* under the auspices of the Universiti Malaya. He was actively involved in industry advocacy work representing Malaysian International Chambers of Commerce and Industry (MICCI) and Malaysian Retailers Association (MRA) in various dialogues with the authorities. Since February 2017, he has been the Independent Non-Executive Director of K-One Technology Berhad, a company listed on the ACE Market of Bursa Securities.

He obtained a Bachelor of Business Administration, majoring in finance from Eastern Michigan University, United States in 1986.

(ii) Tan Yu Yeh

Tan Yu Yeh, a Malaysian aged 49, is our Non-Independent Executive Director and Executive Vice Chairman. He was appointed to our Board on 1 June 2016 and redesignated as our Executive Vice Chairman on 19 May 2020.

Prior to his redesignation as our Executive Vice Chairman, he was our Co-Managing Director. He together with Ong Chu Jin Adrian, are jointly responsible for our day-to-day operations with specific responsibilities in the overall management of our Group's operations and sets our business strategy.

Since 2005, Tan Yu Yeh has supported the growth of our Group's business as a director, shareholder and adviser. Since 2014, he has led the management of our Group. He is the founder of our business and opened the first Mr. D.I.Y. store at Jalan Tuanku Abdul Rahman.

From 1997 to 2009, he worked with Inter-Pacific Securities Sdn Bhd as a remisier. From 1996 until 1997, he was an engineer with Komag USA (Malaysia) Sdn Bhd.

He graduated with a Bachelor of Science in Physics from Universiti Malaya in 1996.

(iii) Ong Chu Jin Adrian

Ong Chu Jin Adrian, a Malaysian aged 50, is our Non-Independent Executive Director and Chief Executive Officer. He joined us in January 2019 as our Co-Managing Director and was redesignated as our Chief Executive Officer on 19 May 2020.

As our Chief Executive Officer, and together with Tan Yu Yeh, he is jointly responsible for our day-to-day operations with specific responsibilities in our Group's corporate management and affairs as well as financial oversight.

In 2015, he joined Creador as Managing Director and represented the Creador Funds on our Board from 26 October 2016 until 31 August 2018, and acted as its main representative. In addition to representing Creador Funds on its investment in our Company, he also served as Creador's representative for its other retail sector portfolio companies. He was re-appointed to our Board on 11 February 2019.

Prior to joining Creador, from 1995 to 2015, he worked with the CIMB group for 20 years, where he held various senior positions, including Senior Managing Director of Investment Banking at CIMB. In his role as Senior Managing Director, he was responsible for leading the corporate finance and mergers and acquisitions business across Asia Pacific. From 2006 to 2010, he was seconded to CIMB-Standard Strategic Asset Advisors Sdn Bhd (now Capital Advisors Asia Pte Ltd) to serve as its director, advising on its Southeast Asia Strategic Asset Fund from 2006 to 2009 and the Islamic Infrastructure Fund where he was also the Head of Fund from 2009 to 2010. From 1994 to 1995, he worked for KPMG, Malaysia as an audit supervisor and from 1989 to 1993, he worked with Kingston Smith, London as an auditor.

He obtained a Masters in Business Administration from the Judge Business School, University of Cambridge, United Kingdom in 2005. He has been a member of the Institute of Chartered Accountants in England and Wales since 1994 and is a member of the MIA since 1995.

(iv) Brahmal A/L Vasudevan

Brahmal A/L Vasudevan, a Malaysian aged 51, is our Non-Independent Non-Executive Director. He was appointed to our Board on 31 August 2018.

Brahmal is the founder of Creador, whose funds are shareholders of our Company. He has been the Chief Executive Officer of Creador since 2011. Prior to that, from 2000 to 2011, he served as the General Partner and Managing Director of ChrysCapital Investment Advisor (S) Pte Ltd, a private equity firm focused on growth capital investments in India.

He is also the founding Board Member of Endeavor Entrepreneurs Malaysia, a local chapter of the global organisation that selects, mentors, and accelerates identified entrepreneurs. Since 2008, he has been a Board Member of Usaha Tegas Sdn Bhd and continues to hold these two board positions. He was also previously a Non-Independent Non-Executive Director of GHL Systems Berhad from 2014 to 2017.

Between 1990 to 2000, he served in various roles which include branding, consulting, marketing, strategy and business development in South East Asia and the United Kingdom. The companies that he served in during this period include Malaysian Tobacco Berhad, The Boston Consulting Group International, Inc., British American Tobacco PLC (United Kingdom) and Astro All Asia Networks PLC (now Astro Malaysia Holdings Berhad).

In 1990, he graduated with first class honours from Imperial College of Science, Technology and Medicine, University of London with a Bachelor of Engineering in Aeronautical Engineering and obtained a Master of Business Administration from Harvard University Graduate School of Business Administration, United States in 1997.

(v) Ng Ing Peng

Ng Ing Peng, a Malaysian aged 63, is our Independent Non-Executive Director. She was appointed to our Board on 1 January 2019.

She is currently the Independent Non-Executive Director of Petra Energy Berhad ("**Petra**"), a company listed on the Main Market of Bursa Securities, having been re-designated since January 2019 from the position of Non-Independent Non-Executive Director, which she has held since 2016. She is also the Independent Non-Executive Director of Red Sena Berhad.

From 2013 to 2016, she held various executive positions at Petra, including Executive Director in 2015 and Group Chief Financial Officer from 2014 to 2016. She joined Petra in 2013 as its Deputy Group Chief Financial Officer.

From 2000 to 2012, she was at CIMB, where her last held position was as Head of Group Finance. During her tenure with CIMB, she was involved in the public listing of CIMB Berhad on the Main Board of Kuala Lumpur Stock Exchange in 2003. She also played a role in the planning and execution of the merger and restructuring of Bumiputra-Commerce Bank Berhad, Southern Bank Berhad and PT Bank CIMB Niaga Tbk. From 1994 to 2000, she was Head of Operations at PB Securities Sdn Bhd.

Prior to that, she served at RSH (Malaysia) Sdn Bhd and Reebok (M) Sdn Bhd as its Financial Controller from 1991 to 1993, after a stint as manager at KPMG Management Consulting division in 1990.

From 1987 to 1989, she joined D&C Mitsui Merchant Bankers Berhad as manager where she was involved in corporate exercises and project feasibility studies. Between 1985 and 1987, she was Senior Auditor of Ernst & Whinney (*now known as Ernst & Young*).

She was an Audit Executive at Thornton Baker Chartered Accountants, London from 1981 to 1984, while pursuing her chartered accountancy qualification, and before that she had started her career in 1980 as a Financial Accountant with the Penang Development Corporation.

She obtained a Bachelor of Accounting from Universiti Malaya in 1980. She is a member of the Institute of Chartered Accountants in England and Wales since 1984 and is a member of the MIA since 1985.

(vi) Leng Choo Yin

Leng Choo Yin, a Malaysian aged 48, is our Independent Non-Executive Director. She was appointed to our Board on 1 January 2019.

She is currently the Head, Private Wealth Malaysia, Group Wealth Management, Community Financial Services, Malaysia at Malayan Banking Berhad ("**Maybank**"). Prior to her joining Maybank in July 2019, since 2001 until June 2019 and starting initially as Associate Director, she has held various positions within the Private Banking business at CIMB, including Head of Private Banking in 2010 until her appointment as Regional Head of Sales in 2018 where she is responsible for driving and strengthening regional sales efforts across Malaysia, Singapore, Thailand and Indonesia.

From 2000 to 2001, she was a Regional Sales Manager for Commerce Trust Berhad (which now forms part of Principal Asset Management Berhad). Prior to this, she was in Client Service and then Regional Sales Manager at Templeton Management Limited in Canada from 1996 to 2000.

She obtained a Bachelor of Arts Degree (Hons) in economics from University of Toronto, Canada in 1995 and has completed various Financial Planning courses, such as Chartered Financial Planning, Trust and Estate Planning, and Investment-linked Life Insurance.

(vii) Tan Yu Wei

Tan Yu Wei, a Malaysian aged 47, is the Alternate Director to Tan Yu Yeh. He was appointed as an Alternate Director on 3 March 2020 and is our Executive Vice President. He was redesignated as our Executive Vice President on 1 January 2019.

Since 2011, he has been a key senior member of our management, primarily leading our Group's procurement strategy and leading our Group's logistics and procurement departments.

From 2000 to 2011, he was part of the management team that set up De Little Chinatown Sdn Bhd, a wholesaler of products mainly from China and served as a director. Prior to that, from 1998 to 2000, he was a production supervisor with Solectron Corp, U.S. in Malaysia.

He obtained a Bachelor of Management (Honours) from Universiti Sains Malaysia in 1998.

(viii) Soo Sze Yang

Soo Sze Yang, a Malaysian aged 31, is the Alternate Director to Brahmal A/L Vasudevan and was appointed on 22 June 2020.

He is currently a Senior Vice President of Creador, which he joined in 2016. His responsibilities at Creador are deal origination and sector coverage in the South East Asia region, investment portfolio management which includes our Group and Mobile World Investment Corporation (a retail company listed on Ho Chi Minh Stock Exchange). Prior to joining Creador, from 2015 to 2016, he was an Analyst at KV Asia Capital, a private equity firm.

From 2013 to 2014, he worked with Maybank IB as a Senior Analyst where he was involved in the advisory of a range of corporate exercises including mergers and acquisition, initial public offering, debt and project financing, and corporate restructuring. Prior to that, from 2011 and 2013, he served with HSBC Bank Malaysia Berhad as their Assistant Vice President.

In 2011, he graduated with first class honours from London School of Economics and Political Science with a Bachelor of Science in Actuarial Science.

9.2.2 Shareholding of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

	Before our IPO[1]				Upon Listing[2]				Upon Listing and assuming exercise of ESOS Options[3]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Azlam Shah Bin Alias	-	-	-	-	300	*	-	-	300	*	-	-
Tan Yu Yeh	245,265	4.0	3,203,045	(4)52.6	590	*	3,202,225	(4)51.0	2,240	*	3,202,225	(4)50.6
Ong Chu Jin Adrian	49,904	0.8	-	-	43,742	0.7	-	-	44,572	0.7	-	-
Brahmal A/L Vasudevan	-	-	-	-	-	-	650	(6)*	-	-	650	(6)*
Ng Ing Peng	-	-	-	-	300	*	-	-	300	*	-	-
Leng Choo Yin	-	-	-	-	300	*	-	-	300	*	-	-
Tan Yu Wei	148,063	2.4	3,203,045	(5)52.6	-	-	3,202,225	(5)51.0	1,410	*	3,202,225	(5)50.6
Soo Sze Yang	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* Negligible.

(1) Based on our issued 6,088,200,000 Shares after the Pre-IPO Exercise.

(2) Based on our enlarged issued 6,276,600,000 Shares upon Listing and assuming the full subscription of the Issue Shares allocated to our employees under the allocation for Eligible Persons in respect of the Retail Offering.

(3) Based on our enlarged issued 6,323,970,000 Shares after assuming full exercise of the 47,370,000 ESOS Options intended to be offered as described in Section 4.2.5 of this Prospectus.

(4) Deemed interested by virtue of his interest in Bee Family Limited, through his shareholdings held in Yeh Family (PTC) Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares (as defined in note (7) of Section 9.1.2 of this Prospectus) from Creador Funds upon (a) the exercise of an option by a financier referred to in note (7) of Section 9.1.2 of this Prospectus and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

(5) Deemed interested by virtue of his interest in Bee Family Limited through his shareholding held in WEI Future Capital Ltd, and by virtue of his shareholdings in MDHM, applying Section 8(4) of the Act. In addition, MDHM is deemed interested by virtue of its right to acquire such number of Charged Shares (as defined in note (7) of Section 9.1.2 of this Prospectus) from Creador Funds upon (a) the exercise of an option by a financier referred to in note (7) of Section 9.1.2 of this Prospectus and (b) Creador Funds not fulfilling their obligations under the option, applying Section 8(6) of the Act.

(6) Deemed interested by virtue of his interest in Creador, applying Section 8(4) of the Act.

9.2.3 Principal business activities performed by our Directors outside our Group in the past five years

The principal business activities performed by our Directors outside of our Group as at the LPD and the directorships held by our Directors outside of our Group at present and in the past five years preceding the LPD are as follows:

Name of company	Principal activities	Involvement in business activities
Dato' Azlam Shah Bin Alias		
• K-One Technology Berhad *(listed on the ACE Market of Bursa Securities)*	• Research, design and development of electronic end-products and sub-system for the communication, computer and consumer electronic industries	• Director (appointed on 2 February 2017)
• Tesco Stores (Malaysia) Sdn Bhd	• Operation of retail outlets	• Director (appointed on 14 June 2013, resigned on 16 February 2017)
Tan Yu Yeh		
• Yield Management Sdn Bhd	• Investment in real estate	• Director (appointed on 1 June 2018) and substantial shareholder (indirect)
• Yield Management Two Sdn Bhd	• Investment in real estate	• Director (appointed on 14 August 2020) and substantial shareholder (indirect)
• U & Location Sdn Bhd	• Investment in real estate	• Director (appointed on 5 January 2012) and substantial shareholder (direct)
• Bee Family Limited	• Investment holding	• Director (appointed on 11 May 2019) and substantial shareholder (indirect)
• Yeh Family (PTC) Ltd	• Investment holding	• Director (appointed on 28 May 2019) and substantial shareholder (direct)
• MDHM	• Investment holding	• Director (appointed on 23 May 2016) and substantial shareholder (direct)
• MDIH	• Investment holding, with subsidiaries involved in retail business in the South East Asian region excluding Malaysia and Brunei	• Director (appointed on 17 February 2015) and substantial shareholder (direct)
• Mind Professional Holding Ltd	• Investment holding with indirect subsidiaries that carry on retail business in Indonesia	• Director (appointed on 3 April 2015) and substantial shareholder (indirect)
• Azara Alpina Sdn Bhd	Investment holding with indirect subsidiaries that carry on home improvement retail business in Indonesia	• Director (appointed on 24 July 2017), shareholder (direct) and substantial shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Tan Yu Yeh *(cont'd)*		
• Carissa Balsam Sdn Bhd	• Investment holding with indirect subsidiaries that carry on retail business in Philippines	• Director (appointed on 27 September 2018), shareholder (direct) and substantial shareholder (indirect)
• Iconic Edge Ltd.	• Holding intellectual property rights	• Director (appointed on 19 June 2019) and substantial shareholder (direct)
• Sky Venture Ltd.	• Investment holding in equity markets	• Director (appointed on 12 July 2019) and substantial shareholder (indirect)
• Classic Avenue Ltd.	• Investment holding in private equity funds	• Director (appointed on 12 July 2019) and substantial shareholder (indirect)
• Pinnacles Resources (L) Ltd.	• Dormant	• Director (appointed on 3 June 2019) and substantial shareholder (indirect)
• Invalued Trading Private Limited	• Dormant	• Director (appointed on 22 July 2019) and substantial shareholder (direct)
• Mr. D.I.Y. (Thailand) Ltd	• Investment holding with indirect subsidiaries that carry on retail business in Thailand	• Substantial shareholder (indirect)
• Mr. D.I.Y. Co., Ltd.	• Investment holding with indirect subsidiaries that carry on retail business in Thailand	• Substantial shareholder (indirect)
• Mr. D.I.Y. Holding (Thailand) Co., Ltd.	• Investment holding with subsidiaries that carry on retail business in Thailand	• Substantial shareholder (indirect)
• Mr. D.I.Y. (Thailand) Co. Ltd	• Providing consulting in business management	• Substantial shareholder (indirect)
• Mr. D.I.Y. Trading (Thailand) Co. Ltd	• Distribution business in consumer products for the Mr. D.I.Y. operations in Thailand	• Substantial shareholder (indirect)
• Mr. D.I.Y. (Bangkok) Co. Ltd	• Mr. D.I.Y. retail operations in Thailand	• Substantial shareholder (indirect)
• Strategic Logistic Co., Ltd	• Buying, selling, importing and distributing at wholesale basis of all kinds of consumer products	• Substantial shareholder (indirect)
• Crystal Sourcing Limited	• Dormant	• Substantial shareholder (indirect)
• PT Daya Intiguna Yasa	• Providing management consultancy	• Substantial shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Tan Yu Yeh *(cont'd)*		
• PT Duta Intiguna Yasa	• Trading and importing of goods for the Mr. D.I.Y. operations in Indonesia	• Substantial shareholder (indirect)
• PT Daya Indah Yasa	• Mr. D.I.Y. retail operations in Indonesia	• Substantial shareholder (indirect)
• PT Duta Sentosa Yasa	• Distribution operations in Indonesia	• Substantial shareholder (indirect)
• Bricolage Holding Inc.	• Investment holding with subsidiaries that carry on retail business in Philippines	• Substantial shareholder (indirect)
• Bricolage Distributor Inc.	• Distribution operations in Philippines	• Substantial shareholder (indirect)
• Bricolage Philippines Inc.	• Mr. D.I.Y. retail operations in Philippines	• Substantial shareholder (indirect)
• Bricolage Import Inc.	• Import, export and distribution of consumer products	• Substantial shareholder (indirect)
• Mr. D.I.Y. (LAO) Co., Ltd	• Mr. D.I.Y. retail operations in Laos (inactive)	• Substantial shareholder (indirect)
• Mr D.I.Y. (Cambodia) Co. Ltd	• Mr. D.I.Y. retail operations in Cambodia	• Substantial shareholder (indirect)
• Mr. D.I.Y. Singapore Ltd	• Investment holding with subsidiaries that carry on retail business in Singapore	• Substantial shareholder (indirect)
• Mr. D.I.Y. (Singapore) Ltd	• Investment holding with indirect subsidiaries that carry on retail business in Philippines	• Substantial shareholder (indirect)
• Qube	• Providing computer consultancy services, software developers, and trading of related products	• Substantial shareholder through MDGM (indirect)
• Qube Apps Marketing Sdn Bhd	• Dormant	• Substantial shareholder through MDGM (indirect)
• Mr D.I.Y. Trading (Singapore) Pte Ltd	• Mr. D.I.Y. retail operations in Singapore	• Substantial shareholder (indirect)
• Iconic Trading (Asia) Pte Ltd *(formerly known as Mr D.I.Y. Retail (Singapore) Pte Ltd)*	• Wholesale trade of a variety of goods outside Malaysia	• Substantial shareholder (indirect)
• Arragon Resources Ltd.	• Investment holding with subsidiary that carry on retail operations in Laos	• Substantial shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Tan Yu Yeh ***(cont'd)***		
• Aellers International Ltd.	• Investment holding with subsidiary that carry on retail operations in Cambodia	• Substantial shareholder (indirect)
• Oceanic Star Ltd.	• Investment holding company	• Substantial shareholder (indirect)
Ong Chu Jin Adrian		
• Sterling Infratech Sdn Bhd	• Investment holding in real estate, shares and other investments	• Director (appointed on 23 June 2020) and substantial shareholder (direct)
• Yield Management Sdn Bhd	• Investment in real estate	• Director (appointed on 24 August 2020) and shareholder (indirect)
• Yield Management Two Sdn Bhd	• Investment in real estate	• Director (appointed on 14 August 2020) and shareholder (indirect)
• Mr D.I.Y. (Cambodia) Co. Ltd	• Mr. D.I.Y. retail operations in Cambodia	• Director (appointed on 6 March 2019) and shareholder (indirect)
• Mr. D.I.Y. (LAO) Co., Ltd	• Mr. D.I.Y. retail operations in Laos (inactive)	• Director (appointed on 27 March 2019) and shareholder (indirect)
• Agave Salmiana Sdn Bhd	• Activities of holding company with investment in home improvement retail business in Indonesia	• Director (appointed on 26 November 2015) and substantial shareholder (direct)
• Maya Asia Limited	• Investment holding principally involved in portfolio investment	• Director (appointed on 28 October 2016) and substantial shareholder (direct)
• Sky Venture Ltd.	• Investment holding in equity markets	• Director (appointed on 12 July 2019) and shareholder (indirect)
• Classic Avenue Ltd.	• Investment holding in private equity funds	• Director (appointed on 12 July 2019) and shareholder (indirect)
• Pinnacles Resources (L) Ltd.	• Dormant	• Director (appointed on 3 June 2019) and shareholder (indirect)
• MDHM	• Investment holding	• Director (appointed on 22 July 2019) and shareholder (direct)
• Oceanic Star Ltd	• Investment holding company	• Director (appointed on 21 October 2019) and shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Ong Chu Jin Adrian ***(cont'd)***		
• Invalued Trading Private Limited	• Dormant	• Director (appointed on 22 July 2019) and shareholder (direct)
• MDIH	• Investment holding, with subsidiaries involved in retail business in the South East Asian region excluding Malaysia and Brunei	• Shareholder (direct)
• Azara Alpina Sdn Bhd	• Investment holding with indirect subsidiaries that carry on home improvement retail business in Indonesia	• Director (appointed on 1 July 2016, resigned on 4 June 2019) and shareholder (indirect)
• JF Apex Securities Berhad *(subsidiary of Apex Equity Holdings Berhad which is listed on the Main Market of Bursa Securities)*	• Share and stockbroking	• Director (appointed on 28 June 2018, resigned on 24 January 2019)
• BWY Holdings Sdn Bhd	• Supply of bakery ingredients and accessories	• Director (appointed on 31 July 2017, resigned on 19 October 2018) and shareholder (indirect)
• Agathis Montana Sdn Bhd	• Dormant	• Director (appointed on 8 June 2017, resigned on 2 November 2018) and shareholder (indirect)
• BWY Group Sdn Bhd	• Investment holding with investment in BWY Holdings Sdn Bhd	• Director (appointed on 7 June 2017, resigned on 19 October 2018) and shareholder (indirect)
• Carissa Balsam Sdn Bhd	• Investment holding with indirect subsidiaries that carry on retail business in Philippines	• Director (appointed on 12 May 2017, resigned on 3 September 2018) and shareholder (indirect)
• Amanita Regalis Sdn Bhd	• Dormant	• Director (appointed on 3 January 2017, resigned on 2 November 2018)
• Iris Pallida Sdn Bhd	• Investment holding with investment in pharmacy chain	• Director (appointed on 3 January 2017, resigned on 1 August 2017)
• Aralia Armata Sdn Bhd	• Investment holding company with investment in battery manufacturer	• Director (appointed on 3 January 2017, resigned on 2 November 2018)

Name of company	Principal activities	Involvement in business activities
Ong Chu Jin Adrian ***(cont'd)***		
• Isotrema Sdn Bhd	• Dormant	• Director (appointed on 3 January 2017, resigned on 3 October 2018)
• Chinensis Sdn Bhd	• Investment holding with investment in cereal and snacks manufacturer	• Director (appointed on 3 January 2017, resigned on 2 November 2018)
• Alstonia Costata Sdn Bhd	• Investment holding with investment in retailer	• Director (appointed on 1 July 2016, resigned on 2 November 2018) and shareholder (indirect)
• Andira Cordata Sdn Bhd	• Investment holding with investments in healthcare and retail	• Director (appointed on 1 July 2016, resigned on 2 November 2018) and shareholder (indirect)
• Ventaserv Sdn Bhd	• Retail sale of any kind of product through vending machines	• Director (appointed on 17 June 2016, resigned on 16 October 2018) and shareholder (indirect)
Brahmal A/L Vasudevan		
• Capital Markets Promotion Council	• To support the Securities Commission of Malaysia in promoting the Malaysian capital market	• Director (appointed 30 June 2020)
• Pacific Straits Realty Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 13 December 2005) and substantial shareholder (direct)
• Thousand Triangle Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 4 August 2014) and substantial shareholder (indirect)
• Maple Sierra Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 8 November 2013) and substantial shareholder (indirect)
• Yu Cai Foundation	• To advance uplift and benefit the Chinese and other underserved communities of Malaysia and promote the learning of vernacular language of Malaysia	• Director (appointed on 9 March 2012)
• Endeavor Entrepreneurs Malaysia	• To create high impact Malaysian entrepreneurs who will become the drivers of the Malaysian entrepreneurs ecosystem, management of Malaysia office to create the awareness, and strengthen the presence of Endeavor Entrepreneurs Malaysia	• Director (appointed on 13 June 2016)

Name of company	Principal activities	Involvement in business activities
Brahmal A/L Vasudevan ***(cont'd)***		
• Pacific Straits Global Holdings Sdn Bhd	• Investment holding with interest in charitable foundation	• Director (appointed on 3 February 2010) and substantial shareholder (direct)
• Maxi Pixel Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 23 June 2016) and substantial shareholder (direct)
• Silver Benchmark Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 24 October 2007) and substantial shareholder (direct)
• Creador Sdn Bhd	• Provision of business consultancy services to its related companies	• Director (appointed on 15 November 2010) and substantial shareholder (indirect)
• Creador Limited	• Investment holding with interest in the investment manager of Creador's funds and Creador Sdn Bhd	• Director (appointed on 8 January 2013) and substantial shareholder (direct)
• Creador I, LLC	• Closed-end fund	Director (appointed on 9 November 2011) and substantial shareholder (indirect)
• Creador II, LLC	• Closed-end fund	• Director (appointed on 1 July 2013) and substantial shareholder (indirect)
• Creador Management Company I Ltd	• Investment manager	• Director (appointed on 10 April 2013) and substantial shareholder (indirect)
• Creador Management Company II Ltd	• Investment manager	• Director (appointed on 1 July 2013) and substantial shareholder (indirect)
• Creador Management III Ltd	• Investment manager	• Director (appointed on 15 June 2015) and substantial shareholder (indirect)
• Creador Management IV Ltd	• Investment manager	• Director (appointed on 5 July 2018) and substantial shareholder (indirect)
• Creador Conscienta Ltd	• Investment holding with interest in charitable foundation	• Director (appointed on 21 December 2012) and shareholder (direct)
• Ventaserv Sdn Bhd	• Retail sale of any kind of product through vending machines	• Director (appointed on 13 March 2017, resigned on 15 November 2019) and shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Brahmal A/L Vasudevan *(cont'd)*		
• Usaha Tegas Sdn Bhd	• Investment holding with investments in telecommunication, media, property oil and gas	• Director (appointed on 21 April 2008)
• Xtra Landmark Sdn Bhd	• Investment holding principally involved in real estate	• Director (appointed on 23 August 2018) and substantial shareholder (direct)
• Chinensis Limited	• Investment holding with investment in cereal and snacks manufacturer	• Director (appointed on 23 April 2012) and substantial shareholder (indirect)
• Iris Pallida Limited	• Investment holding with investment in pharmacy chain	• Director (appointed on 14 January 2015, resigned on 13 January 2020) and shareholder (indirect)
• Tristania Ltd	• Dormant	• Director (appointed on 25 May 2012) and substantial shareholder (indirect)
• Alaka Holdings Ltd	• Investment holding with investment in Creador's funds	• Director (appointed on 3 December 2008) and substantial shareholder (indirect)
• Auctus Ventures Ltd	• Investment holding principally involved in investing in private and public companies	• Director (appointed on 22 December 2014) and shareholder (direct)
• Provenio Ltd	• Dormant	• Director (appointed on 22 December 2014) and substantial shareholder (indirect)
• Gaia Union Limited	• Investment holding with investment in Creador's funds	• Director (appointed on 8 January 2013) and substantial shareholder (direct)
• Pacific Straits Ventures	• Dormant	• Director (appointed on 16 July 2004) and substantial shareholder (direct)
• Senna Pendula	• Investment holding company principally involved in investment in India	• Director (appointed on 30 March 2015) and substantial shareholder (indirect)
• Custos Holdings Limited	• Dormant	• Director (appointed on 14 August 2014, resigned on 13 January 2020) and shareholder (direct)
• Miletus Inc.	• Dormant	• Director (appointed on 30 January 2018, resigned on 11 May 2020) and shareholder (direct)

Name of company	Principal activities	Involvement in business activities
Brahmal A/L Vasudevan *(cont'd)*		
• Link Strategic Holdings Pte Ltd	• Investment holding with interest in the investment manager of ChrysCapital's funds	• Director (appointed on 8 December 2006) and substantial shareholder (direct)
• Pacific States Investment Limited	• Investment holding with investments in private companies and in privately managed portfolio of pooled funds	• Director (appointed on 25 April 2011)
• PanOcean Management Limited	• Trustee of a discretionary trust	• Director (appointed on 27 November 2015)
• ChrysCapital Management Company III, LLC	• Investment Manager	• Director (appointed on 7 June 2004, resigned on 23 December 2019)
• ChrysCapital Management Company IV, LLC	• Investment Manager	• Director (appointed on 9 December 2005)
• ChrysCapital Management Company V, LLC	• Investment Manager	• Director (appointed on 25 June 2007)
• Creador III, L.P.	• Closed-end fund	• Substantial shareholder (indirect)
• Creador IV L.P.	• Closed-end fund	• Substantial shareholder (indirect)
• D'Apotic Healthcare Sdn Bhd	• Stores specialised in retail sale of pharmaceuticals, medical and orthopaedic goods	• Director (appointed on 30 April 2015, resigned on 4 August 2017) and substantial shareholder (indirect)
• D'Apotic Pharmacy Sdn Bhd	• Dormant	• Director (appointed on 30 April 2015, resigned on 4 August 2017) and substantial shareholder (indirect)
• Aralia Armata Sdn Bhd	• Investment holding with investment in battery manufacturer	• Director (appointed on 5 December 2014, resigned on 4 March 2015) and shareholder (indirect)
• Arenga Pinnata Sdn Bhd	• Dormant	• Director (appointed on 22 April 2014, resigned on 3 March 2015) and shareholder (indirect)
• GHL Systems Berhad *(listed on the Main Market of Bursa Securities)*	• Investment holding, developing and selling in-house software programmes, sale and rental of electronic data capture equipment and its related software and services, inclusive of installation, training and maintenance	• Director (appointed on 16 April 2014, resigned on 24 May 2017)

Name of company	Principal activities	Involvement in business activities
Brahmal A/L Vasudevan *(cont'd)*		
• Big Pharmacy Healthcare Sdn Bhd	• Investment holding, pharmacy operator, retail business and rice	• Director (appointed on 30 April 2015, resigned on 4 August 2017) and substantial shareholder (indirect)
• Iris Pallida Sdn Bhd	• Investment holding with investment in pharmacy chain	• Director (appointed on 30 January 2015, resigned on 1 August 2017)
• Isotrema Sdn Bhd	• Dormant	• Director (appointed on 11 November 2013, resigned on 3 March 2015) and shareholder (indirect)
• Chinensis Sdn Bhd	• Investment holding with investment in cereal and snacks manufacturer	• Director (appointed on 29 June 2010, resigned on 3 March 2015) and substantial shareholder (indirect)
• Agave Salmiana Sdn Bhd	• Activities of holding company with investment in home improvement retail business in Indonesia	• Director (appointed on 26 November 2015, resigned on 20 July 2017)
• Neobalano Carpus Ltd	• Investment holding with investment in multi-finance company	• Director (appointed on 28 February 2012, resigned on 23 April 2015) and substantial shareholder (indirect)
• Milingtonia Limited	• Investment holding with investment in fashion retailer and multi-finance company	• Director (appointed on 1 December 2011, resigned on 8 April 2015) and substantial shareholder (indirect)
• Cycas	• Investment holding with investment in multi-finance company	• Director (appointed on 25 September 2013, resigned on 26 March 2015) and shareholder (indirect)
• Latinia Limited	• Investment holding with investment in water storage and piping solutions provider	• Director (appointed on 23 October 2013, resigned on 18 February 2015) and shareholder (indirect)
• Idria Limited	• Dormant	• Director (appointed on 3 January 2014, resigned on 13 February 2015) and shareholder (indirect)
• Raphia Limited	• Investment holding with investment in battery manufacturer	• Director (appointed on 24 April 2014, resigned on 3 March 2015) and shareholder (indirect)
• Inodes Limited	• Investment holding with investment in credit bureau	• Director (appointed on 5 June 2014, resigned on 3 September 2014) and shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Brahmal A/L Vasudevan *(cont'd)*		
• Caryota Limited	• Investment holding with investment in private commercial bank	• Director (appointed on 4 August 2014, resigned on 17 August 2015) and shareholder (indirect)
• Hamelia Limited	• Investment holding with investment in battery manufacturer	• Director (appointed on 28 November 2014, resigned on 16 February 2015) and shareholder (indirect)
• Adansonia Limited	• Investment holding with investment in battery manufacturer and multi-finance company	• Director (appointed on 7 August 2014, resigned on 3 March 2015) and shareholder (indirect)
Ng Ing Peng		
• Petra Energy Berhad (*listed on the Main Market of Bursa Securities*)	• Activities of a holding company with its subsidiaries principally involved in the provision of integrated brownfield services for the upstream oil and gas industry	• Director (appointed on 14 May 2015)
• Red Sena Berhad (Winding up) (*listed on the Main Market of Bursa Securities*)	• Special purpose acquisition company with the intended principal activity of acquiring interest in branded and packaged food and beverage businesses	• Director (appointed on 2 November 2014) and shareholder (direct)
• Euro Digital Sdn Bhd	• Rental of premises and real estate	• Substantial shareholder (direct)
• Petra Energy Development Sdn Bhd	• Investment holding, subsidiary of and development segment of Petra Energy Berhad	• Director (appointed on 20 August 2015, resigned on 15 March 2017)
• Petra Marine Sdn Bhd	• Ownership and supply of vessels	• Director (appointed on 30 June 2014, resigned on 15 March 2017)
• Petra Energy Services Sdn Bhd	• Investment holding, subsidiary of and services segment of Petra Energy Berhad	• Director (appointed on 20 August 2015, resigned on 15 March 2017)
• Petra Services Sdn Bhd	• Equipment rental and related services in oil and gas industry	• Director (appointed on 24 February 2015, resigned on 15 March 2017)
• Petra Energy Capital Sdn Bhd	• Investment holding, subsidiary of and marine assets segment of Petra Energy Berhad	• Director (appointed on 30 June 2014, resigned on 15 March 2017)
• PE Ship Management Sdn Bhd	• Provision of marine support services for oil and gas industry	• Director (appointed on 30 June 2014, resigned on 15 March 2017)

Name of company	Principal activities	Involvement in business activities
Leng Choo Yin		
• Life Chiropractic (M) Sdn Bhd	• Provision of chiropractic care and adjunctive therapies	• Director (appointed on 5 February 2007) and substantial shareholder (direct)
Tan Yu Wei		
• Sterling Infratech Sdn Bhd	• Investment holding in real estate, shares and other investments	• Director (appointed on 23 June 2020) and substantial shareholder (direct)
• Yield Management Sdn Bhd	• Investment in real estate	• Director (appointed on 1 June 2018 and resigned on 24 August 2020) and substantial shareholder (indirect)
• Yield Management Two Sdn Bhd	• Investment in real estate	• Substantial shareholder (indirect)
• U & Location Sdn Bhd	• Investment in real estate	• Director (appointed on 5 January 2012) and shareholder (direct)
• WEI Future Capital Ltd	• Investment holding	• Director (appointed on 22 May 2019) and substantial shareholder (direct)
• Mr. D.I.Y. (Thailand) Co. Ltd	• Providing consulting in business management	• Director (appointed on 17 February 2016) and shareholder (indirect)
• Mr. D.I.Y. Trading (Thailand) Co. Ltd	• Distribution business in consumer products for the Mr. D.I.Y. operations in Thailand	• Director (appointed on 27 November 2015 and resigned on 13 February 2020) and shareholder (indirect)
• Mr. D.I.Y. (Bangkok) Co. Ltd	• Mr. D.I.Y. retail operations in Thailand	• Director (appointed on 27 November 2015 and resigned on 13 February 2020) and shareholder (indirect)
• MDIH	• Investment holding, with subsidiaries involved in retail business in the South East Asian region excluding Malaysia and Brunei	• Substantial shareholder (indirect)
• Qube	• Providing computer consultancy services, software developers, and trading of related products	• Substantial shareholder through MDGM (indirect)
• Qube Apps Marketing Sdn Bhd	• Dormant	• Substantial shareholder through MDGM (indirect)
• Bee Family Limited	• Investment holding	• Substantial shareholder (indirect)

Name of company	Principal activities	Involvement in business activities
Tan Yu Wei *(cont'd)*		
• Classic Avenue Ltd.	• Investment holding in private equity funds	• Substantial shareholder (indirect)
• Pinnacles Resources (L) Ltd.	• Dormant	• Substantial shareholder (indirect)
• Sky Venture Ltd.	• Investment holding in equity markets	• Substantial shareholder (indirect)
• MDHM	• Investment holding	• Director (appointed on 23 May 2016, resigned on 22 July 2019) and substantial shareholder (direct)
Soo Sze Yang		
• Agave Salmiana Sdn Bhd	• Activities of holding company with investment in home improvement retail business in Indonesia	• Director (appointed on 20 July 2017) and substantial shareholder (direct)
• Balance Fountain Sdn Bhd	• Retail of sale of any kind of product through vending machines	• Director (appointed on 23 January 2020)
• CTOS Insights Sdn Bhd	• Activities of holding company with investment in credit reporting business, credit bureau and information services in Malaysia	• Director (appointed on 16 August 2019)
• Enfo Sdn Bhd	• Activities of holding company with investment in credit reporting business, credit bureau and information services in Malaysia	• Director (appointed on 16 August 2019)
• Experian Information Services (Malaysia) Sdn Bhd	• Provision of credit reporting business, credit bureau and information services	• Director (appointed on 19 August 2019)
• Ventaserv Sdn Bhd	• Retail of sale of any kind of product through vending machines	• Director (appointed on 24 January 2020)
• Peta Sejahtera Sdn Bhd	• Activities of holding company with investment in grocery retail business in Malaysia	Alternate director (appointed on 18 February 2016 and resigned on 30 May 2016)

The involvement of our Directors mentioned above in other principal business activities outside of our Group and our Executive Directors' provision of advice and expertise through the consultancy and shared functions agreement as set out in Sections 10.1.1(iii) and 11.1 of this Prospectus will not affect their commitment and responsibilities to our Group in their respective roles as our Directors. See Section 11.1 of this Prospectus for details.

9.2.4 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

9.2.5 Remuneration and material benefits in-kind of our Directors

The remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for FYE 31 December 2019 and 2020 are as follows:

FYE 31 December 2019 (Paid)	Salary (RM'000)	Fees (RM'000)	Bonus (RM'000)	Contributions to EPF and Social Security Organisation (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Dato' Azlam Shah Bin Alias	-	108	-	-	9	-	117
Tan Yu Yeh	600	-	175	94	48	-	917
Ong Chu Jin Adrian	540	-	158	145	72	-	915
Brahmal A/L Vasudevan	-	-	-	-	-	-	-
Ng Ing Peng	-	84	-	-	10	-	94
Leng Choo Yin	-	84	-	-	10	-	94
Tan Yu Wei	498	-	145	78	48	-	769
Soo Sze Yang	-	-	-	-	-	-	-

FYE 31 December 2020 (Proposed to be paid)	Salary (RM'000)	Fees (RM'000)	Bonus (RM'000)	Contributions to EPF and Social Security Organisation (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Dato' Azlam Shah Bin Alias	-	144	-	-	32	-	176
Tan Yu Yeh	660	-	330	120	77	-	1,187
Ong Chu Jin Adrian	660	-	330	177	104	-	1,271
Brahmal A/L Vasudevan	-	-	-	-	-	-	-
Ng Ing Peng	-	101	-	-	18	-	119
Leng Choo Yin	-	101	-	-	10	-	111
Tan Yu Wei	564	-	282	103	57	-	1,006
Soo Sze Yang	-	-	-	-	-	-	-

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our non-executive directors' fees must be further approved/endorsed by our shareholders at a general meeting.

9.2.6 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 20 February 2019. Our Audit and Risk Management Committee currently comprises the following members, of which a majority of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Ng Ing Peng	Chairman	Independent Non-Executive Director
Dato' Azlam Shah Bin Alias	Member	Independent Non-Executive Director
Brahmal A/L Vasudevan	Member	Non-Independent Non-Executive Director

Our Audit and Risk Management Committee undertakes, among others, the following functions:

(i) Risk Management and Internal Control

(a) review the principal risks and ensure implementation of appropriate risk management system to effectively identify, manage, monitor, treat and mitigate the risks impacting our Group;

(b) review and approve the procedures and guidelines for managing risks within our Group as well as monitor and assess the risk appetite and risk tolerance for our Group;

(c) review and deliberate the reports on significant risk findings and recommendations;

(d) review and assess the impact of cyber risk when undertaking any new activities, including but not limited to any investment decision, merger and acquisition, adoption of new technology and outsourcing arrangements;

(e) assess the quality, effectiveness and efficiency of the internal control in systems and processes of our Group's operations, particularly those relating to areas of significant risks;

(f) review the evaluation by the internal and external auditors of our Group's system of internal control and management's responses, and ensure that appropriate action is taken and thereafter report the same to the Board;

(g) provide oversight of sustainability reporting by ensuring the effective identification, management and reporting of material sustainability matters (i.e. risks and opportunities) affecting the economic, environmental and social aspects of our Group's businesses towards achievement of sustainability goals across our Group; and

(h) review the annual statement on risk management and internal control and sustainability reporting to be published in the annual report.

(ii) Internal Audit

(a) approve the internal audit charter and review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its work;

(b) review the internal audit plan and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function and of the Audit and Risk Management Committee and thereafter report the same to our Board, where necessary;

(c) evaluate the performance of the internal audit function, including having an external review periodically to assess the competency of the function;

(d) approve any appointment or termination of senior staff members of the internal audit function, namely the head of internal auditor and his/her deputy, if any;

(e) review appraisal or assessment of performance of the head of internal auditor and his/her deputy, if any;

(f) take cognisance of resignations of the internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(g) direct any special investigations to be carried out by internal audit as and when necessary and consider the major findings of the internal investigations and management's response; and

(h) review the Audit and Risk Management Committee report to be published in the annual report.

(iii) External Audit

(a) recommend the nomination and re-appointment of external auditors, their audit fees and any question of resignation or dismissal of external auditors and thereafter report the same to our Board;

(b) discuss with the external auditors before the audit commences, the nature and scope of the audit (including reviewing the audit plan) and thereafter report the same to our Board;

(c) review the audit report and discuss problems and reservations arising from the internal and final audits, including assistance given by the employees and any matters which the external auditors may wish to discuss, without the presence of the management or Executive Directors, at least twice a year or where necessary;

(d) review the external auditors' management letter and management's response;

(e) review policies and procedures to assess the suitability, objectivity and independence of the external auditors annually;

(f) review and recommend to our Board a policy to ensure the non-audit services provided by the external auditors do not impair, or appear to impair, the auditor's independence or objectivity; and

(g) review and report to our Board any significant audit findings, difficulties encountered or material weaknesses reported by the external auditors.

(iv) Compliance

(a) review the effectiveness of the system for monitoring compliance with applicable laws, regulations, rules, directives and guidelines, and the results of the management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;

(b) review the findings of any examinations by regulatory authorities;

(c) obtain updates from the management and the legal counsel regarding regulatory compliance matters; and

(d) review and consider any related party transaction and conflict of interest situation that may arise within our Company or our Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

9.2.7 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 20 February 2019. Our Nomination and Remuneration Committee currently comprises the following members, of which a majority of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Leng Choo Yin	Chairman	Independent Non-Executive Director
Brahmal A/L Vasudevan	Member	Non-Independent Non-Executive Director
Ng Ing Peng	Member	Independent Non-Executive Director

Our Nomination and Remuneration Committee undertakes, among others, the following functions:

(i) Nomination matters

(a) recommend to our Board suitable candidates for appointment as Directors and Executive Directors, taking into consideration the following aspects when considering new appointments on our Board:-

- the candidates' skills, qualifications, knowledge, expertise, experience, professionalism and integrity;
- in the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and
- our Board's diversity in terms of age, gender and culture;

(b) propose to our Board the membership and chairmanship of Board Committees;

(c) review annually our Board structure, size, balance and composition to ensure that our Board has the appropriate mix of skills, experience and other qualities including core competencies to function effectively and efficiently and is in compliance with the Listing Requirements;

(d) periodically review and recommend to our Board succession planning for the Chairman, Executive Director(s) and Board Committee;

(e) recommend Director(s) who are retiring (by casual vacancy and by rotation) for re-election at our Company's annual general meeting;

(f) recommend Independent Director(s) who has/have served a cumulative term limit of nine years for re-appointment at our Company's annual general meeting;

(g) deliberate and recommend any termination of membership of any Director of our Company (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations;

(h) ensure that all Directors undergo appropriate induction and continuous training programmes to enhance their performance;

(i) recommend to our Board, the terms of employment and key performance indicators of the Executive Director(s), and assess the performance of the Executive Director(s) against these key performance indicators; and

(j) assess annually the effectiveness of our Board as a whole, the committees of our Board and the contribution of each individual Director, including Independent Non-Executive Directors. Our Nomination and Remuneration Committee shall ensure that all assessments and evaluations carried out in the discharge of all its functions shall be properly documented.

(ii) Remuneration matters

(a) review and recommend to our Board for approval the remuneration policies and procedures for our Board, Board Committees, Executive Director(s) and senior management. Independent professional advice may be obtained in determining the remuneration framework;

(b) recommend to our Board, proposal on the Executive Director(s)' remuneration and benefits including share option and compensation payment in the event of termination of the employment/service contracts (if any) by our Company and/or our Group. The recommendation should be made based on their respective performance relative to the key performance indicator set;

(c) review and recommend to our Board's fees and benefits (if any) payable to the Non-Executive Directors for recommendation to our shareholders for approval;

(d) establish a trust to be administered by the trustee for the purpose of subscribing for new Shares and transferring them to the eligible employee(s) of our Group as and when our Nomination and Remuneration Committee deem fit in accordance to the By-Laws, where applicable;

(e) consider and determine the selection of eligible employee(s) of our Group based on the conditions of eligibility as stipulated in the By-Laws;

(f) consider and determine the overall share options allocation, including number of Shares to be granted to a selected employee and vested in him subject to the provisions in the By-Laws;

(g) consider and determine the allocation framework under the ESOS, as well as the performance targets based on performance measure i.e. key performance indicators to be achieved under the ESOS;

(h) make an offer to selected employee(s) of our Group in the form and manner as may be prescribed by our Nomination and Remuneration Committee in accordance with the By-Laws;

(i) recommend to our Board for approval, where it deems necessary, any amendment, modification, addition or deletion of the By-Laws;

(j) enter into any transactions, agreements, deeds, documents or arrangement and make rules, regulation or impose terms and conditions or delegate part of its power relating to the administration of the ESOS as our Nomination and Remuneration Committee deem fit, necessary and/or expedient subject to the provisions of the By-Laws for the time being in force; and

(k) take all necessary actions within the purview of the Nomination and Remuneration Committee pursuant to the By-Laws for the necessary and effective implementation and administration of the ESOS.

9.2.8 Corporate Responsibility Committee

Our Corporate Responsibility Committee was established by our Board on 20 February 2019. Our Corporate Responsibility Committee currently comprises the following members:

Name	Designation	Directorship
Dato' Azlam Shah Bin Alias	Chairman	Independent Non-Executive Director
Ong Chu Jin Adrian	Member	Non-Independent Executive Director
Ng Ing Peng	Member	Independent Non-Executive Director

Our Corporate Responsibility Committee undertakes, among others, the following functions:

(i) review the effectiveness of the corporate responsibility policy and framework and how well specific corporate responsibility obligations are being managed pursuant to the corporate responsibility policy and framework;

(ii) review our Group's policies and practices in anticipating and managing external issues that have the potential to seriously impact upon our business and reputation. This will include consideration of the progress of corporate responsibility commitments around four major categories, namely the marketplace, workplace, community and environment for responsible and sustainable business growth;

(iii) review and approve the corporate responsibility activities to be undertaken by us and approve the amount of expenditure for each corporate responsibilityactivities;

(iv) review the corporate responsibility activities undertaken by us in order to monitor the performance of corporate responsibility obligations pursuant to the corporate responsibility policy;

(v) review our Group's response to those external developments and emerging risks which are likely to have significant impact on our Group's ability to conduct our business responsibly, and to maintain and safeguard corporate reputation and/or that ability;

(vi) review on an annual basis the expenditure and other commitments by our Group on corporate donations, product donations, community programmes and charitable support of any kind;

(vii) ensure that appropriate communications policies are in place and working effectively to build and protect our Group's reputation both internally and externally; and

(viii) consider other matters as may be referred to the Corporate Responsibility Committee by our Board.

9.3 KEY SENIOR MANAGEMENT

Our key senior management is responsible for the day-to-day management and operations of our Group. The members of our key senior management as at the date of this Prospectus are as follows:

Name	Age	Designation
Tan Yu Yeh	49	Non-Independent Executive Director/ Executive Vice Chairman
Ong Chu Jin Adrian	50	Non-Independent Executive Director/ Chief Executive Officer
Tan Yu Wei	47	Alternate Director to Tan Yu Yeh/ Executive Vice President
Lim Chen Hwee	40	Senior Vice President, Finance
Tan Yew Hock	47	Director and Head, Business Development
Tan Yew Teik	46	Director and Head, Logistics
Hoe Lye Peng	54	Vice President, Distribution Centre
Lau Boon Teck	41	Vice President, Retail Operations
Chin Guangui	31	Vice President, Marketing

9.3.1 Profiles of our key senior management

The profiles of our Directors who are also part of our key senior management are set out in Section 9.2.1 of this Prospectus.

(i) Lim Chen Hwee

Lim Chen Hwee, a Malaysian aged 40, is our Senior Vice President, Finance. She has over 15 years of experience in accounting and finance.

She joined our Group as Financial Controller in 2017 before being promoted to Senior Vice President, Finance in 2019. Since joining us in 2017, she has been responsible for overseeing the statutory reporting and internal management reporting functions of our Group, financial planning, treasury, tax and other finance operations.

Prior to joining us, from 2015 to 2016, she was a Senior Manager at TMF Administrative Services Malaysia Sdn Bhd and from 2012 to 2015, she worked with Time Zone Sdn Bhd as its Financial Manager, where she was responsible for providing financial management support to the operations team.

From 2007 to 2012, she worked with BDO Consulting Sdn Bhd where her last held position was Associate Director. At BDO Consulting Sdn Bhd, she was involved in, amongst others, the review of financial projections for a highway concession and financial due diligence in industries such as trading, manufacturing, investment property, shipping and power plant, as well as a water concession.

From 2004 to 2007, she worked with BDO Binder as an Audit Associate.

She obtained a Bachelor of Accountancy from Universiti Putra Malaysia in 2004. She has been a member of the Malaysian Institute of Certified Public Accountants since 2007 and the MIA since 2009.

(ii) Tan Yew Hock

Tan Yew Hock, a Malaysian aged 47, holds the designation of Director and Head, Business Development in our Company. He has over 13 years of experience in business development.

He initially joined our Group in 2006 as director in MD(K) and was subsequently appointed as director in some of our subsidiaries. He is a crucial member of the setup team for our stores in Malaysia and has held a number of positions in our Group such as manager, Head of Set-up Department and assumed his current position in 2019. Under his current position he is responsible in leading new business opportunities and identifying strategic locations with the objective of developing new markets and improving our business performance by keeping abreast with trends and changes in the retail industry.

Prior to joining us, from 2000 to 2006, he worked with Intertech Component Sdn Bhd as an Account Manager and from 1993 to 2000, he was a treasurer with Inter-Pacific Securities Sdn Bhd. From 1992 to 1993, he worked with Low & Tan Sdn Bhd as an Accounts Clerk.

He obtained a London Chamber of Commerce and Industry (LCCI) Certificate in Business Statistics and Management Accounting in 1994.

(iii) Tan Yew Teik

Tan Yew Teik, a Malaysian aged 46, holds the designation of Director and Head, Logistics in our Company. He has about 15 years of experience in retail business.

He joined our Group in 2013 and was in charge of overseeing store operations and was appointed as Director and Head, Logistics in 2019 and has been instrumental in developing our distribution management. He is responsible for overseeing our entire supply chain which includes the logistics involved in receiving our products by our distribution centre, as well as the distribution of our products to our retail stores nationwide.

Prior to joining us, from 2004 to 2013, he was a Purchasing Manager in De Little Chinatown Sdn Bhd and from 2000 to 2004, he worked with AE Technology Sdn Bhd as a customer service engineer. He began his career with Solectron Technology Sdn Bhd as a production executive from 1998 to 2000.

He obtained a Bachelors Degree in Public Management (Honours) from Universiti Utara Malaysia in 1998.

(iv) Hoe Lye Peng

Hoe Lye Peng, a Malaysian aged 54, is our Vice President, Distribution Centre. He has over 15 years of experience in supply chain, warehousing, and logistics processes.

He joined our Group in 2013 as a Store Manager and was appointed as our Head of People & Store Department in 2015 where he is responsible and oversees all our warehouse activities. He was promoted to Vice President, Distribution Centre in 2019.

Prior to joining us, from 2004 to 2013, he was a Warehouse and Logistics Manager at Solid Logic Sdn Bhd.

He graduated from Universiti Utara Malaysia in 1991 with a Bachelor of Arts (Honours) in Economics and he held a Dealer's Representative's licence from 1997 to 2019. He was with Inter-Pacific Securities Sdn Bhd from 1992 to 1997 as an Electronic Data Processing (EDP) officer.

(v) Lau Boon Teck

Lau Boon Teck, a Malaysian aged 41, is our Vice President, Retail Operations. He has over 16 years of experience in retail industry.

His is responsible for the overall operations of our stores including managing its staff, managing store inventory and in-store performance for all our stores in Malaysia and Brunei.

He joined our Group in 2010 as a Store Manager and was subsequently promoted to Operations Manager in 2011. He was further promoted in 2015 as Head of People & Senior Area Manager and re-designated as Vice President, Retail Operations in 2019.

Prior to joining us, from 2003 to 2010, he worked with De Little Chinatown Sdn Bhd. He started as a Supervisor and was promoted to Assistant Manager, being the last position held.

He obtained a Bachelor in Science (Agribusiness) from Universiti Putra Malaysia in 2002.

(vi) Chin Guangui

Chin Guangui, a Malaysian aged 31, is our Vice President, Marketing. He has over 7 years of experience in marketing.

He joined our Group in 2014 as Assistant Manager for the marketing department and was promoted to Head of Marketing in 2016. He was re-designated as Vice President, Marketing in 2019. He is responsible for overseeing all marketing and sales strategies as well as for leading our e-commerce platform. He has been vital in aiding our Group to expand our market share in Malaysia, as well as setting up digital marketing strategies, marketing plans and developing the e-commerce business.

Prior to joining us, from 2012 to 2014, he worked with Brooks Running Malaysia as a Sales & Marketing Executive where he was responsible for handling marketing, branding and event management.

He obtained a Bachelor of Arts in Business with Business Communication from University of Portsmouth, United Kingdom in 2012.

9.3.2 Shareholding of our key senior management

The following table sets out the direct and indirect shareholding of each of our key senior management (other than our Directors who are also part of our key senior management which are disclosed in Section 9.2.2 of this Prospectus) before and after our IPO:

	Before our IPO[1]				Upon Listing[2]				Upon Listing and assuming exercise of ESOS Options[3]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Lim Chen Hwee	-	-	-	-	600	*	-	-	1,280	*	-	-
Tan Yew Hock	124,908	2.1	-	-	109,986	1.8	-	-	110,586	1.8	-	-
Tan Yew Teik	276,350	4.5	-	-	242,728	3.9	-	-	243,238	3.9	-	-
Hoe Lye Peng	-	-	-	-	600	*	-	-	1,320	*	-	-
Lau Boon Teck	-	-	-	-	600	*	-	-	1,320	*	-	-
Chin Guangui	-	-	-	-	600	*	-	-	1,310	*	-	-

Notes:

* Negligible.

(1) Based on our issued 6,088,200,000 Shares after the Pre-IPO Exercise.

(2) Based on our enlarged issued 6,276,600,000 Shares upon Listing and assuming full subscription of our Issue Shares allocated to our employees under the allocation for Eligible Persons in respect of the Retail Offering.

(3) Based on our enlarged issued 6,323,970,000 Shares after assuming full exercise of the 47,370,000 ESOS Options intended to be offered as described in Section 4.2.5 of this Prospectus.

9.3.3 Principal business activities performed by our key senior management outside our Group in the past five years

Saved for as disclosed below, none of our key senior management (other than our Directors who are also part of our key senior management which are disclosed in Section 9.2.3 of this Prospectus) are involved in principal business activities outside our Group as at the LPD or hold directorships in other companies outside our Group, at present and in the past five years preceding the LPD:

Name of company	Principal activities	Involvement in business activities
Tan Yew Hock		
• Sterling Infratech Sdn Bhd	• Investment holding in real estate, shares and other investments	• Substantial shareholder (direct)
• Best Match Sdn Bhd	• Principally involved in sale of toys, operations of amusement parks and real estate activities	• Director and substantial shareholder (direct)
• Fun Machine Sdn Bhd	• Provision of toys and crane machines in shopping complex	• Director and substantial shareholder (indirect)
• Yield Management Sdn Bhd	• Investment in real estate	• Director (resigned on 24 August 2020) and shareholder (indirect)
• Mr. D.I.Y. (Thailand) Co. Ltd	• Providing consulting in business management	• Director, substantial shareholder (indirect) and shareholder (direct)
• Mr. D.I.Y. Trading (Thailand) Co. Ltd	• Distribution business in consumer products for the Mr. D.I.Y. operations in Thailand	• Director (resigned on 13 February 2020) and Shareholder (direct and indirect)
• Mr. D.I.Y. (Bangkok) Co. Ltd	• Mr. D.I.Y. retail operations in Thailand	• Director (resigned on 13 February 2020) and Shareholder (direct and indirect)
• Mr. D.I.Y. Holding (Thailand) Co. Ltd	• Dormant	• Director and shareholder (direct and indirect)
• HK Asset Integration Sdn Bhd	• Investment holding of assets including real estates and securities	• Substantial shareholder (direct)
• MDHM	• Investment holding	• Director (resigned on 22 July 2019) and shareholder (direct)

Name of company	Principal activities	Involvement in business activities
Tan Yew Teik		
• Yield Management Sdn Bhd	• Investment in real estate	• Director and shareholder (indirect)
• Yield Management Two Sdn Bhd	• Investment in real estate	• Director (appointed on 14 August 2020) and shareholder (indirect)
• MDIH	• Investment holding, with subsidiaries involved in retail business in the South East Asian region excluding Malaysia and Brunei	• Director and shareholder (direct)
• Mind Professional Holding Ltd	• Investment holding with indirect subsidiaries that carry on retail business in Indonesia	• Director and shareholder (indirect)
• Azara Alpina Sdn Bhd	• Investment holding with indirect subsidiaries that carry on home improvement retail business in Indonesia	• Director and shareholder (indirect)
• Mr D.I.Y. Trading (Singapore) Pte Ltd	• Mr. D.I.Y. retail operations in Singapore	• Director and shareholder (indirect)
• Iconic Trading (Asia) Pte Ltd *(formerly known as Mr D.I.Y. Retail (Singapore) Pte Ltd)*	• Wholesale trade of a variety of goods outside Malaysia	• Director and shareholder (indirect)
• MDHM	• Investment holding	• Director and substantial shareholder (direct)
• Qube	• Providing computer consultancy services, software developers, and trading of related products	• Director and shareholder through MDGM (indirect)
• Carissa Balsam Sdn Bhd	• Investment holding with indirect subsidiaries that carry on retail business in Philippines	• Director and shareholder (indirect)
• Oceanic Star Ltd	• Investment holding company	• Director and shareholder (indirect)

The involvement of our key senior management mentioned above in other principal business activities outside our Group and in the provision of advice and expertise through the consultancy and shared functions agreement as set out in Sections 10.1.1(iii) and 11.1 of this Prospectus will not affect their continued contribution to the day-to-day management and operations of our Group. See Section 11.1 of this Prospectus for details.

9.3.4 Service contracts with our key senior management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key senior management and us which provide for benefits upon termination of employment.

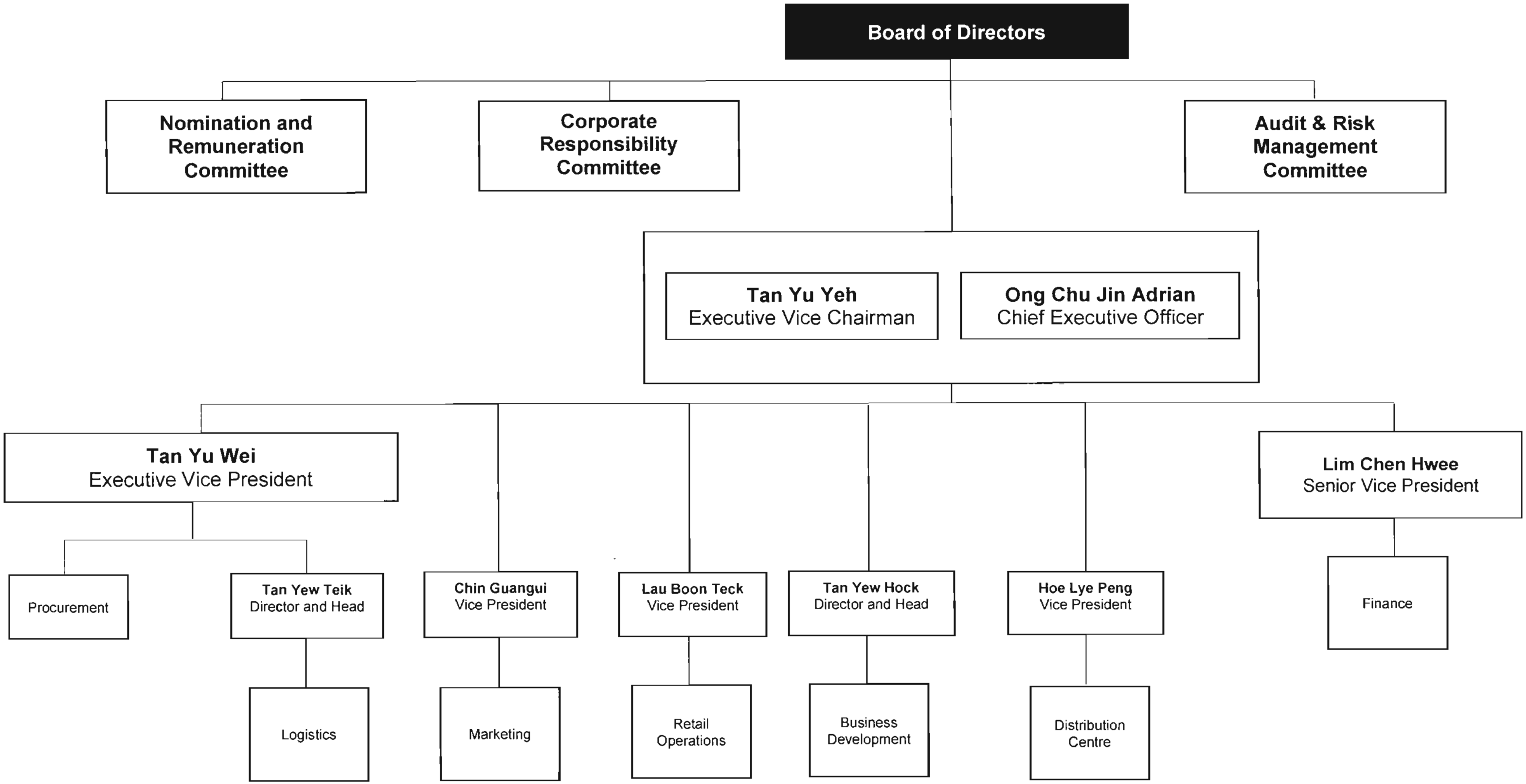
9.3.5 Remuneration and material benefits in-kind of our key senior management

The remuneration and material benefits in-kind of our Directors who are also part of our key senior management are set out in Section 9.2.5 of this Prospectus. The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our key senior management, other than our Directors who are also part of our key senior management, for services rendered to us in all capacities to our Group for the FYE 31 December 2019 and 2020 are as follows:

	Remuneration Band (FYE 31 December)	
	2019 (Paid)	2020 (Proposed)
Key senior management	RM'000	RM'000
Lim Chen Hwee	450-500	550-600
Tan Yew Hock	350-400	400-450
Tan Yew Teik	300-350	350-400
Hoe Lye Peng	400-450	450-500
Lau Boon Teck	400-450	450-500
Chin Guangui	350-400	450-500

9.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



9.5 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between our substantial shareholders, Promoters, Directors and key senior management:

(i) Tan Yu Yeh, who is our Promoter, substantial shareholder and Non-Independent Executive Director / Executive Vice Chairman is:

- a sole director and indirect shareholder of Bee Family Limited;
- a sole director and sole shareholder of Yeh Family (PTC) Ltd;
- brother of Tan Yu Wei, Tan Lee Ching, Tan Lee Hon, Tan Lay Keow and in-law to Poh Chu Tan and Tan Chin Hua; and
- cousin of Tan Yew Hock and Tan Yew Teik, our members of key senior management.

(ii) Tan Yu Wei, who is our Promoter, substantial shareholder, Executive Vice President and the Alternate Director to Tan Yu Yeh is:

- an indirect shareholder of Bee Family Limited;
- a sole director and sole shareholder of WEI Future Capital Limited;
- brother of Tan Yu Yeh, Tan Lee Ching, Tan Lee Hon, Tan Lay Keow and in-law to Poh Chu Tan and Tan Chin Hua; and
- cousin of Tan Yew Hock and Tan Yew Teik, our members of key senior management.

(iii) Tan Lee Ching, who is our Promoter is:

- sister of Tan Yu Yeh, Tan Yu Wei, Tan Lee Hon and Tan Lay Keow;
- sister-in-law of Poh Chu Tan;
- wife of Tan Chin Hua; and
- cousin of Tan Yew Hock and Tan Yew Teik, our members of key senior management.

(iv) Tan Chin Hua, who is our Promoter is:

- brother-in-law of Tan Yu Yeh, Tan Yu Wei, Tan Lee Hon, Tan Lay Keow and Poh Chu Tan; and
- husband of Tan Lee Ching.

(v) Tan Lee Hon, who is our Promoter is:

- sister of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching and Tan Lay Keow;
- sister-in-law of Tan Chin Hua;
- wife of Poh Chu Tan; and

- cousin of Tan Yew Hock and Tan Yew Teik, our members of key senior management.

(vi) Poh Chu Tan, who is our Promoter is:

- brother-in-law of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching, Tan Lay Keow and Tan Chin Hua; and
- husband of Tan Lee Hon.

(vii) Tan Lay Keow, who is our Promoter is:

- sister of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching and Tan Lee Hon;
- sister-in-law of Tan Chin Hua and Poh Chu Tan; and
- cousin of Tan Yew Hock and Tan Yew Teik, our members of key senior management.

(viii) Gan Choon Leng, who is our substantial shareholder is:

- spouse of Tan Gaik Hoon; and
- substantial shareholder of Platinum Alphabet.

(ix) Tan Gaik Hoon, who is our substantial shareholder is:

- spouse of Gan Choon Leng;
- substantial shareholder of Platinum Alphabet; and
- cousin of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching, Tan Lee Hon and Tan Lay Keow.

(x) Brahmal A/L Vasudevan, who is our Director is the shareholder and director of the Fund Managers of Creador Funds.

(xi) Soo Sze Yang, who is the Alternate Director to Brahmal A/L Vasudevan, is an employee of Creador which is associated with the Fund Managers of Creador Funds.

(xii) Tan Yew Hock, who is our key senior management is:

- brother of Tan Yew Teik; and
- cousin of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching, Tan Lee Hon and Tan Lay Keow.

(xiii) Tan Yew Teik, who is our key senior management is:

- brother of Tan Yew Hock; and
- cousin of Tan Yu Yeh, Tan Yu Wei, Tan Lee Ching, Tan Lee Hon and Tan Lay Keow.

9.6 DECLARATION BY OUR DIRECTORS, KEY SENIOR MANAGEMENT AND PROMOTERS

As at the LPD, none of our Directors, key senior management or Promoters is and has been involved in any of following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;

(vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or

(viii) any unsatisfied judgment against such person.

9.7 OTHER MATTERS

(i) No other amounts or benefits has been paid or intended to be paid or given to our Promoters and substantial shareholders within the two years preceding the date of this Prospectus, except for remuneration received by our Promoters and substantial shareholders who are our employees in the course of their employment, directors' fees, and dividends paid to our shareholders.

(ii) There is no arrangement which operation may result in the change in control of our Company at a date subsequent to our IPO and our Listing.

(iii) Our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the past three FYE 31 December 2017, 2018, 2019, FPE 30 June 2020 and up to the LPD:

(i) Acquisition of the rights to subscribe for 95.0% equity interest in MDM

We acquired the rights to subscribe for 9.5 million ordinary shares in MDM ("**Right Shares**") representing 95.0% equity interest in MDM during the FYE 31 December 2017, from Tan Yu Yeh, Tan Yew Hock, Chong Swee Lee, Tan Lee Ling, Tan Yew Teik, Tan Yu Wei, Tan Yew King, and Tan Lee Lee (collectively, "**Initial Shareholders**") in favour of our Company for a cash consideration of approximately RM13.1 million via the renouncement of provisional allotments to us. Upon the purchase of the rights, we subscribed for the Right Shares, for an aggregate subscription price of RM9.5 million. The aggregate cost of our acquisition of the Right Shares and our subscription of the Right Shares of RM22.6 million represents approximately 6.5% of our consolidated NA as at 31 December 2017.

The interested Directors and interested major shareholders of our Company are Tan Yu Yeh and Tan Yu Wei, and the interested directors of our subsidiaries are Tan Yew Teik, Chong Swee Lee and Tan Yew Hock. Tan Lee Ling, Tan Yew King and Tan Lee Lee are persons connected with Tan Yew Hock.

(ii) Acquisition of 100.0% equity interests in MD(B)

We acquired 100.0% equity interest in MD(B) from Chong Swee Lee, Gan Choon Leng, Gan Sau Liang, Khoo Kwoy Kock, Poh Chu Tan, Tan Chin Hua, Tan Gaik Hoon, Tan Lay Keow, Tan Lee Ching, Tan Lee Hon, Tan Lee Lee, Tan Lee Ling, Tan Yew Hock, Tan Yew King, Tan Yew Teik, Tan Yu Yeh, Tan Yu Wei, Toh Hooi Hak, Toh Lay Fan, Toh Lee Soo and Ong Chu Jin Adrian for a total cash consideration of RM90.0 million in three tranches of RM30.0 million each. The acquisition was completed on 10 May 2019.

The purchase consideration was subject to adjustment if the actual profit after tax for FYE 31 December 2018 is more than RM4.5 million but less than RM5.5 million. The final purchase consideration was determined at approximately RM104.8 million (which represents approximately 20.0% of our NA as at 31 December 2018) and the final tranche of approximately RM44.8 million was paid on 10 July 2019.

The interested Directors are Tan Yu Yeh, Tan Yu Wei and Ong Chu Jin Adrian, and the interested directors of our subsidiaries are Tan Yew Teik, Chong Swee Lee and Tan Yew Hock. Tan Yu Yeh and Tan Yu Wei are also interested major shareholders of our Company, who are also substantial shareholders of MD(B).

Other vendors, namely, Tan Lee Ching, Tan Lay Keow, Tan Lee Hon, Poh Chu Tan and Tan Chin Hua are persons connected with Tan Yu Yeh and Tan Yu Wei.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(iii) Consultancy and shared functions agreement between MDGM and MDIH

We entered into a consultancy and shared functions agreement with MDIH, where we agreed to provide MDIH and its subsidiaries, associated companies and corporations controlled by it ("**MDIH Group**") certain services. Details of the services provided under this consultancy and shared functions agreement are as follows:

(i) Merchandise and product procurement for the MDIH Group ("**Procurement Service**")

The Procurement Service is confined to the ordering, pricing and negotiation of purchase terms while the retail operations under the brand name of "MR. D.I.Y." outside of Malaysia and Brunei ("**Regional Operations**") continue to be responsible for their own logistics, settlement and payment arrangements for their purchases.

MDIH Group is charged a service fee based on the percentage of the purchases attributable to the Regional Operations where this percentage is applied to the overhead costs of our entire procurement department which is overseen by Tan Yu Wei, our Alternate Director and key senior management, consisting of total salaries, allowances and statutory contributions for all the personnel with a 10.0% mark-up, plus expenses incurred in providing such services such as flight expenses, accommodation and other travel expenses.

There is no preferential arrangement between MDGM and MDIH Group in respect of the pricing terms set by the end suppliers for merchandise purchased by the MDGM Group and MDIH Group. The unit price (excluding handling charges) for identical merchandise ordered at the same time by MDGM and the MDIH Group has been the same for the FYE 31 December 2016 to 2019 and up to the LPD. We intend to adopt a similar position in the future.

(ii) Financial reporting for the Singapore operations of MDIH ("**Financial Reporting Service**")

The applicable service fee charged to MDIH for the Financial Reporting Service shall be the overhead costs consisting of total salaries, allowances and statutory contributions for our two finance department personnel who have been allocated for this service and supervised by Lim Chen Hwee, our Senior Vice President, Finance and key senior management, with a 10.0% mark-up, plus expenses incurred in providing such services such as such as flight expenses, accommodation and other travel expenses.

(iii) Consultancy services for the MDIH Group ("**Consultancy Services**")

The Consultancy Services consist of the provision of advice from time to time for marketing (such as initial marketing initiatives for new stores and common branding theme), retailing, warehouse, logistic, procurement and corporate office matters (including miscellaneous advice such as information technology, finance and business development) for the MDIH Group. This service is expected to be provided by various selected personnel of our Group, including Tan Yu Yeh and Ong Chu Jin Adrian, our Executive Directors, Tan Yu Wei, our Alternate Director, and our other key senior management.

The Consultancy Services are charged to MDIH based on the pro-rated remuneration (comprising total monthly salaries, allowances and statutory contributions) of our personnel who are involved, for the number of man days spend in providing the Consultancy Services with a 10.0% mark-up, plus expenses incurred in providing such services such as such as flight expenses, accommodation and other travel expenses.

Prior to the entering of the consultancy and shared functions agreement with MDIH, no cost was allocated to the MDIH Group in respect of the services mentioned above except for the reimbursable expenses paid on behalf of MDIH Group as set out in Section 10.1.1(vii) below.

The agreement was effective from 1 October 2019. The total service fee for the three month period for FYE 31 December 2019 commencing 1 October 2019 to 31 December 2019 was approximately RM438,000 (which represents approximately 0.14% of our net profit for FYE 31 December 2019). The estimated service fee for the FYE 31 December 2020 is approximately RM3.6 million.

The interested Directors and interested major shareholders of our Company are Tan Yu Yeh, who is a substantial shareholder and director of MDIH, and Tan Yu Wei, who is a substantial shareholder of MDIH. Bee Family Limited is a person connected with Tan Yu Yeh and Tan Yu Wei.

(iv) Deeds of Assignment executed by Tan Yu Yeh and Iconic Edge Ltd, each as assignor, in favour of our Company, as assignee

Tan Yu Yeh and Iconic Edge Ltd have each executed the Deeds of Assignment in our favour for the assignment of all the benefits, rights, title and interests in the Trademarks which we use in our business in Malaysia and Brunei. For further details on the Trademarks, see Annexure C of this Prospectus.

The interested Director and interested major shareholder of our Company is Tan Yu Yeh, who is the assignor and the sole shareholder of Iconic Edge Ltd, who is the second assignor. Tan Yu Wei and Bee Family Limited are persons connected with Tan Yu Yeh.

(v) Licensing Agreement between MDGM, Tan Yu Yeh and his assignee, Iconic Edge Ltd

We entered into the Licensing Agreement with Tan Yu Yeh and his assignee, Iconic Edge Ltd, pursuant to which Tan Yu Yeh granted our Company an exclusive, perpetual and irrevocable licence, to use all of the IPRs for our business in Malaysia and Brunei, and the right to sub-licence such use to our subsidiaries. Further thereto, Tan Yu Yeh has executed an assignment of the IPRs in favour of Iconic Edge Ltd, which has agreed to grant our Company an exclusive, perpetual and irrevocable licence to use all the IPRs and, as licensor, to be bound by the same terms and be subject to the same conditions as Tan Yu Yeh under the Licensing Agreement.

Pursuant to the Licensing Agreement, we do not have to pay any fees for the grant of the licence save for the nominal consideration of RM10 and payment of costs for registration and renewal of the Trademarks in Malaysia and Brunei.

Further, by virtue of the letter of acknowledgement dated 12 August 2020 between MDGM and Tan Yu Yeh and Iconic Edge Ltd, the parties acknowledged that we are the beneficial owners of the Trademarks under the Deeds of Assignment and have consented to the exclusion of the Trademarks from the Licensing Agreement.

The interested Director and interested major shareholder of our Company who is interested in this transaction is Tan Yu Yeh who is the licensor and the sole shareholder of the assignee, Iconic Edge Ltd. Tan Yu Wei and Bee Family Limited are persons connected with Tan Yu Yeh.

(vi) Sale of goods by MDT to Mr. D.I.Y. Trading (Singapore) Pte Ltd

Our wholly-owned subsidiary, MDT sells and supplies goods to Mr. D.I.Y. Trading (Singapore) Pte Ltd, for their retail operations in Singapore which commenced in August 2018, from FYE 31 December 2018 (being the first financial year when the sales and supply commenced) to the LPD as follows:

	FYE 31 December 2018	FYE 31 December 2019	FPE 30 June 2020	Between 1 July 2020 and the LPD
	RM'000	RM'000	RM'000	RM'000
Sale of goods	(1)2,052	(2)15,886	(3)9,029	4,766

Notes:

(1) Represents 0.12% of our Group's revenue for FYE 31 December 2018.

(2) Represents 0.70% of our Group's revenue for FYE 31 December 2019.

(3) Represents 0.86% of our Group's revenue for FPE 30 June 2020.

The transactions are recurrent in nature.

The Directors and major shareholders of our Company, Tan Yu Yeh and Tan Yu Wei are interested in the transactions as they are substantial shareholders of MDIH, the holding company of Mr. D.I.Y. Trading (Singapore) Pte Ltd.

(vii) Reimbursable expenses paid on behalf of MDIH Group

Our Group incurred expenses relating to travelling, accommodation and other miscellaneous expenses in conjunction with the provision of services governed under the consultancy and shared functions agreement in Section 10.1.1(iii) of this Prospectus.

The amount incurred in respect of these expenses for the past three FYE 31 December 2017, 2018, 2019, FPE 30 June 2020 and up to the LPD are as follows:

	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	FPE 30 June 2020	Between 1 July 2020 and the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Reimbursable expenses paid on behalf of MDIH Group	366	1,595	3,478	108	12

The above expenses are reimbursed by the MDIH Group as incurred and regarded as material related party transaction upon aggregation with the sale of goods by MDT to Mr. D.I.Y. Trading (Singapore) Pte Ltd, which is also part of the MDIH Group, see Section 10.1.1(vi) of this Prospectus.

The transactions are recurrent in nature.

The Directors and major shareholders of our Company, Tan Yu Yeh and Tan Yu Wei are interested in the transactions as they are shareholders of MDIH. The Directors of our Company and our subsidiaries, Ong Chu Jin Adrian, Tan Yew Teik, Tan Yew Hock and Chong Swee Lee are interested in the transactions above as they are also shareholders of MDIH.

Our Directors confirm that all the above related party transactions were transacted on an arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party and are not detrimental to our non-interested shareholders, save for the following:

(i) Consultancy and shared functions agreement between MDGM and MDIH

Due to the nature of the services provided under the agreement, which is exclusive in nature with no third party comparables, we were unable to ascertain whether the transaction will be transacted on an arm's length basis.

Our Directors are of the view that the mark-up to be charged on top of our overhead costs incurred for the provision of the services under the agreement and the terms of the agreement are fair to us in view that we earn additional income from the 10.0% mark-up whilst allowing us to leverage on economies of scale for under the Procurement Service, with the ability to terminate the agreement if need be and hence, our Directors are also of the view that the consultancy and shared functions agreement is not detrimental to our Group and our non-interested shareholders.

(ii) The Deeds of Assignment

The Deeds of Assignment are not considered by our Directors to be on an arm's length basis as it was provided on terms favourable to us at a nominal consideration of RM1 payable by us. The Deeds of Assignment confer to us all the benefits, rights, title and interests in the Trademarks which we use in our business in Malaysia and Brunei. Therefore, our Directors are of the view that the terms of the Deeds of Assignment are not detrimental to our Group and our non-interested shareholders.

(iii) The Licensing Agreement

The Licensing Agreement is not considered by our Directors to be on an arm's length basis as it was provided on terms favourable to us at a nominal consideration of RM10 payable by us. The Licensing Agreement enables us to use all the IPRs for our business. Therefore, our Directors are of the view that the terms of the Licensing Agreement are not detrimental to our Group and our non-interested shareholders.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders (which mandate would typically be renewed as required at each AGM of our Company) to enter into such recurrent transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYE 31 December 2017, 2018 and 2019, FPE 30 June 2020 and up to the LPD.

10.1.3 Outstanding loans and/or financial assistance made to or for the benefit of related parties

There are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYE 31 December 2017. 2018 and 2019, FPE 30 June 2020 and up to the LPD.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit and Risk Management Committee review

The Audit and Risk Management Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or our Group. The Audit and Risk Management Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

(i) the rationale and the cost/benefit to our Company is first considered;

(ii) where possible, comparative quotes will be taken into consideration;

(iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and

(iv) that the transactions are not detrimental to our Company's non-interested shareholders.

In addition, our Audit and Risk Management Committee will also supervise, review and monitor any recurrent related party transaction and the terms thereof. In respect of the consultancy and shared functions agreement, our Audit and Risk Management Committee will monitor, review and approve the aggregate threshold value of the services to be provided by our Company to the MDIH Group. Such approval may be reviewed, amended or renewed on an annual basis or on an ad hoc basis, as determined to be appropriate and in the best interests of MDGM by our Audit and Risk Management Committee. For details of the consultancy and shared functions agreement, see Section 10.1.1(iii) of this Prospectus.

All reviews by the Audit and Risk Management Committee are reported to our Board for its further action. Where necessary, our Board would make the appropriate disclosure in our annual report with regard to any related party transaction (recurrent or one off) entered into by us.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with our Group and are not to the detriment of our non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework including, amongst other things, the following:

(i) our Board will undertake an annual assessment of our Independent Directors;

(ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

(iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as that of our Group or which are our customers or suppliers

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group or which are our customers or suppliers:

No.	Businesses/ Corporations	Principal activity	Nature of interest
1.	MR. D.I.Y. Trading (Thailand) Co. Ltd ("**MR. D.I.Y. Trading (Thailand)**")	Distribution business in consumer products for the Mr. D.I.Y. operations in Thailand	<u>Interested MDGM Directors</u>: Tan Yu Yeh, Tan Yu Wei (Alternate Director) and Ong Chu Jin Adrian <u>Interested MDGM Substantial Shareholders</u>: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of MR. D.I.Y. (Thailand) Ltd ("**MR. D.I.Y. Thailand**"), the substantial shareholder of Mr. D.I.Y. Co., Ltd and Mr. D.I.Y. Holding (Thailand) Co., Ltd. Mr. D.I.Y. Co., Ltd. is the holding company of Mr. D.I.Y. Holding (Thailand) Co., Ltd., the holding company of MR. D.I.Y. Trading (Thailand), MR. D.I.Y. Bangkok and Strategic Logistic Co., Ltd. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH. Tan Yu Wei and Gan Choon Leng are directors of Mr. D.I.Y. (Thailand) Co., Ltd.
2.	MR. D.I.Y. (Bangkok) Co., Ltd ("**MR. D.I.Y. Bangkok**")	Mr. D.I.Y. retail operations in Thailand	
3.	Strategic Logistic Co., Ltd	Import, export and distribution of consumer products in Thailand	
4.	Mr D.I.Y. Trading (Singapore) Pte Ltd ("**Mr. D.I.Y. Trading**")	Mr. D.I.Y. retail operations in Singapore	<u>Interested MDGM Directors</u>: Tan Yu Yeh, Tan Yu Wei (Alternate Director) and Ong Chu Jin Adrian <u>Interested MDGM Substantial Shareholders</u>: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Mr. D.I.Y. Singapore Ltd, which in turn is the holding company of Mr. D.I.Y. Trading. Mr. D.I.Y Trading is a customer of our Group. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH.

11. CONFLICT OF INTEREST *(Cont'd)*

No.	Businesses/ Corporations	Principal activity	Nature of interest
			Gan Choon Leng is a director of Mr. D.I.Y. Trading.
5.	Iconic Trading (Asia) Pte Ltd *(formerly known as Mr D.I.Y. Retail (Singapore) Pte Ltd)* ("**Iconic**")	Wholesale trade of a variety of goods outside Malaysia	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director) and Ong Chu Jin Adrian Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Oceanic Star Ltd, which in turn is the holding company of Iconic. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH.
6.	PT Duta Intiguna Yasa ("**Intiguna**")	Trading and importing of goods for the Mr. D.I.Y. operations in Indonesia	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director), Ong Chu Jin Adrian, Brahmal A/L Vasudevan and Soo Sze Yang (Alternate Director) Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Creador III L.P., Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Mind Professional Holding Ltd ("**Mind Professional**"), which in turn is the holding company of Azara Alpina Sdn Bhd ("**Azara**"). Azara is the holding company and Agave Salmiana Sdn Bhd ("**Agave**") is the other shareholder of PT Daya Intiguna Yasa, which in turn is the holding company of Intiguna, Indah and Sentosa. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH. Ong Chu Jin Adrian and Brahmal A/L Vasudevan are indirect limited partners of Creador III L.P., which in turn is an indirect shareholder of Azara. Tan Yu Yeh is also a shareholder of Azara. Ong Chu Jin Adrian and Soo Sze Yang are shareholders of Agave. Tan Yu Yeh and Gan Choon Leng are directors of both Mind Professional and Azara.
7.	PT Daya Indah Yasa ("**Indah**")	Mr. D.I.Y. retail operations in Indonesia	
8.	PT Duta Sentosa Yasa ("**Sentosa**")	Distribution operations in Indonesia	

11. CONFLICT OF INTEREST *(Cont'd)*

No.	Businesses/ Corporations	Principal activity	Nature of interest
9.	Bricolage Distributor Inc ("**Bricolage Distributor**")	Distribution operations in Philippines	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director), Ong Chu Jin Adrian and Brahmal A/L Vasudevan Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Mr. D.I.Y. (Singapore) Ltd, which in turn is the holding company of Carissa Balsam Sdn Bhd ("**Carissa**"). Carissa is the holding company of Bricolage Holding Inc, which in turn is the holding company of Bricolage Distributor, Bricolage Philippines and Bricolage Import. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH. Tan Yu Yeh is a director of Carissa. Tan Yu Yeh, Ong Chu Jin Adrian, Brahmal A/L Vasudevan, Gan Choon Leng and Tan Gaik Hoon have indirect limited partnership interests in Creador IV L.P., which in turn has indirect substantial shareholdings in Carissa. Tan Yu Wei has direct and indirect limited partnership interests in Creador IV L.P.
10.	Bricolage Philippines Inc ("**Bricolage Philippines**")	Mr. D.I.Y. retail operations in Philippines	
11.	Bricolage Import Inc ("**Bricolage Import**")	Dormant	
12.	Mr D.I.Y. (Cambodia) Co., Ltd ("**Mr D.I.Y. Cambodia**")	Mr. D.I.Y. retail operations in Cambodia	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director) and Ong Chu Jin Adrian Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Aellers International Ltd, which in turn is the holding company of Mr D.I.Y. Cambodia. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH. Ong Chu Jin Adrian is a director of Mr D.I.Y. Cambodia.

11. CONFLICT OF INTEREST *(Cont'd)*

No.	Businesses/ Corporations	Principal activity	Nature of interest
13.	Mr. D.I.Y. (LAO) Co., Ltd ("**Mr. D.I.Y. Lao**")	Mr. D.I.Y. retail operations in Laos (inactive)	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director) and Ong Chu Jin Adrian Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon MDIH is the holding company of Arragon Resources Ltd, which in turn is the holding company of Mr. D.I.Y. Lao. Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Gan Choon Leng and Tan Gaik Hoon are shareholders of MDIH. Tan Yu Yeh and Gan Choon Leng are directors of MDIH. Ong Chu Jin Adrian is a director of Mr. D.I.Y. Lao.
14.	Eco-Shop Marketing Sdn Bhd ("**Eco-Shop**")	Engaged in the business of retailing of groceries and general consumer goods	Interested MDGM Directors: Tan Yu Yeh, Tan Yu Wei (Alternate Director), Ong Chu Jin Adrian and Brahmal A/L Vasudevan Interested MDGM Substantial Shareholders: Tan Yu Yeh, Tan Yu Wei, Gan Choon Leng and Tan Gaik Hoon Tan Yu Yeh, Tan Yu Wei, Ong Chu Jin Adrian, Brahmal A/L Vasudevan, Gan Choon Leng and Tan Gaik Hoon are indirect limited partners of Creador IV L.P., which in turn has indirect 10% shareholding in Eco-Shop. Tan Yu Wei has direct and indirect limited partnership interests in Creador IV L.P.

Regional Operations undertaken by MDIH

Our Directors or substantial shareholders as described above have interests in retail operations under the brand name of "MR. D.I.Y." outside of Malaysia and Brunei ("**Regional Operations**"). Our Board is of the view that the involvement/interests of our Directors and substantial shareholders in the Regional Operations do not give rise to any existing or potential conflict of interest as the Regional Operations do not compete with our business because the business under the Regional Operations are geographically distinct due to the following reasons:

(i) Our operations are in Malaysia and Brunei while the Regional Operations operate outside these countries, specifically Thailand, Indonesia, Philippines, Cambodia and Singapore while the "MR. D.I.Y." operations in Laos have not commenced as at the LPD. For the Creador-related funds, their interests are only in respect of "MR. D.I.Y."'s operations in the Philippines and Indonesia. Accordingly, due to geographical boundaries, each of the Regional Operations including any other geographies to be entered into in the future has an entirely distinct and separate customer base and market, and as a result, does not compete for the same customers as MDGM;

(ii) We own the Trademarks under the Deeds of Assignment and we are in the process of registering the Trademarks under our name with the Intellectual Property Corporation of Malaysia and the Brunei Intellectual Property Office for our business in Malaysia and Brunei. In addition, under the Licensing Agreement, we have been granted an exclusive, perpetual and irrevocable licence to use all of the IPRs in Malaysia and Brunei. As a result, we are the sole entity that is able to conduct retail operations under the "MR D.I.Y." brand and associated brands in Malaysia and Brunei. See Annexure C of this Prospectus for further details on the Trademarks, Section 10.1.1(iv) of this Prospectus for further details on the Deeds of Assignment and Section 10.1.1(v) of this Prospectus for further details on the Licensing Agreement;

(iii) We have an established presence in Malaysia, spanning over 15 years and we are the largest home improvement retailer in Malaysia in 2019. The scale of our store network is substantial. As at the LPD, our store network in Malaysia was more than seven times larger than the number of stores operated by our closest competitor which places us in an advantageous position in terms of competition; and

(iv) Our key senior management personnel are not involved in the day-to-day management of the "MR. D.I.Y." operations in Thailand, Indonesia, Philippines, Singapore and Cambodia (despite the provision of the advisory and consultancy services from time to time alongside overseeing certain shared function services as described below) and will not be involved in the day-to-day operations in Laos upon their commencement of business. Each Regional Operations has its own independent and standalone in-country management team including their own country heads and/or area managers to undertake their respective day-to-day operations. In the case of Cambodia, its operations are managed by the management team in Thailand.

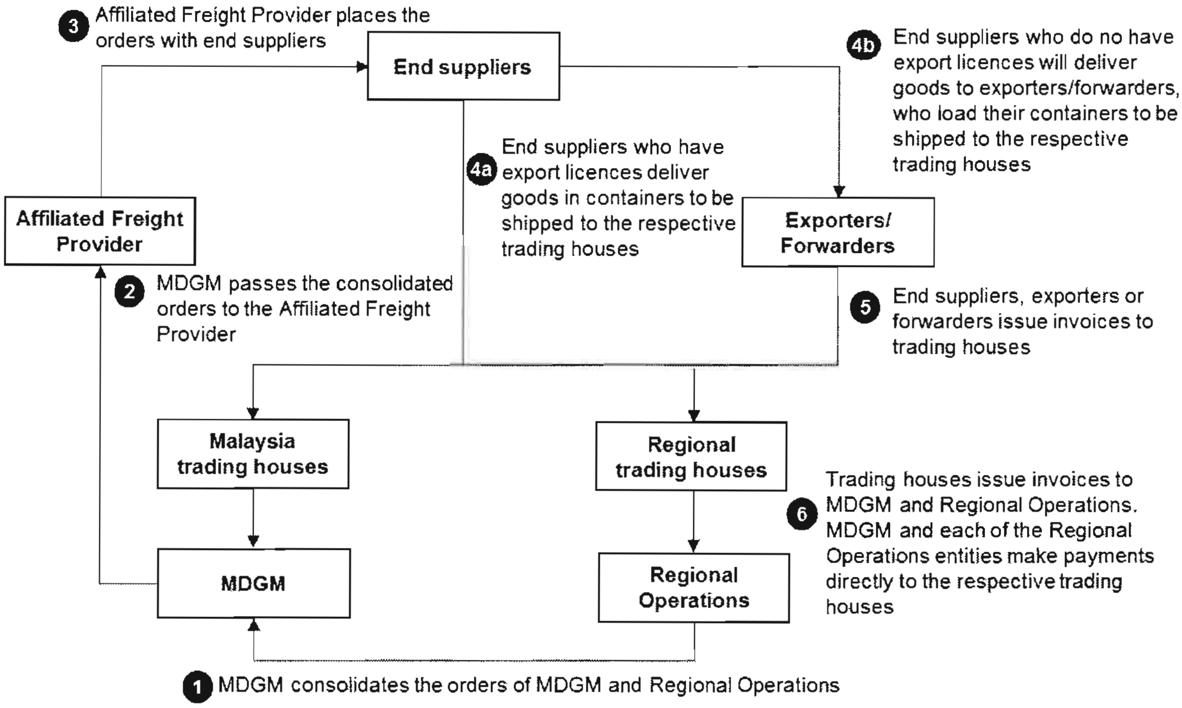
Consultancy and Shared Functions services

There are certain centralised functions and services provided to the Regional Operations by us as described in Section 10.1.1(iii) of this Prospectus, in particular the Procurement Service and financial reporting services (for Singapore only). In addition, Tan Yu Yeh and Ong Chu Jin Adrian who are our Executive Directors, Tan Yu Wei, who is our Alternate Director and our other key senior management personnel, provide advisory and consultancy services on marketing (such as initial marketing initiatives for new stores and common branding theme), retailing, warehouse, logistic, procurement and corporate office matters (including miscellaneous advice such as information technology, finance and business development).

As disclosed in Section 10.1.1(iii) of this Prospectus, the Procurement Service is confined to the ordering, pricing and negotiation of purchase terms. MDGM negotiates directly with the end suppliers on the pricing of products and supply arrangements, and consolidates the purchase orders of MDGM and the Regional Operations before passing the orders to the end suppliers. Where purchases of products are made from end suppliers in China, a China-based freight management service provider (referred to in Section 7.10.1 of this Prospectus) ("**Affiliated Freight Provider**") places the consolidated orders with the respective end suppliers in China on behalf of MDGM and the Regional Operations.

The Regional Operations are responsible for the logistics, settlement and payment arrangements of their purchases. As part of our import supply chain process as illustrated in the diagram below, the end suppliers, exporter or forwarder would deliver the products to the respective trading houses in Malaysia and the countries where the Regional Operations operate. Invoices are issued to the respective trading houses for the products. MDGM and/or the Regional Operations receive the imported products from the respective trading houses, and make payments to the respective trading houses against their respective invoices. The trading houses pass on the applicable portion of these payments to the relevant end suppliers in settlement of the purchases of the imported products.

Import supply chain process of MDGM and Regional Operations



Our Board is of the view that the provision of these shared functions and services by our Group as well as the advisory and consultancy services by our Executive Directors and key senior management personnel to the MDIH Group do not give rise to any existing and potential conflict of interest situation because:

(i) Their involvement is only limited to providing consultative services. In providing such services, each of them expects to spend only between 9 to 40 days a year and the time spent in providing such services will not affect their commitment to our Group in terms of their respective roles and responsibilities since these services do not entail any executive function or role to be undertaken by any of them;

(ii) The collective Procurement Service is mutually beneficial to us and MDIH Group as the consolidation of both our orders through the same supply chain enables us to gain greater economies of scale in sourcing and procurement, and as a result, we are able to negotiate for more attractive terms from our suppliers with no preferential arrangement between us and the MDIH Group in respect of the pricing terms set by the end suppliers for merchandise purchased by us and the MDIH Group;

(iii) Through the advisory and consultancy services, we are able to broadly develop the "MR D.I.Y." brand positively over a common platform; and

(iv) The services described above are subject to review and approval of our Audit and Risk Management Committee, and subject to the thresholds and approval for recurrent related party transactions prescribed under the Listing Requirements which may necessitate an announcement and, if applicable, the mandate or approval of our shareholders. The arrangement was effective starting 1 October 2019 and may be terminated upon either party giving at least two months' prior notice. In any event, for the duration of the arrangement, the provision of such services to the MDIH Group is subject to the availability of our personnel and resources and is at our sole discretion.

Eco-Shop

Certain of our Directors and substantial shareholders as described in Section 11.1 of this Prospectus above have an interest in Eco-Shop through Creador IV L.P. ("**Creador IV**"). Our Board is of the view that this interest in Eco-Shop does not give rise to any existing or potential conflict of interest with our Group due to the following:

(i) Our sales of household, hardware and electrical product categories collectively account for approximately 68.9% of our sales for FPE 30 June 2020 and approximately 66.9% for FYE 31 December 2019. On the other hand, Eco-Shop's sales are largely focused on food and beverage, consumables, groceries and household product categories with minor sales contribution from hardware and electrical products, all of which are sold at a fixed price of RM2.10. Our "MR. D.I.Y." stores do not operate a fixed priced model and retail a wider product variety at varying price points, as compared to Eco-Shop. Based on this, Eco-Shop is not viewed as a competitor to our "MR. D.I.Y." stores;

(ii) Creador IV's indirect shareholding in Eco-Shop is only 10% and the remaining shareholders of Eco-Shop and its directors are not related to nor are they associates of our Directors and substantial shareholders. The interest in Eco-Shop by certain of our Directors and substantial shareholders is only by virtue of their limited partnership interests in Creador IV, representing a collective effective equity interest in Eco-Shop of only 0.8%;

(iii) Creador IV is a limited partnership formed to operate as a closed-end fund managed by Creador Management IV Ltd ("**Manager**") where its interest in Eco-Shop is only for investment purposes. Our Directors and substantial shareholders are merely financial investors of Creador IV and as limited partners, they do not have any control or ability to participate in Creador IV's management, investment decision or its investees; and

(iv) Although Brahmal A/L Vasudevan is a director and substantial shareholder of the Manager and also a limited partner of Creador IV, he is our non-executive Director and is not involved in our management and in respect of Eco-Shop, he does not sit on its board of directors nor is he involved in its management.

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.2.1 Declaration by CIMB

CIMB and its related and associated companies, as well as its holding company CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of businesses relating to amongst others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services business. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our company and/or our affiliates.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Company and/or our affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other, and accordingly there may be situations where parts of the CIMB Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, CIMB Bank Berhad and CIMB Islamic Bank Berhad have extended total credit facilities of RM312.3 million to our Group. It is expected that our Company will repay some of the borrowings owing to CIMB Bank Berhad using the proceeds raised from our Public Issue. The credit facilities were granted on the conditions, that among others, we provide an undertaking to submit an application for the Listing within 12 months from the first drawdown and for us to use all reasonable efforts to carry out the Listing within 24 months from the first drawdown.

CIMB is of the view that the abovementioned extension of credit facilities does not result in a conflict of interest in respect of its capacity which prevents it from acting as Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO due to the following:

(i) the total credit facilities extended are not material when compared to the audited total NA of CIMB Group of approximately RM56.2 billion as at 31 December 2019; and

(ii) CIMB Bank Berhad is a licensed commercial bank and CIMB Islamic Bank Berhad is a licensed Islamic bank and the extension of such credit facilities to our Group arose in the ordinary course of business of CIMB Bank Berhad.

11.2.2 Declaration by Maybank IB

Maybank IB, being Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Malayan Banking Berhad has extended credit facilities to our Group amounting to RM200.0 million in its ordinary course of business. It is expected that our Group will repay the borrowings owing to Malayan Banking Berhad using the proceeds raised from our Public Issue. The credit facilities were granted on the conditions, that among others, we provide an undertaking to submit an application for the Listing within 12 months from the first drawdown and for us to use all reasonable efforts to carry out the Listing within 24 months from the first drawdown.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO due to the following:

(i) Malayan Banking Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in its ordinary course of business;

(ii) the conduct of Malayan Banking Berhad in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal controls and checks; and

(iii) the total aggregate outstanding amount owed by our Group to Malayan Banking Berhad of about RM169.8 million as at the LPD is not material when compared to its audited NA as at 31 December 2019 of RM70.1 billion.

Maybank IB confirms that there is no conflict of interest situation in its capacity as Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

11.2.3 Declaration by Credit Suisse

Credit Suisse, together with its affiliates, branches and subsidiaries (together, the "**Credit Suisse Group**"), comprise a full service financial services provider engaged in securities trading, brokerage activities as well as investment banking and financial advisory services. In the ordinary course of trading and brokerage activities, members of the Credit Suisse Group may hold positions for its own account or the accounts of its customers, in equity, debt or other securities of members of our Group.

The Credit Suisse Group may engage in transactions with, and perform services for our Group in the ordinary course of business and has engaged, and may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Group, for which the Credit Suisse Group has received, or may in the future receive, customary compensation.

Having regard to the foregoing, Credit Suisse confirms that there is no conflict of interest in its capacity as the Joint Global Coordinator and Joint Bookrunner in relation to our IPO as the Credit Suisse Group has not made any loan to our Company (to the knowledge of Credit Suisse) and Credit Suisse will not receive any proceeds from our IPO, except with respect to the fees payable to, and expenses incurred by Credit Suisse in connection with its role as the Joint Global Coordinator and Joint Bookrunner in relation to our IPO.

11.2.4 Declaration by RHB IB

RHB IB and its related and associated companies ("**RHB Banking Group**") form a diversified financial group and engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus. In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or its affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB IB may also bid for our Shares to be offered under the Institutional Offering.

As at the LPD, RHB Bank Berhad has subsisting term loan and revolving credit with a combined limit of RM200 million with our Group. The extension of the said facilities is in the ordinary course of business of the RHB Bank Berhad. It is expected that some of the borrowings owing to RHB Bank Berhad will be repaid with the proceeds raised from our Public Issue. The credit facilities were granted on the conditions, that among others, we provide an undertaking to submit an application for the Listing within 12 months from the first drawdown and for us to use all reasonable efforts to carry out the Listing within 24 months from the first drawdown.

Notwithstanding the above, RHB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO due to the following:

(i) RHB IB is a licensed investment bank and its appointment as the Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO is in the ordinary course of its business and RHB IB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO;

(ii) the credit facilities were provided by RHB Bank Berhad on an arm's length basis and in its ordinary course of business and are not conditional upon RHB IB being appointed as Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO or upon any other proposal(s) being undertaken by any entity(ies) within the RHB Banking Group;

(iii) the team in-charge of the IPO in RHB Banking Group is independent from the team handling the credit facilities;

(iv) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the CMSA and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and

(v) the total outstanding amount owed by our Group to RHB Bank Berhad of approximately RM169.8 million as at the LPD is not material when compared to the audited NA of RHB Banking Group as at 31 December 2019 of RM25.8 billion.

Save as disclosed above, RHB IB confirms that it is not aware of any circumstance that exists or is likely to exist to give rise to a conflict of interest situation in its capacity as the Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

11.2.5 Declaration by J.P. Morgan

J.P. Morgan and/or its subsidiaries, branches, affiliates and associates (the **"J.P. Morgan Group"**), in its capacity as principal or agent, is and may in the future, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, securities issuance, trading (customer and proprietary) and brokerage) from which conflicting interests or duties may arise. The J.P. Morgan Group has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for members of our Group, in addition to the role set out in this Prospectus.

In addition, in the ordinary course of its global investment banking and commercial banking activities, J.P. Morgan and other members of the J.P. Morgan Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with members of our Group and/or any other persons, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative instruments) or senior loans of members of our Group.

J.P. Morgan confirms that notwithstanding the above, they do not have a conflict of interest which prevents it from acting in its capacity as the Joint Global Coordinator and Joint Bookrunner for our IPO.

11.2.6 Declaration by UBS

UBS Group AG, UBS and/or their respective subsidiaries, branches, affiliates and associates (collectively, the "**UBS Group**"), in its capacity as principal or agent, is and may in the future, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, securities issuance, trading (customer and proprietary) and brokerage) from which conflicting interests or duties may arise. The UBS Group has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for our Group, in addition to the role(s) set out in this Prospectus.

In addition, in the ordinary course of its global investment banking and commercial banking activities, UBS AG and other members of the UBS Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with members of our Group and/or any other persons, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative instruments) or senior loans of members of our Group.

UBS confirms that notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as the Joint Bookrunner in relation to our IPO.

11.2.7 Declaration by AmIB

AmIB, is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB, its subsidiaries and associated companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of businesses relating to amongst others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services. AmBank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates.

In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Company and/or our affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

AmInvestment Bank is of the opinion that its role as the Joint Underwriter for our Public Issue does not give rise to a conflict of interest situation.

11.2.8 Declaration by HLIB

HLIB and its related and associated companies, as well as its holding company Hong Leong Financial Group Berhad and the subsidiaries and associated companies of its holding company (collectively "**Hong Leong Group**") form a diverse range of industries and businesses including banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure, and principal investments amongst others.

In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Company and/or our affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the Hong Leong Group generally acting independently of each other, and accordingly there may be situations where parts of the Hong Leong Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

HLIB is of the opinion that its role as the Joint Underwriter for our Public Issue does not give rise to a conflict of interest situation.

11.2.9 Declaration by Kenanga IB

Kenanga IB and its related and associated companies ("**Kenanga Group**") form a diversified financial group and are engaged in a wide range of businesses relating to amongst others, investment banking, brokerage, securities trading, asset and funds management and credit transaction services. The Kenanga Group has engaged and/or may in the future, engage in transactions with and perform services for our Company and/or our affiliates.

In addition, in the ordinary course of business, any member of the Kenanga Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Company and/or its affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the Kenanga Group generally acting independently of each other, and accordingly there may be situations where parts of the Kenanga Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

Kenanga IB is of the opinion that its role as the Joint Underwriter for our Public Issue does not give rise to a conflict of interest situation.

11.2.10 Declaration by BDO PLT

BDO PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

11.2.11 Declaration by Albar & Partners

Albar & Partners confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

11.2.12 Declaration by Latham & Watkins LLP

Latham & Watkins LLP confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to United States federal securities law and English law in relation to our IPO.

11.2.13 Declaration by Adnan Sundra & Low

Adnan Sundra & Low confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters as to Malaysian law in relation to our IPO.

11.2.14 Declaration by Baker & McKenzie.Wong & Leow

Baker & McKenzie.Wong & Leow confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators and Joint Bookrunners as to United States federal securities law and English law in relation to our IPO.

11.2.15 Declaration by Frost & Sullivan

Frost & Sullivan confirms that there is no conflict of interest in its capacity as the IMR in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020 presented below have been derived from the consolidated financial statements contained in the Accountants' Report included in Section 13 of this Prospectus (the "**Consolidated Financial Statements**"). Our Consolidated Financial Statements are prepared in accordance with MFRS and IFRS. The historical interim financial information for FPE 30 June 2019 and 2020 are not necessarily indicative of the results to be expected for any corresponding full year or any other interim period. The unaudited monthly revenue for the months in FPE 30 June 2020 presented in Section 12.2.1 below is derived from our unaudited consolidated management accounts, which have not been reviewed, confirmed or audited by our Auditors or Reporting Accountants, and the results presented by such unaudited financial information therefore remain subject to change and may differ from our actual results had such financial information been audited or reviewed.

The following historical financial information should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12.2 of this Prospectus together with the Accountants' Report set out in Section 13 of this Prospectus.

Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	FYE 31 December			FPE 30 June	
	Audited			Unaudited	Audited
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,229,216	1,771,058	2,275,587	1,096,730	1,050,749
Cost of sales	(687,210)	(997,227)	(1,311,894)	(633,421)	(602,707)
GP	**542,006**	**773,831**	**963,693**	**463,309**	**448,042**
Other operating income	2,471	3,819	10,261	6,843	8,145
Administrative expenses	(37,066)	(58,707)	(70,455)	(39,286)	(40,464)
Other operating expenses	(207,195)	(291,562)	(402,867)	(188,623)	(221,090)
Profit from operations	**300,216**	**427,381**	**500,632**	**242,243**	**194,633**
Finance costs	(21,009)	(30,126)	(64,606)	(28,495)	(36,040)
Share of profit of an associate	675	1,206	1,707	630	1,114
PBT	**279,882**	**398,461**	**437,733**	**214,378**	**159,707**
Income tax expense	(69,874)	(90,128)	(120,165)	(59,944)	(44,264)
Net profit for the financial year/period, attributable to the owners of the Company[1]	**210,008**	**308,333**	**317,568**	**154,434**	**115,443**
Other comprehensive income, net of tax	9	33	17	41	104
Total comprehensive income	**210,017**	**308,366**	**317,585**	**154,475**	**115,547**
Other selected financial data					
Depreciation and amortisation	(72,353)	(104,400)	(138,803)	(65,142)	(81,151)
EBITDA[2]	371,436	530,292	636,315	305,408	274,286
Adjusted EBITDA[3]	309,814	440,925	516,715	248,805	205,502
GP margin[4] (%)	44.1	43.7	42.3	42.2	42.6
EBITDA margin[5] (%)	30.2	29.9	28.0	27.8	26.1
Adjusted EBITDA margin[6] (%)	25.2	24.9	22.7	22.7	19.6
PBT margin[7] (%)	22.8	22.5	19.2	19.5	15.2
PAT margin[8] (%)	17.1	17.4	14.0	14.1	11.0
Basic and diluted EPS[9] (sen)	3.45	5.06	5.22	2.54	1.90

Notes:

(1) All of our net profit for the financial year/period is attributable to the owners of our Company as we do not have any non-controlling interest.

(2) EBITDA is calculated as net profit for the relevant financial year/period plus: (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; (iv) depreciation of right-of-use assets; and (v) amortisation of intangible assets, less (vi) share of profit of an associate and (vii) interest income.

(3) Adjusted EBITDA is EBITDA less payments of lease liabilities and other MFRS 16 Leases adjustments (reassessments and modifications of leases, rent concessions and provision for restoration costs).

(4) Computed based on GP divided by revenue.

(5) Computed based on EBITDA divided by revenue.

(6) Computed based on Adjusted EBITDA divided by revenue.

(7) Computed based on PBT divided by revenue.

(8) Computed based on net profit for the relevant financial year/period divided by revenue.

(9) Computed based on net profit for the relevant financial year/period attributable to owners of our Company divided by the weighted average number of Shares outstanding (after the completion of the Pre-IPO Exercise) of 6,088,200,000.

The following table reconciles our net profit for the financial year/period to EBITDA and Adjusted EBITDA for the years/periods indicated:

	FYE 31 December			FPE 30 June	
	Audited			Unaudited	Audited
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year/period	**210,008**	**308,333**	**317,568**	**154,434**	**115,443**
Add/(Less):					
Income tax expense	69,874	90,128	120,165	59,944	44,264
Finance costs	21,009	30,126	64,606	28,495	36,040
Amortisation of intangible assets	493	639	917	387	537
Depreciation of property, plant and equipment	20,288	31,012	41,685	19,524	24,264
Depreciation of right-of-use assets	51,572	72,749	96,201	45,231	56,350
Share of profit of an associate	(675)	(1,206)	(1,707)	(630)	(1,114)
Interest income	(1,133)	(1,489)	(3,120)	(1,977)	(1,498)
EBITDA	**371,436**	**530,292**	**636,315**	**305,408**	**274,286**
(Less):					
Payments of lease liabilities	(61,490)	(88,828)	(115,753)	(54,230)	(64,816)
Other MFRS 16 Leases adjustments (reassessments and modifications of leases, rent concessions and provision for restoration costs)	(132)	(539)	(3,847)	(2,373)	(3,968)
Adjusted EBITDA	**309,814**	**440,925**	**516,715**	**248,805**	**205,502**

We had early adopted MFRS 16 Leases in FYE 31 December 2018 and accordingly, the comparative financial information for FYE 31 December 2017 have been restated to give effect to the adoption of MFRS 16 Leases.

Under MFRS 16 Leases, our net profit for the financial year/period includes interest expense on the lease liabilities under finance costs, depreciation of right-of-use assets and other MFRS 16 Leases adjustments (such as reassessments and modifications of leases, rent concessions and provision for restoration costs).

EBITDA is calculated as our net profit for the financial year/period plus (i) income tax expense, (ii) finance costs, (iii) depreciation of property, plant and equipment, (iv) depreciation of right-of-use assets and (v) amortisation of intangible assets, less (vi) share of profit of an associate and (vii) interest income.

Adjusted EBITDA for the financial year/period is presented to give effect to our earnings before interest, taxation, depreciation and amortisation before the application of MFRS 16 Leases and is calculated as our EBITDA less payments of lease liabilities and other MFRS 16 Leases adjustments such as reassessments and modifications of leases, rent concessions and provision for restoration costs. Adjusted EBITDA is presented in this Prospectus because we believe that some investors regard it as a useful metric for assessing our financial performance, including when comparing our financial performance against other companies who report an equivalent metric before the application of MFRS 16 Leases.

EBITDA, Adjusted EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with IFRS and MFRS. Furthermore, EBITDA and Adjusted EBITDA are not measures of our financial performance or liquidity under IFRS and MFRS and should not be considered as an alternative to net profit, operating profit or any other performance measures derived in accordance with IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and Adjusted EBITDA are not standardised terms, and hence, direct comparisons of EBITDA and Adjusted EBITDA between companies may not be possible. Other companies may calculate EBITDA and Adjusted EBITDA differently from us, limiting its usefulness as a comparative measure.

Selected Historical Consolidated Statements of Financial Position

The following table sets out a summary of our consolidated statements of financial position as at the dates indicated:

	As at 31 December			As at 30 June
	Audited			Audited
	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000
Total non-current assets	563,490	816,474	1,064,851	1,132,804
Total current assets	402,092	567,142	759,119	898,530
Total assets	**965,582**	**1,383,616**	**1,823,970**	**2,031,334**
Total non-current liabilities	380,345	542,068	1,260,787	726,852
Total current liabilities	236,005	316,986	222,709	848,461
Total liabilities	**616,350**	**859,054**	**1,483,496**	**1,575,313**
Net assets	**349,232**	**524,562**	**340,474**	**456,021**
Net current assets	166,087	250,156	536,410	50,069
Share capital	1,970	1,970	1,970	1,970
Merger reserve	(117,450)	(117,450)	(117,450)	(117,450)
Foreign currency translation reserve	9	42	59	163
Retained earnings	464,703	640,000	455,895	571,338
Total equity	**349,232**	**524,562**	**340,474**	**456,021**
Total borrowings	31,057	92,015	623,355	608,852
Net (cash)/borrowings[(1)]	(58,364)	25,362	482,684	336,386
Gearing ratio[(2)] (times)	0.09	0.18	1.83	1.34
Net gearing ratio[(3)] (times)	*N/A	0.05	1.42	0.74

Notes:

(1) Computed based on total borrowings less cash and bank balances as at the end of the year/period.

(2) Computed based on total borrowings divided by total equity as at the end of the year/period.

(3) Computed based on net borrowings (total borrowings less cash and bank balances) divided by total equity as at the end of the year/period.

* Net gearing ratio is not applicable as our Group was in a net cash position.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our consolidated financial information for FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020, which have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

12.2.1 Overview

Business Overview

We are the largest home improvement retailer in Malaysia, with an estimated market share of 29.1% in 2019 based on our revenue for FYE 31 December 2019. The first "MR. D.I.Y." store opened in 2005, and as at the LPD, we operate 670 stores across Malaysia and four stores in Brunei. Our network of stores in Malaysia is extensive, with a presence in every state and Federal Territory in Malaysia. In FYE 31 December 2019 and FPE 30 June 2020, we recorded approximately 8.4 million and 6.8 million transactions per month on average at our stores, respectively. In recognition of the strength of the "MR. D.I.Y." brand name among consumers in Malaysia, we received the "*Brand Leadership in Retail – Home Improvement 2018 – 2019*" award from the BrandLaureate in 2019 and the "*Winner in Retail – Home Improvement Category (National Tier)*" award in the World Branding Awards in 2018 and 2019.

The home improvement retail sector in Malaysia grew at a CAGR of 12.4% from 2014 to 2019 in terms of retail sales value and is expected to continue to grow at a CAGR of 10.2% until 2024. As the leader in the home improvement retail sector, we are well positioned to capitalise on this expected growth. For further details, see Section 8 of this Prospectus.

We operate and manage all of our stores directly. We typically locate our stores in convenient locations that are easily accessible to our customers such as alongside busy roads, in shopping malls, business parks and shopping districts. Our stores typically operate seven days a week to maximise convenience for our customers. In FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020, we opened 110, 113, 126 and 47 new stores (net of store closures), respectively, and from 1 July 2020 up to the LPD, we opened 34 new stores (net of store closures). We intend to continue to open new stores across Malaysia, with a target of at least 30 "MR. D.I.Y." stores, eight "MR. TOY" stores and eight "MR. DOLLAR" stores from LPD until the end of 2020, totalling at least 132 new stores in 2020, and approximately 175 additional stores in 2021, comprising approximately 100 "MR. D.I.Y." stores, approximately 25 "MR. TOY" stores and approximately 50 "MR. DOLLAR" stores. Our extensive network of stores enables us to provide our customers with convenient access to our products and we aim to increase the presence of our stores in Malaysia and Brunei, including in highly populated and underserved areas. Furthermore, the large scale of our operations enables us to leverage on our economies of scale to obtain better supply terms, reduce sales costs per product, and improve our operational efficiency.

Our merchandising strategy is to offer our customers a wide range of products that provide attractive price-to-quality value propositions. Our stores carry an extensive variety of products. The majority of our products consist of hardware, household and furnishing, electrical, stationery and sports equipment products. Our products are selected to appeal to a wide range of consumers and are competitively priced and affordable to mass-market consumers. We seek to maintain a competitive advantage over our competitors and new entrants into our market, and continually review our product mix in order to respond to the changing demands of our customers. As at 30 June 2020, our stores carried approximately 16,600 SKUs on average per store. In FYE 31 December 2019 and FPE 30 June 2020, the average value of a transaction at our stores was RM22.2 and RM25.2, respectively.

Our store operations are supported by centrally managed inventory management and distribution systems, which help us ensure that our stores have sufficient stock to meet our customers' demands. As at the LPD, we operate a distribution centre consisting of a cluster of 11 closely located properties situated in Balakong, Seri Kembangan, Selangor, Malaysia and one property situated in Port Klang, Selangor, Malaysia, from which all of our products are distributed to our stores across Peninsular Malaysia through our fleet of 113 delivery trucks, and to our stores across East Malaysia and Brunei through third party freight service providers. We also use third party freight service providers to distribute our products to certain of our stores in Peninsular Malaysia that are inaccessible to our delivery trucks.

From FYE 31 December 2017 to FYE 31 December 2019, our revenue increased at a CAGR of 36.1% from RM1,229.2 million to RM2,275.6 million, our EBITDA increased at a CAGR of 30.9% from RM371.4 million to RM636.3 million, our gross profit increased at a CAGR of 33.3% from RM542.0 million to RM963.7 million and our net profit for the financial year increased at a CAGR of 23.0% from RM210.0 million to RM317.6 million.

From FPE 30 June 2019 to FPE 30 June 2020, our revenue decreased by 4.2% from RM1,096.7 million to RM1,050.7 million, our EBITDA decreased by 10.2% from RM305.4 million to RM274.3 million, our gross profit decreased by 3.3% from RM463.3 million to RM448.0 million and our net profit for the financial period decreased by 25.2% from RM154.4 million to RM115.4 million. The general decline in our financial performance for FPE 30 June 2020 compared to FPE 30 June 2019 was primarily due to the temporary closure of our stores in Malaysia in FPE 30 June 2020 following the implementation of the MCO, as described below.

In FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020 and from 1 July 2020 to the LPD, our stores processed approximately 58.3 million, 80.9 million, 101.3 million, 40.7 million and 20.4 million transactions, respectively.

COVID-19 Pandemic

The COVID-19 pandemic has impacted economic activity and financial markets in countries across the world, including Malaysia where substantially all of our operations are based. In response to an increase in the COVID-19 infection rate in Malaysia, the Government implemented the MCO, which took effect from 18 March 2020 and imposed various restrictions on the conduct of activities in Malaysia. During the initial phase of the MCO, which continued until 3 May 2020, such restrictions included (i) a general prohibition on the movement and gathering of people within Malaysia, (ii) a prohibition on the entry into Malaysia by non-Malaysian persons, (iii) restrictions on persons traveling out of Malaysia and (iv) a requirement that all private and public commercial premises be closed unless such premises operate to provide what were deemed to be an "essential service" under the MCO. On 4 May 2020, the Government implemented the CMCO, which involved the relaxing or lifting of various restrictions implemented under the MCO. During the CMCO period, which continued until 9 June 2020, certain restrictions on the movement of persons, including interstate travel, were relaxed, limited gatherings of persons in small groups were permitted and various public and private commercial premises were permitted to operate, subject to compliance with health and safety measures. On 10 June 2020, the Government implemented the RMCO, which further relaxed various restrictions on the movement and gathering of persons, interstate and international travel and the conduct of public and private commercial activity. The Government has announced that the RMCO will remain in effect until 31 December 2020.

In Malaysia, following the implementation of the MCO, we were required to temporarily close all of our stores by 22 March 2020. The following table sets out the number of our stores which were temporarily closed as at the dates indicated.

	As at			
	31 March 2020	**30 April 2020**	**31 May 2020**	**30 June 2020**
Total number of stores	628	628	631	640[(1)]
Number of stores temporarily closed due to the restrictions imposed under the MCO, CMCO and RMCO	623[(2)]	395	0	0

Notes:

(1) Does not include one store in Malaysia that operated up to 29 June 2020 and was permanently closed on 30 June 2020.

(2) The difference in the five stores was due to our four stores in Brunei that remained open and one store in Malaysia that was temporarily closed due to the temporary closure of a mall in which the store was located.

As a result of the mandatory temporary store closures under the MCO, our revenue for the months of March and April 2020 declined to RM118.0 million and RM51.0 million, respectively (based on our unaudited consolidated management accounts for the months of March and April 2020), which was substantially lower than our average monthly revenue of RM189.6 million in FYE 31 December 2019. In accordance with approvals from the relevant local authority which we received in April 2020, we began reopening some of our stores. However, our stores which were permitted to open were only permitted to operate for a limited number of hours each day and/or a limited number of days per week, in accordance with approvals from the relevant local authorities. With the implementation of the CMCO, we were permitted to reopen our stores in Malaysia in accordance with the rules of the CMCO and by 31 May 2020, none of our stores in Malaysia were closed due to the restrictions under the MCO. Following the implementation of the RMCO, certain of the prohibitions and restrictions imposed under the CMCO have been relaxed and/or lifted, allowing us to resume normal operating hours and days of our stores. With the reopening of our stores, our revenue for the months of May and June 2020 increased to RM233.5 million and RM232.1 million, respectively, compared to our revenue in April 2020 of RM51.0 million and our average monthly revenue of RM189.6 million in FYE 31 December 2019. The foregoing financial data is based on our unaudited consolidated management accounts for the months of April, May and June 2020. However, should the COVID-19 pandemic persist or worsen in Malaysia, or if the RMCO restrictions are extended or enhanced, we may not be able to sustain these revenue levels or we may again see a decline in revenues. The following table sets out our revenue for the months indicated in FPE 30 June 2020 based on our unaudited consolidated management accounts.

	FPE 30 June 2020						
	Unaudited						**Audited**
	January	**February**	**March**	**April**	**May**	**June**	**Total**
	RM'mil	**RM'mil**	**RM'mil**	**RM'mil**	**RM'mil**	**RM'mil**	**RM'mil**
Revenue	226.4	189.7	118.0	51.0	233.5	232.1	1,050.7

The financial information for the months in FPE 30 June 2020 presented above is derived from our unaudited consolidated management accounts, which have not been reviewed, confirmed or audited by our auditors or reporting accountants, and our results presented by such unaudited financial information therefore remain subject to change and may differ from our actual results had such financial information been audited or reviewed.

As at the LPD, the COVID-19 pandemic has not resulted in any material disruptions to our operations in Brunei and we have not been required to temporarily cease the operations of any of our stores in Brunei as a result of the COVID-19 pandemic. Our revenue from our stores in Brunei increased from RM10.1 million in FPE 30 June 2019 to RM10.8 million in FPE 30 June 2020.

We have implemented a number of measures to protect the health and safety of our employees and customers. See Section 7.23 of this Prospectus for details of such measures we have implemented in response to the COVID-19 pandemic. The implementation of these measures have not resulted in a material increase in our operating expenses.

Most of our products are sourced from end suppliers in China. Notwithstanding certain delays in imports of merchandise from China in February and March 2020 when China was implementing measures to contain the spread of COVID-19, the implementation of the MCO and the onset of the COVID-19 pandemic across Asia, we have not experienced any material disruptions or delays in our supply chain and distribution operations, nor have we experienced any material increases in our supply chain and logistics costs since 1 January 2020 up to the LPD.

The full impact of the COVID-19 pandemic on our business, financial condition, results of operations and prospects will depend on a number of factors beyond our control and which are difficult to ascertain with certainty, such as the length of time that the COVID-19 pandemic and the MCO will persist, as well as any future developments or restrictions as a result of the pandemic, and the nature and effectiveness of governmental and public actions taken in response to COVID-19.

12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be, affected by a number of factors, including those set out below.

Average transaction value and number of transactions

We generate almost all of our revenue from sales of products at our stores. The average transaction value of each sales transaction made by our customers and the total number of sales transactions at our stores are the primary drivers for our overall financial performance and have a direct impact on our revenue, financial position and the SSSG of our stores.

A store can increase revenue from (i) an increase in the average value of each transaction at the store; and/or (ii) an increase in the number of transactions at the store. The average value of a transaction varies across our stores depending on the product mix and prices of products offered at the store and our ability to anticipate and respond effectively to consumer preference, consumer buying patterns and economic trends. We continually review our product mix and pricing in order to respond to the changing preferences of our customers and to maintain a competitive advantage over our competitors or new entrants into our market. The number of transactions at a store depends primarily on the level of footfall near the store's location, our ability to provide a range of product offerings that generates new and repeat visits to our stores, and the customer experience and standard of service we provide in our stores.

The following table sets out the average value of each transaction at our stores, the average sales per store per day, the average number of transactions per month and the average number of transactions per store per day for the years/periods indicated:

	FYE 31 December			FPE 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
Average value of each transaction (RM)[(1)(2)]	21.0	21.8	22.2	22.6	25.2
Average sales per store per day (RM)[(1)(3)]	11,341	11,731	11,463	12,113	11,667
Average number of transactions per month ('000)[(4)]	4,860.9	6,744.1	8,442.6	8,031.2	6,786.4
Average number of transactions per store per day[(5)]	537	541	513	535	460

Notes:

(1) The average value of each transaction and the average sales per store per day excludes GST (a multi-stage tax paid by consumers as well as suppliers) (where applicable).

(2) Calculated as the revenue generated by our stores during the financial year/period divided by the number of transactions at our stores during the financial year/period.

(3) Calculated as the aggregate of our stores' sales per day during the financial year/period divided by the number of stores operating at any time during the financial year/period. Our stores' sales per day during the financial year/period is calculated by aggregating the result of dividing the sales generated by each store during the financial year/period with the number of operating days for each such respective store during the financial year/period.

(4) Calculated as the number of transactions at our stores during the financial year or period divided by 12 and six, respectively.

(5) Calculated as the aggregate of our stores' number of transactions per day during the financial year/period divided by the number of stores operating at any time during the financial year/period. Our stores' number of transactions per day during the financial year/period is calculated by aggregating the result of dividing the number of transactions generated by each store during the financial year/period with the number of operating days for each such respective store during the financial year/period.

SSSG is a measure of the growth in revenue generated by our stores during a period compared to the revenue generated by those same stores during the corresponding period of the same duration in the immediately preceding year. The following table sets out the SSSG of our stores for the years/periods indicated:

	FYE 31 December			**FPE 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
SSSG[(1)(2)]	6.5%	4.5%	1.8%	7.2%	(24.6)%
Adjusted SSSG[(3)]	N/A	N/A	N/A	N/A	(0.1)%
Number of stores included in the calculation of SSSG	163	219	331	330	449
Average number of stores during the financial year/period[(4)]	299	410	530	495	616

Notes:

(1) The SSSG of our stores for a period (e.g. 12 months) is calculated by dividing (a) the revenue generated by our stores during that period after deducting the revenue generated by those same stores during the corresponding period of the same duration in the immediately preceding year, by (b) the revenue generated by those same stores during the period of the same duration in the immediately preceding year. SSSG for a six-month period can therefore only be calculated for our stores which have been in operation for the full six months for the relevant period as well as the same corresponding period in the prior year and SSSG for a 12-month period can therefore only be calculated for our stores which have been in operation for a minimum of 24 months.

(2) SSSG excludes sales generated by our stores which were closed temporarily and later re-opened. For further details, see Section 7.4.1 of this Prospectus.

(3) In FPE 30 June 2020, a number of our stores in Malaysia were required to be temporarily closed as a result of the implementation of the MCO from 18 March 2020 to 3 May 2020. For further details on the implementation of the MCO, see Sections 7.25 and 12.2.1 of this Prospectus. We present the Adjusted SSSG of our stores in FPE June 2020 in order to reflect the sales performance of our stores in FPE June 2020, excluding the period of 18 March 2020 to 3 May 2020 (both dates inclusive) during which the MCO was in force. To calculate the Adjusted SSSG of our stores in FPE 30 June 2020, we exclude any sales generated by our stores for the periods of 18 March to 3 May (both dates inclusive) in FPE 30 June 2019 and FPE 30 June 2020.

(4) Calculated based on the simple average of the number of stores at the beginning of the financial year/period and at the end of the financial year/period. At the beginning of FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020, we had 244, 354, 467, 467 and 593 stores respectively. At the end of FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020, we had 354, 467, 593, 523 and 640 stores, respectively. See Section 7.4.1 of this Prospectus for further details on the net change in the number of our stores during FYE 31 December 2017 to 31 December 2019 and FPE 30 June 2020.

SSSG of our stores was 6.5% in FYE 31 December 2017 primarily due to (a) a general recovery in economic conditions and consumer demand in Malaysia in 2017 compared to a general slowdown in economic conditions and consumer demand in Malaysia in 2016; (b) an increase in the number of transactions at the stores and a higher average value per transaction in FYE 31 December 2017 compared to FYE 31 December 2016; and (c) the effect of the increase in our product prices due to the cessation of our programme of absorbing GST costs in 2016.

SSSG of our stores remained positive in FYE 31 December 2018 as a result of a continued general recovery in economic conditions and consumer demand in Malaysia in 2018, but reduced to 4.5%, due to (a) a more gradual general recovery in economic conditions and consumer demand in Malaysia in 2018 compared to 2017; and (b) a lower increase in the number of transactions at our stores compared to FYE 31 December 2017.

SSSG of our stores remained positive for FYE 31 December 2019 but at a reduced rate of 1.8% compared to FYE 31 December 2018. The positive SSSG in FYE 31 December 2019 was due to a higher average value per transaction and a higher number of transactions at our stores compared to FYE 31 December 2018 which was partially offset by a general slowdown in consumer demand in Malaysia compared to the previous financial year and in part by our cessation of sales of certain products which we believe did not comply with applicable certification standards during the second half of 2019 (for further details, see Section 5.1.1(b) of this Prospectus).

SSSG of our stores in FPE 30 June 2020 was negative 24.6% primarily due to the temporary closure of a number of our stores in Malaysia in FPE 30 June 2020 following the implementation of the MCO. Our Adjusted SSSG in FPE 30 June 2020 was negative 0.1% primarily due to the continuation from 2019 of a general slowdown in consumer demand in Malaysia in FPE 30 June 2020.

Improving our SSSG allows us to increase our revenue while maintaining a relatively steady fixed cost base, such as employee benefits expenses, rental expenses and store utilities expenses, thereby increasing our operating margins.

Expansion of our store network

The number of stores that we operate directly affects our sales, costs and profitability. The following table sets out a breakdown of our store network as at 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020 and our revenue generated from our stores in FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020 by region in Malaysia and in Brunei.

	No. of stores				
	As at 31 December			**As at 30 June**	
Region	**2017**	**2018**	**2019**	**2019**	**2020**
Peninsular Malaysia					
Central[(1)]	101	140	184	158	202
East Coast[(2)]	65	81	99	90	105
North[(3)]	59	77	97	86	105
South[(4)]	68	96	123	106	129
East Malaysia[(5)]	58	69	86	79	95
Sub-total	**351**	**463**	**589**	**519**	**636**
Brunei	3	4	4	4	4
Total	**354**	**467**	**593**	**523**	**640**

Region	Revenue from stores[6]				
	FYE 31 December			FPE 30 June	
	2017	2018	2019	2019	2020
	(RM'mil)	(RM'mil)	(RM'mil)	(RM'mil)	(RM'mil)
Peninsular Malaysia					
Central[1]	374.7	532.2	718.4	339.1	338.2
East Coast[2]	165.9	242.6	293.7	141.4	130.3
North[3]	192.4	284.7	352.1	170.1	167.7
South[4]	272.0	375.4	483.2	237.2	214.7
East Malaysia[5]	206.1	312.2	385.1	189.8	163.0
Sub-total	**1,211.1**	**1,747.1**	**2,232.5**	**1,077.6**	**1,013.9**
Brunei	16.6	19.1	20.0	10.1	10.8
Total revenue generated by stores	**1,227.7**	**1,766.2**	**2,252.5**	**1,087.7**	**1,024.7**

Notes:

(1) Consists of the state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.

(2) Consists of the states of Kelantan, Terengganu and Pahang.

(3) Consists of the states of Perlis, Kedah, Pulau Pinang and Perak.

(4) Consists of the states of Johor, Melaka and Negeri Sembilan.

(5) Consists of the states of Sabah and Sarawak, and the Federal Territory of Labuan.

(6) Excludes revenue from our e-commerce website and the sale of our products on third party e-commerce retail platforms, revenue from trading of our products which form part of our total revenue and, in relation to FPE 30 June 2020, ad hoc bulk sales to corporate third parties.

Our continued ability to increase our revenue through the growth of our store network depends primarily on our ability to identify and secure locations with good prospects for success, such as locations in areas with high customer traffic and which are easily accessible. As part of our strategy to capture the growth opportunities in Malaysia's underpenetrated home improvement retail sector, we plan to continue to expand our store network across Malaysia. In FPE 30 June 2020 and from 1 July 2020 up to the LPD, we have already opened 47 and 34 new stores (net of store closures), respectively. We intend to continue to open new stores across Malaysia, with a target of at least 100 "MR. D.I.Y." stores, 22 "MR. TOY" stores and ten "MR. DOLLAR" stores in 2020, and approximately 175 additional stores in 2021, comprising approximately 100 "MR. D.I.Y." stores, approximately 25 "MR. TOY" stores and approximately 50 "MR. DOLLAR" stores. From LPD until the end of 2020, we intend to open at least 30 "MR. D.I.Y." stores, eight "MR. TOY" stores and eight "MR. DOLLAR" stores.

As we grow our store network, many of our operating expenses and cost of sales, such as our cost of inventory, employee benefits expenses, rental expenses, store utilities expenses and insurance expenses, will also increase. At the same time, operating a large network of stores allows us to leverage on economies of scale to improve our margins. Our large scale of operations enables us to improve our bargaining position when negotiating with our counterparties in order to secure more favourable terms from them.

Product offering range and pricing

Our stores carry a variety of product categories, the majority of which consist of hardware, household and furnishing, electrical, stationery and sports equipment which drives customer traffic and repeat customers to our stores. Our merchandising strategy is to offer our customers a broad range of products that cater to their household needs at price points which provide attractive price-to-quality value propositions.

Our products are typically competitively priced and affordable to mass-market consumers, which attracts customers and drives our sales. In a survey by Frost & Sullivan comparing a selection of our products against products of the same or similar brand, or similar products, sold by our competitors, our product offerings were generally cheaper than the same or comparable products offered by our competitors in Malaysia. We generally maintain consistent pricing for our products across our stores. However, the prices of certain products may differ between stores primarily as a result of varying logistics and distribution costs of stocking those stores with such products. In FPE 30 June 2020, the average transaction value at our stores was RM25.2.

Effective sourcing and distribution of our products

Our operating results are significantly affected by our ability to source and purchase product inventory in sufficient quantities at competitive prices. Our largest expense is our cost of sales in procuring product inventory. We source our products from over 800 end suppliers, comprising manufacturers and distributors, in China, Malaysia, Thailand and Indonesia to obtain favourable supply terms. A significant increase in the prices at which we purchase goods from our end suppliers will have an adverse effect on our financial performance if we are unable to pass on such increase in prices to our customers. Although we strive to contain our cost increases or pass on such cost increases to our customers in order to maximise our profitability, we may not be able to increase the price of our product offerings by a corresponding amount or at all, in part due to the competitiveness of the markets in which we operate, and in part due to our strategy of offering products at price points which are attractive to and affordable for mass-market consumers. In addition, our sales could be adversely affected in the event that our supply chain does not operate appropriately or is disrupted, including if we are unable to procure and stock sufficient quantities of goods in a manner that is able to match market demand from our customers, or to efficiently distribute product inventory from our distribution centre to our stores.

Employee benefits expenses

We operate a labour-intensive business and consequently our employee benefits expenses affect our results of operations. Our employee benefits expenses include, among others, employees' salaries and other allowances, employees' provident fund contributions and employees' social security contributions, mainly incurred in respect of our employees at our stores. Our employee benefits expenses for our corporate headquarters operations are accounted for under administrative expenses and our employee benefits expenses for our stores and warehousing operations are accounted for under other operating expenses in our consolidated statements of profit or loss and other comprehensive income. For further details of our employee benefits expenses, see Section 12.2.4 of this Prospectus.

The following table sets out the percentage of total employee benefits expenses against our Group's revenue for the years/periods indicated.

	FYE 31 December		
	2017	**2018**	**2019**
	RM'000	**RM'000**	**RM'000**
Total employee benefits expenses	124,862	174,409	227,464
Revenue	1,229,216	1,771,058	2,275,587
Total employee benefits expenses as a percentage of revenue	10.2%	9.8%	10.0%

	FPE 30 June	
	2019	**2020**
	RM'000	**RM'000**
Total employee benefits expenses	109,797	131,392
Revenue	1,096,730	1,050,749
Total employee benefits expenses as a percentage of revenue	10.0%	12.5%

Our employees' salaries are determined by various factors, including the experience, function and the employment seniority of the employee. We pay our employees in accordance with the applicable statutory minimum wage and increases in the applicable minimum wage from time to time will result in increases in our employee benefits expenses in respect of salaries of our employees at our stores and certain of our administrative and headquarters, and warehousing employees. We generally compensate our staff at levels which are competitive in the markets in which we operate. In addition to salaries and incentive-based pay, we also incur ancillary staff costs, such as expenses on the recruitment and training of our employees. As at 31 December 2019, the base salary for our employees in Malaysia was in accordance with the then applicable Malaysian statutory minimum wage of RM1,100 per month, and our employees' compensation increases with their performance, promotion and length of service. As at 31 December 2019, approximately 34.3% of our employees were compensated at the then applicable statutory minimum wage. Commencing from 1 February 2020, the statutory minimum wage rate in 56 cities within Malaysia, as identified by the Government, is RM1,200 per month and the statutory minimum wage rate in other cities within Malaysia continues to be RM1,100 per month. As at 30 June 2020, approximately 46.8% of our employees were compensated at the applicable statutory minimum wage.

Rental expenses

Our business is real-estate intensive and requires us to own or rent the property where our stores are located. Part of our strategy and business model is to operate an "asset light" business with respect to our store network where we seek to minimise our investments in fixed assets or capital intensive assets. As a result, we generally rent most of the properties on which we operate our stores.

We generally enter into leases for our stores for initial terms of three years with options for us to extend for multiple periods of up to three years each. We also typically enter into leases for our offices, distribution centre and warehousing facilities for initial terms of three years with options for us to extend the lease terms, subject to certain conditions. Our lease rental rates may be adjusted depending on prevailing conditions in the property market at the time of renewal of our leases/tenancies and are subject to applicable maximum increases agreed to under each lease/tenancy. As at the LPD, 673 of our stores operate on tenanted properties and one of our stores operates on a property owned by us. We also incur rental costs for our office space, our distribution centre and warehousing facilities. As at the LPD, we lease ten and own two of the properties we use for our offices, distribution centre and warehousing facilities. We also lease four storage units with a combined floor area of approximately 40,000 sq. ft. in close proximity to our distribution centre in Balakong. We use these storage units to store inventory, as well as items and products for our own internal use, such as items and products to conduct quality control inspections on goods.

In accordance with MFRS 16 Leases, we account for rental expenses in respect of our leases for our offices, stores, distribution centre and warehousing facilities (other than short term leases of less than 12 months or leases in respect of low value assets), where we are the lessee, as a right-of-use asset and a lease liability in our consolidated statements of financial position and recognise the interest expense on the lease liability under finance costs and the depreciation expense on the right-of-use asset under other operating expenses in our consolidated statements of profit or loss and other comprehensive income. We account for short term leases of less than 12 months or leases in respect of low value assets as rental expenses.

In FPE 30 June 2020, we also received ad hoc rebates on our rental expenses from our landlords in respect of certain of our stores in connection with the implementation of the MCO.

General economic conditions and consumer spending in Malaysia

The majority of our business is derived from our operations in Malaysia, which accounted for 98.7%, 98.9%, 99.1% and 99.0% of our revenue in FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 and FPE 30 June 2020, respectively. As at the LPD, we operate 674 stores, of which 670 stores are located in Malaysia. As a result, our business depends on, and will continue to depend on, Malaysian consumer spending and the general state of the Malaysian economy. Demand for, and prevailing prices of, our products relate directly to the strength of the Malaysian economy, including overall economic growth levels.

Malaysia's GDP has grown at a CAGR of 4.9% between 2014 and 2019, and is expected to grow at a CAGR of 3.3% between 2019 and 2024. In general, positive conditions in the broader Malaysian economy promote customer spending at our stores, while economic weakness, which generally results in a reduction of customer spending, may have a different or more extreme effect on spending at our stores.

Our costs and expenses and margins are also affected by changes in tax regulations. There have been changes in sales taxes in Malaysia in recent years. Malaysia now levies SST, which is a single-stage tax levied on suppliers and varies between 5% and 10% for goods and 6% for services. The establishment of SST, which replaced the 6% GST previously in force and which was abolished in June 2018, resulted in increases in our costs and lower margins.

12.2.3 Critical accounting estimates and judgments

The preparation of our financial statements in accordance with MFRS and IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities as at the reporting date. We periodically review our estimates and underlying assumptions to ensure they incorporate all financial information available at the date when the financial statements are prepared. However, actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of an asset or liability affected in the future.

Judgments made in applying accounting policies

There are no significant judgments made by our management in the process of applying the accounting policies of our Group that have a significant effect on the amounts recognised in the Consolidated Financial Statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years/periods are discussed below. While we believe that there is no significant impact arising from the COVID-19 pandemic and the implementation of the MCO by the Government on the judgments, estimates and assumptions used in the preparation of our financial statements for the FPE 30 June 2020, we continue to assess the impact of the COVID-19 pandemic and the implementation of the MCO on our financial statements for FYE 31 December 2020 and future periods, including in respect of lease modifications, expected credit losses of financial assets, write-down of inventories to net realisable values and impairment assessments of assets (property, plant and equipment, right-of-use assets and investments in subsidiaries and associates).

(i) Determination of the lease term for leases

We determine the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend the lease or to terminate the lease if we are reasonably certain to exercise the relevant options. Management is required to consider the relevant facts and circumstances that create an economic incentive for our Group either to exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amount of lease liabilities of our Group.

(ii) Provision for restoration costs

We estimate provision for restoration costs based on historical costs incurred per sq. ft. of rented area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs of our Group.

12.2.4 Results of operations

Principal Components of our Consolidated Statements of Profit or Loss and Other Comprehensive Income

Revenue

We generate almost all of our revenue from sales of products at our stores. We also generate other revenue through sales on various e-commerce platforms, such as our e-commerce website, www.mrdiy.com.my, which we launched in June 2018, and third party e-commerce retail platforms, Shopee and Lazada, since November 2017 and November 2018, respectively. Additionally, we also generate a small portion of our revenue from trading sales of our products to third party businesses, including our related party, and, in FPE 30 June 2020, we also generated a small portion of our revenue from ad hoc bulk sales to corporate third parties. In FYE 31 December 2018 and 2019 and FPE 30 June 2020, revenue from sales on our e-commerce website and third party e-commerce retail platforms was RM2.1 million, RM5.8 million and RM12.2 million, respectively, accounting for 0.1%, 0.3% and 1.2% of our total revenue, respectively, in FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020, revenue from sales to third party businesses, including our related party, was RM1.4 million, RM2.7 million, RM17.4 million and RM9.1 million, respectively, accounting for 0.1%, 0.2%, 0.8% and 0.9% of our total revenue, respectively, and in FPE 30 June 2020, revenue from ad hoc bulk sales to corporate third parties was RM4.8 million, accounting for 0.4% of our total revenue.

Revenue by geographical location

We generate almost all of our revenue from our operations in Malaysia, where we operate 670 out of our 674 stores as at the LPD. Revenue from our operations in Malaysia also includes revenue generated from our e-commerce website and the sale of our products on third party e-commerce retail platforms, revenue from trading sales of our products and, in relation to FPE 30 June 2020, ad hoc bulk sales to corporate third parties. The following table sets out a breakdown of our revenue by geographical location for the years/periods indicated.

	FYE 31 December					
	2017		2018		2019	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,212,648	98.7	1,751,917	98.9	2,255,598	99.1
Brunei[(1)]	16,568	1.3	19,141	1.1	19,989	0.9
Total	**1,229,216**	**100.0**	**1,771,058**	**100.0**	**2,275,587**	**100.0**

	FPE 30 June			
	2019		2020	
	RM'000	%	RM'000	%
Malaysia	1,086,591	99.1	1,039,961	99.0
Brunei(1)	10,139	0.9	10,788	1.0
Total	**1,096,730**	**100.0**	**1,050,749**	**100.0**

Note:

(1) Revenue from our operations in Brunei is denominated in BND, and has been converted to RM for the purposes of presentation in the above table. The revenue generated from our operations in Brunei shown in the table above would be impacted by fluctuations in the BND-RM foreign exchange rate. We therefore also set out below a breakdown of our revenue from our operations in Brunei in local currency terms.

	FYE 31 December					
	2017		2018		2019	
	RM'000	BND'000	RM'000	BND'000	RM'000	BND'000
Brunei	16,568	5,499	19,141	6,306	19,989	6,573
Exchange rate(1) (RM to BND)	3.0131	-	3.0355	-	3.0412	-

	FPE 30 June			
	2019		2020	
	RM'000	BND'000	RM'000	BND'000
Brunei	10,139	3,318	10,788	3,517
Exchange rate(1) (RM to BND)	3.0562	-	3.0676	-

Note:

(1) Based on the middle rates quoted by BNM at 5.00 p.m. on 29 December 2017, 31 December 2018, 31 December 2019, 28 June 2019 and 30 June 2020, being the last business day for FYE 31 December 2017, 2018 and 2019, and FPE 30 June 2019 and 2020 respectively.

Cost of sales

Our cost of sales comprises: (i) fees we pay to third party trading houses in Malaysia for import and logistics services, which includes the purchase costs of the products we purchase from our end suppliers, and fees for transportation and delivery services and handling customs clearing processes; (ii) the purchase costs of the products we purchase directly from our end suppliers in Malaysia; (iii) fees we pay to third party logistics service providers to deliver our products from our distribution centre to our stores and to fulfil sales orders through our e-commerce website and third party e-commerce platforms; and (iv) costs associated with inventories written off and inventory losses. In line with our revenue breakdown by geographical location, almost all of our cost of sales were incurred for our operations in Malaysia.

In FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020, our cost of sales was RM687.2 million, RM997.2 million, RM1,311.9 million, RM633.4 million and RM602.7 million, respectively, which included costs associated with inventories written off and inventory losses of RM8.9 million, RM18.8 million, RM32.1 million, RM12.2 million and RM10.3 million, respectively.

Other operating income

Our other operating income comprise primarily of: (i) interest income received from deposits with financial institutions; (ii) reversal of provisions for restoration costs for our stores; (iii) gains on disposals of property, plant and equipment; and (iv) realised gains from changes in foreign exchange rates, driven mainly by gains from fluctuations in the BND-RM foreign exchange rate arising from our operations in Brunei and fluctuations in the SGD-RM foreign exchange rate arising from our trading sales denominated in SGD.

The following table sets out a breakdown of our other operating income for the years/periods indicated.

	FYE 31 December					
	2017		2018		2019	
	RM'000	%	RM'000	%	RM'000	%
Interest income from deposits with financial institutions	1,133	45.9	1,489	39.0	3,120	30.4
Reversal of provisions for restoration costs	132	5.3	539	14.1	3,374	32.9
Gains from disposals	155	6.3	195	5.1	306	3.0
Others[(1)]	1,051	42.5	1,596	41.8	3,461	33.7
Total	**2,471**	**100.0**	**3,819**	**100.0**	**10,261**	**100.0**

	FPE 30 June			
	2019		2020	
	RM'000	%	RM'000	%
Interest income from deposits with financial institutions	1,977	28.9	1,498	18.4
Reversal of provisions for restoration costs	2,971	43.4	357	4.4
Gains from disposals	159	2.3	132	1.6
Others[(1)]	1,736	25.4	6,158	75.6
Total	**6,843**	**100.0**	**8,145**	**100.0**

Note:

(1) Comprises income from: (i) realised gains from changes in foreign exchange rates; (ii) the sale of recyclable materials such as packaging pallets and cardboard boxes; (iii) in relation to FYE 31 December 2018, compensation received from landlords in FYE 31 December 2018; (iv) in relation to FYE 31 December 2019, a gain on reassessments and modifications of leases of RM2.3 million in connection with the termination of leases for certain stores as a result of the relocation of such stores or a change in the landlord for such stores; (v) in relation to FPE 30 June 2020, rental rebates on our rental expenses of RM3.4 million we received from our landlords in respect of certain of our stores in connection with the implementation of the MCO; and (vi) in relation to FPE 30 June 2020, a management fee of RM1.5 million pursuant to the consultancy and shared functions agreement we entered into with MDIH for certain services we provide to the MDIH Group. The consultancy and shared functions agreement was effective from 1 October 2019. For further details on the consultancy and shared functions agreement, see Sections 10.1.1(iii) and 11.1 of this Prospectus.

Administrative expenses

Our administrative expenses comprise primarily of: (i) employee benefits expenses in respect of our staff at our corporate headquarters; (ii) advertising costs; (iii) rental expenses; (iv) upkeep and maintenance costs; (v) bank and credit card charges; and (vi) insurance expenses.

The following table sets out a breakdown of our administrative expenses for the years/periods indicated.

	FYE 31 December					
	2017		2018		2019	
	RM'000	%	RM'000	%	RM'000	%
Employee benefits expenses(1)	19,985	53.9	33,829	57.6	28,420	40.3
Advertising	4,478	12.1	7,128	12.1	7,840	11.1
Rental expenses(2)	2,301	6.2	3,728	6.3	3,509	5.0
Upkeep and maintenance(3)	1,418	3.8	1,938	3.3	2,861	4.1
Bank and credit card charges(4)	1,030	2.8	1,742	3.0	2,570	3.6
Insurance expenses(5)	922	2.5	995	1.7	1,373	1.9
Depreciation of property, plant and equipment	295	0.8	147	0.3	162	0.2
Others(6)	6,637	17.9	9,200	15.7	23,720	33.8
Total	**37,066**	**100.0**	**58,707**	**100.0**	**70,455**	**100.0**

	FPE 30 June			
	2019		2020	
	RM'000	%	RM'000	%
Employee benefits expenses(1)	17,087	43.5	21,187	52.4
Advertising	3,620	9.2	3,516	8.7
Rental expenses(2)	1,843	4.7	1,853	4.6
Upkeep and maintenance(3)	1,234	3.1	2,232	5.5
Bank and credit card charges(4)	1,314	3.3	1,433	3.5
Insurance expenses(5)	808	2.1	695	1.7
Depreciation of property, plant and equipment	81	0.2	123	0.3
Others(6)	13,299	33.9	9,425	23.3
Total	**39,286**	**100.0**	**40,464**	**100.0**

Notes:

(1) Employee benefits expenses in respect of salaries, bonuses, contributions to defined contribution plans, directors' remuneration and other costs relating to our staff at our corporate headquarters.

(2) Mainly comprises rental expenses in respect of advertising space and land.

(3) Upkeep and maintenance expenses in respect of our corporate headquarters, such as cleaning and repair works, purchase of storage items and maintenance of software, machinery and hardware.

(4) Bank and credit card charges in respect of merchant fees charged by financial institutions and online payment gateways for sales paid using credit and debit cards.

(5) Insurance expenses in respect of our motor vehicles, staff, operational premises and stores.

(6) Other administrative expenses include expenses in respect of security services, medical fees, permit expenses, printing and stationery, entertainment expenses, stamp duty, professional fees and commission fees paid to service providers in connection with our use of their e-commerce retail platforms. Our other administrative expenses in FYE 31 December 2019 also includes a total of RM9.8 million in one-off costs comprising: (i) RM6.0 million in respect of stamp duty and arrangement fees relating to revolving credit and term loan facilities we incurred in FYE 31 December 2019; and (ii) RM3.8 million in audit and professional fees incurred in connection with our IPO. Our other administrative expenses in FPE 30 June 2019 and 2020 also includes one-off costs comprising RM2.2 million and RM3.1 million, respectively, in audit and professional fees incurred in connection with our IPO.

Other operating expenses

Our other operating expenses comprise primarily of: (i) employee benefits expenses in respect of our staff at our distribution centre, warehousing facilities and stores; (ii) depreciation of right-of-use assets; (iii) depreciation of property, plant and equipment; (iv) utilities expenses; and (v) transportation costs.

The following table sets out a breakdown of our other operating expenses for the years/periods indicated.

	FYE 31 December					
	2017		2018		2019	
	RM'000	%	RM'000	%	RM'000	%
Employee benefits expenses(1)	104,877	50.6	140,580	48.2	199,044	49.4
Depreciation of right-of-use assets	51,572	24.9	72,749	25.0	96,201	23.9
Depreciation of property, plant and equipment(2)	19,993	9.7	30,865	10.6	41,523	10.3
Utilities expenses(3)	17,279	8.3	26,469	9.1	36,446	9.0
Transportation(4)	6,674	3.2	9,254	3.2	11,821	2.9
Upkeep and maintenance(5)	2,639	1.3	4,163	1.4	6,859	1.7
Levy charges(6)	-	-	3,317	1.1	2,672	0.7
Rental expenses(7)	2,514	1.2	2,455	0.8	3,431	0.9
Amortisation of intangible assets	493	0.2	639	0.2	917	0.2
Others(8)	1,154	0.6	1,071	0.4	3,953	1.0
Total	**207,195**	**100.0**	**291,562**	**100.0**	**402,867**	**100.0**

	FPE 30 June			
	2019		2020	
	RM'000	%	RM'000	%
Employee benefits expenses(1)	92,710	49.2	110,205	49.9
Depreciation of right-of-use assets	45,231	23.9	56,350	25.5
Depreciation of property, plant and equipment(2)	19,443	10.3	24,141	10.9
Utilities expenses(3)	17,081	9.1	17,679	8.0
Transportation(4)	5,361	2.8	4,453	2.0
Upkeep and maintenance(5)	3,010	1.6	3,113	1.4
Levy charges(6)	1,307	0.7	1,315	0.6
Rental expenses(7)	1,700	0.9	2,360	1.1
Amortisation of intangible assets	387	0.2	537	0.2
Others(8)	2,393	1.3	937	0.4
Total	**188,623**	**100.0**	**221,090**	**100.0**

Notes:

(1) Employee benefits expenses in respect of salaries, bonuses, contributions to defined contribution plans and other costs relating to our staff at our distribution centre, warehousing facilities and stores.

(2) Including depreciation in respect of our trucks.

(3) Utilities expenses in respect of our corporate headquarters, distribution centre, warehousing facilities and stores.

(4) Transportation expenses include petrol costs in connection with the delivery of our products by our delivery trucks, transportation costs for our staff at our corporate headquarters and accommodation costs.

(5) Upkeep and maintenance expenses in respect of our distribution centre, warehousing facilities and stores.

(6) From 1 January 2018 onwards, we are required to pay levy charges for our non-Malaysian employees in Malaysia.

(7) Rental expenses in respect of short term leases and leases in respect of low value assets.

(8) Other operating expenses include fixed assets written off and hostel expenses.

Finance costs

Our finance costs comprise primarily of interest expenses on: (i) lease liabilities; (ii) bank overdrafts, revolving credit facilities, hire purchase arrangements and term loans; and (iii) unwinding of discounts on provisions (accounted for as accreted interest based on the present value of such provisions) for restoration costs for the reinstatement of our stores on the expiry of our stores' leases.

The following table sets out a breakdown of our finance costs for the years/periods indicated.

	FYE 31 December					
	2017		2018		2019	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
Lease liabilities	19,190	91.4	27,648	91.8	37,373	57.8
Borrowings	1,353	6.4	1,808	6.0	26,516	41.1
Unwinding of discount on provision for restoration costs	466	2.2	670	2.2	717	1.1
Total	**21,009**	**100.0**	**30,126**	**100.0**	**64,606**	**100.0**

	FPE 30 June			
	2019		2020	
	RM'000	%	RM'000	%
Interest expense on:				
Lease liabilities	17,661	62.0	21,975	61.0
Borrowings	10,483	36.8	13,706	38.0
Unwinding of discount on provision for restoration costs	351	1.2	359	1.0
Total	**28,495**	**100.0**	**36,040**	**100.0**

Share of profit of an associate

Our share of profit of an associate comprise of our share of profit of our associate, Qube, which we account for using the equity method of accounting based on our effective equity interest in our associate. Our effective equity interest in Qube as at 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020 was 30.0%.

Income tax expense

Our income tax expense comprise primarily of: (i) income tax expenses on our PBT at the applicable statutory tax rate in Malaysia; and (ii) deferred income tax relating to origination and reversal of temporary differences. Our effective income tax rate in a given year/period differs from the applicable statutory tax rates for the current year/period due to: (a) changes in our non-deductible expenses, which primarily arise from the depreciation of non-qualifying property, plant and equipment, legal and professional fees, licence and registration fees and entertainment expenses; (b) under or over-provisions for income tax expenses in prior years/periods; and (c) under or over-provisions of deferred tax expenses in prior years/periods.

We are subject to income tax at the applicable statutory tax rates in Malaysia and Brunei. The table below sets out the taxation and effective tax rates of our Group for the years/periods indicated.

	FYE 31 December			**FPE 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
Income tax expense recognised in consolidated statements of profit or loss and other comprehensive income (RM'000)	69,874	90,128	120,165	59,944	44,264
Malaysian tax rate (%)	24.0	24.0	24.0	24.0	24.0
Brunei tax rate (%)	18.5	18.5	18.5	18.5	18.5
Effective tax rate *(%)*	25.0	22.6	27.5	28.0	27.7

In FYE 31 December 2017, our effective tax rate was higher than the statutory income tax rate in Malaysia due to non-deductible expenses such as the depreciation of non-qualifying property, plant and equipment, non-recurring legal and professional fees, and entertainment expenses.

In FYE 31 December 2018, our effective tax rate was lower than the statutory income tax rate in Malaysia due to tax incentives granted by the Ministry of Finance, Malaysia for incremental chargeable income from business sources.

In FYE 31 December 2019, our effective tax rate was higher than the statutory income tax rate in Malaysia due to non-deductible one-off expenses we incurred in respect of stamp duty and arrangement fees relating to revolving credit and term loan facilities which we incurred in FYE 31 December 2019 and non-deductible interest expense from certain of our borrowings, the proceeds of which were used for dividends declared by our Company.

In FPE 30 June 2019, our effective tax rate was higher than the statutory income tax rate in Malaysia due to non-deductible one-off expenses we incurred in respect of stamp duty and arrangement fees relating to revolving credit and term loan facilities which we incurred in FPE 30 June 2019 and non-deductible interest expense from certain of our borrowings, the proceeds of which were used for dividends declared by our Company.

In FPE 30 June 2020, our effective tax rate was higher than the statutory income tax rate in Malaysia due to non-deductible expenses incurred for the period, such as the depreciation of non-qualifying assets.

Other comprehensive income

Our other comprehensive income comprise gains on foreign currency translations between the BND and RM.

FPE 30 June 2020 compared to FPE 30 June 2019

The following table presents selected financial information from our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	FPE 30 June				
	2019		**2020**		**% change**
	RM'000	**%**	**RM'000**	**%**	
Revenue	1,096,730	100	1,050,749	100	(4.2)
Cost of sales	(633,421)	57.8	(602,707)	57.4	(4.8)
GP	**463,309**	**42.2**	**448,042**	**42.6**	(3.3)
Other operating income	6,843	0.6	8,145	0.8	19.0
Administrative expenses	(39,286)	3.6	(40,464)	3.9	3.0
Other operating expenses	(188,623)	17.2	(221,090)	21.0	17.2
Profit from operations	**242,243**	**22.1**	**194,633**	**18.5**	(19.7)
Finance costs	(28,495)	2.6	(36,040)	3.4	26.5
Share of profit of an associate	630	0.1	1,114	0.1	76.8
PBT	**214,378**	**19.5**	**159,707**	**15.2**	**(25.5)**
Income tax expense	(59,944)	5.5	(44,264)	4.2	(26.2)
Net profit for the financial period	**154,434**	**14.1**	**115,443**	**11.0**	(25.2)
Other comprehensive income, net of tax	41	-	104	-	153.7
Total comprehensive income	**154,475**	**14.1**	**115,547**	**11.0**	**(25.2)**

Revenue

The following table sets out a breakdown of our revenue by geographical locations for the periods indicated.

	FPE 30 June				
	2019		**2020**		**% change**
Revenue	**RM'000**	**%**	**RM'000**	**%**	
Malaysia[(1)]	1,086,591	99.1	1,039,961	99.0	(4.3)
Brunei	10,139	0.9	10,788	1.0	6.4
Total	**1,096,730**	**100.0**	**1,050,749**	**100.0**	**(4.2)**

Note:

(1) Revenue from our operations in Malaysia also includes revenue generated from our e-commerce website, the sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products and, in relation to FPE 30 June 2020, ad hoc bulk sales to corporate third parties.

Our revenue generated by our operations in Malaysia decreased by 4.3% from RM1,086.6 million in FPE 30 June 2019 to RM1,040.0 million in FPE 30 June 2020, primarily due to a decrease in the number of transactions at our stores from 47.9 million in FPE 30 June 2019 to 40.4 million in FPE 30 June 2020 as a result of: (i) having to temporarily cease the operations of a number of our stores in Malaysia during the MCO; and (ii) the continuation from 2019 of a general slowdown in consumer demand in Malaysia in FPE 30 June 2020, partially offset by an increase in the average number of stores we operated from 495 in FPE 30 June 2019 to 616 in FPE 30 June 2020. In FPE 30 June 2020, our revenue generated by our operations in Malaysia also included RM4.8 million in revenue from ad hoc bulk sales of personal protection products, such as face masks, hand sanitisers, safety goggles and protective face shields, to corporate third parties.

Our revenue generated by our operations in Brunei increased by 6.4% from RM10.1 million in FPE 30 June 2019 to RM10.8 million in FPE 30 June 2020, primarily due to an increase in the number of transactions at our stores from 279,000 in FPE 30 June 2019 to 286,000 in FPE 30 June 2020.

Cost of sales

Our cost of sales decreased by 4.8% from RM633.4 million in FPE 30 June 2019 to RM602.7 million in FPE 30 June 2020, in line with the decrease in sales.

GP and GP margin

Our GP decreased by 3.3% from RM463.3 million in FPE 30 June 2019 to RM448.0 million in FPE 30 June 2020 as a result of the reasons described above.

Our GP margin remained generally consistent at 42.2% in FPE 30 June 2019 and 42.6% in FPE 30 June 2020.

The following tables set out the breakdown of our GP by product category for the periods indicated.

FPE 30 June 2019	**Hardware**	**Household and furnishing**	**Electrical**	**Stationery and sport equipment**	**Others**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue[(1)]	193,345	420,272	120,536	98,582	254,927	1,087,662
Cost of sales	(113,563)	(256,262)	(73,966)	(53,993)	(127,532)	(625,316)
Product GP	79,782	164,010	46,570	44,589	127,395	462,346
%[(2)]	41.3	39.0	38.6	45.2	50.0	42.5
Others[(3)]						963
GP						**463,309**

FPE 30 June 2020	**Hardware**	**Household and furnishing**	**Electrical**	**Stationery and sport equipment**	**Others**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue[(1)]	187,221	409,990	105,284	75,388	246,782	1,024,665
Cost of sales	(104,595)	(253,020)	(62,079)	(40,461)	(119,608)	(579,763)
Product GP	82,626	156,970	43,205	34,927	127,174	444,902
%[(2)]	44.1	38.3	41.0	46.3	51.5	43.4
Others[(3)]						3,140
GP						**448,042**

Notes:

(1) Excludes revenue generated from our e-commerce website, sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products and, in relation to FPE 30 June 2020, ad hoc bulk sales to corporate third parties.

(2) Computed as product GP divided by revenue.

(3) Includes e-commerce revenue, and revenue from third parties and, in relation to FPE 30 June 2020, ad hoc bulk sales to corporate third parties, net of associated costs.

Other operating income

Our other operating income increased by 19.0% from RM6.8 million in FPE 30 June 2019 to RM8.1 million in FPE 30 June 2020, primarily due to: (i) an increase in other income as a result of rental rebates on our rental expenses of RM3.4 million we received from our landlords in FPE 30 June 2020 in respect of certain of our stores in connection with the implementation of the MCO; and (ii) a management fee of RM1.5 million pursuant to the consultancy and shared functions agreement (which was effective from 1 October 2019) that we entered into with MDIH for certain services we provide to the MDIH Group, partially offset by a decrease in (a) the reversal of provisions for restoration costs from RM3.0 million in FPE 30 June 2019 to RM0.4 million in FPE 30 June 2020 as a result of revisions to our estimated costs for the reinstatement of our stores on the expiry of our stores' leases; and (b) interest income from finance institutions from RM2.0 million in FPE 30 June 2019 to RM1.5 million in FPE 30 June 2020 primarily due to a decrease in interest rates.

Administrative expenses

Our administrative expenses increased by 3.0% from RM39.3 million in FPE 30 June 2019 to RM40.5 million in FPE 30 June 2020, primarily due to: (i) an increase in employee benefits expenses from RM17.1 million in FPE 30 June 2019 to RM21.2 million in FPE 30 June 2020 as a result of an increase in our corporate headquarters staff from 436 as at 30 June 2019 to 509 as at 30 June 2020 to facilitate the growth of our operations and an increase in salaries and related staff costs; (ii) an increase in our upkeep and maintenance expenses from RM1.2 million in FPE 30 June 2019 to RM2.2 million in FPE 30 June 2020 primarily as a result of an increase in expenses on storage items, such as storage boxes and pallets, and maintenance for machinery and hardware; (iii) an increase in audit and professional fees relating to our IPO from RM2.2 million in FPE 30 June 2019 to RM3.1 million in FPE 30 June 2020; and (iv) an increase in our bank and credit card charges from RM1.3 million in FPE 30 June 2019 to RM1.4 million in FPE 30 June 2020, partially offset by a reduction in advertising expenses and other administrative expenses as a result of a one-off payment in FPE 30 June 2019 of RM6.0 million in respect of stamp duty and arrangement fees relating to revolving credit and term loan facilities we incurred in FPE 30 June 2019.

Other operating expenses

Our other operating expenses increased by 17.2% from RM188.6 million in FPE 30 June 2019 to RM221.1 million in FPE 30 June 2020, primarily due to: (i) an increase in our employee benefits expenses from RM92.7 million to RM110.2 million as a result of an increase in our warehousing and store staff from 8,028 as at 30 June 2019 to 9,740 as at 30 June 2020 to facilitate the growth of our operations; (ii) an increase in our depreciation of right-of-use assets from RM45.2 million to RM56.4 million as a result of an increase in the number of leases we entered into; (iii) an increase in our depreciation of property, plant and equipment from RM19.4 million to RM24.1 million as a result of an increase in our fixed assets in our new stores; (iv) an increase in our utilities expenses from RM17.1 million to RM17.7 million as a result of the growth in our store network, partially offset by having to temporarily close certain of our stores as a result of the implementation of the MCO; (v) an increase in our upkeep of assets from RM3.0 million to RM3.1 million; and (vi) an increase in our rental expenses from RM1.7 million to RM2.4 million, partially offset by a decrease in transportation expenses from RM5.4 million in FPE 30 June 2019 to RM4.5 million in FPE 30 June 2020 as a result of a reduction in the number of deliveries from our warehousing facilities to our stores as a result of having to temporarily cease the operations of certain of our stores in Malaysia during the MCO and a decrease in travelling expense reimbursements which we provide to certain of our employees, due to work from home arrangements during the MCO period.

Profit from operations

Our profit from operations decreased by 19.7% from RM242.2 million in FPE 30 June 2019 to RM194.6 million in FPE 30 June 2020 as a result of the reasons described above.

The following table sets out a breakdown of our profit from operations by geographical location for the periods indicated.

	Malaysia	**Brunei**	**Eliminations[2]**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
FPE 30 June 2019				
Profit from operations	238,752	3,451	40	242,243
Margin of profit from operations[1]	22.0%	34.0%		22.1%
FPE 30 June 2020				
Profit from operations	191,394	3,231	8	194,633
Margin of profit from operations[1]	18.4%	29.9%		18.5%

Notes:

(1) Computed based on profit from operations divided by revenue of our operations at such geographical location.

(2) Refers to adjustments to eliminate intercompany transactions between the Malaysia operations and Brunei operations of our Group in deriving the consolidated profit from operations of our Group.

Our profit from operations in Malaysia decreased by 19.8% from RM238.8 million in FPE 30 June 2019 to RM191.4 million in FPE 30 June 2020, while our margin in respect of profit from operations in Malaysia decreased from 22.0% in FPE 30 June 2019 to 18.4% in FPE 30 June 2020.

Our profit from operations in Brunei decreased by 6.4% from RM3.5 million in FPE 30 June 2019 to RM3.2 million in FPE 30 June 2020, while our margin in respect of profit from operations in Brunei decreased from 34.0% in FPE 30 June 2019 to 29.9% in FPE 30 June 2020.

Finance costs

Our finance costs increased by 26.5% from RM28.5 million in FPE 30 June 2019 to RM36.0 million in FPE 30 June 2020, primarily due to: (i) an increase in interest expense on borrowings from RM10.5 million in FPE 30 June 2019 to RM13.7 million in FPE 30 June 2020 as we incurred 6 months of interest expense during FPE 30 June 2020 (as compared to approximately 4 months of interest expense during FPE 30 June 2019) as a result of drawing down on our revolving credit and term loan facilities of RM600.0 million in March and April 2019 for our working capital, our general corporate purposes and to finance our capital expenditure (for further details, see Section 12.2.6 of this Prospectus), partially offset by a decrease in the interest rates on our loan facilities in FPE 30 June 2020 compared to FPE 30 June 2019; and (ii) an increase in interest expense on our lease liabilities from RM17.7 million in FPE 30 June 2019 to RM22.0 million in FPE 30 June 2020 as a result of an increase in the number of leases we entered into.

Share of profit of an associate

Our share of profit of an associate increased by 76.8% from RM0.6 million in FPE 30 June 2019 to RM1.1 million in FPE 30 June 2020, primarily due to an increase in distributable profits in our associate, Qube.

PBT and PBT margin

Our PBT decreased by 25.5% from RM214.4 million in FPE 30 June 2019 to RM159.7 million in FPE 30 June 2020 as a result of a decrease in our revenue, which was primarily a result of us having to temporarily cease the operations of a number of our stores in Malaysia during the MCO and an increase in our expenses during the financial period for the reasons described above.

Our PBT margin decreased from 19.5% in FPE 30 June 2019 to 15.2% in FPE 30 June 2020 as a result of the decrease in our revenue and increase in our expenses during the financial period for the reasons described above.

Income tax expense

Our income tax expense decreased by 26.2% from RM59.9 million in FPE 30 June 2019 to RM44.3 million in FPE 30 June 2020, primarily due to a decrease in our PBT and deferred income tax expenses.

Net profit for the financial period

As a result of the foregoing, our net profit for the financial period decreased by 25.2% from RM154.4 million in FPE 30 June 2019 to RM115.4 million in FPE 30 June 2020.

FYE 31 December 2019 compared to FYE 31 December 2018

The following table presents selected financial information from our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	FYE 31 December				
	2018		**2019**		**% change**
	RM'000	**%**	**RM'000**	**%**	
Revenue	1,771,058	100	2,275,587	100	28.5
Cost of sales	(997,227)	56.3	(1,311,894)	57.7	31.6
GP	**773,831**	**43.7**	**963,693**	**42.3**	**24.5**
Other operating income	3,819	0.2	10,261	0.5	168.7
Administrative expenses	(58,707)	3.3	(70,455)	3.1	20.0
Other operating expenses	(291,562)	16.5	(402,867)	17.7	38.2
Profit from operations	**427,381**	**24.1**	**500,632**	**22.0**	**17.1**
Finance costs	(30,126)	1.7	(64,606)	2.8	114.5
Share of profit of an associate	1,206	0.1	1,707	0.1	41.5
PBT	**398,461**	**22.5**	**437,733**	**19.2**	**9.9**
Income tax expense	(90,128)	5.1	(120,165)	5.3	33.3
Net profit for the financial year	**308,333**	**17.4**	**317,568**	**14.0**	**3.0**
Other comprehensive income, net of tax	33	-	17	-	(48.5)
Total comprehensive income	**308,366**	**17.4**	**317,585**	**14.0**	**3.0**

Revenue

The following table sets out a breakdown of our revenue by geographical locations for the years indicated.

	FYE 31 December				
	2018		**2019**		**% change**
Revenue	**RM'000**	**%**	**RM'000**	**%**	
Malaysia[1]	1,751,917	98.9	2,255,598	99.1	28.8
Brunei	19,141	1.1	19,989	0.9	4.4
Total	**1,771,058**	**100.0**	**2,275,587**	**100.0**	**28.5**

Note:

(1) Revenue from our operations in Malaysia also includes revenue generated from our e-commerce website and the sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products.

Our revenue generated by our operations in Malaysia increased by 28.8% from RM1,751.9 million in FYE 31 December 2018 to RM2,255.6 million in FYE 31 December 2019, primarily due to: (i) the expansion of our store network in Malaysia from 463 stores as at 31 December 2018 to 589 stores as at 31 December 2019; (ii) an increase in the number of transactions at our stores from 80.4 million in FYE 31 December 2018 to 100.7 million in FYE 31 December 2019 reflecting the full financial year impact in FYE 31 December 2019 of our 113 stores (net of store closures) which opened in FYE 31 December 2018; and (iii) an increase in the average value of transactions at our stores.

Our revenue generated by our operations in Brunei increased by 4.4% from RM19.1 million in FYE 31 December 2018 to RM20.0 million in FYE 31 December 2019, primarily due to an increase in the number of transactions at our stores, from 536,000 transactions in FYE 31 December 2018 to 571,000 transactions in FYE 31 December 2019.

Cost of sales

Our cost of sales increased by 31.6% from RM997.2 million in FYE 31 December 2018 to RM1,311.9 million in FYE 31 December 2019, primarily due to an increase in sales and an increase in inventory losses and inventories written off from RM18.8 million in FYE 31 December 2018 to RM32.1 million in FYE 31 December 2019, in line with the increase in our store network and as a result of a RM5.7 million write off of certain of our inventory which did not comply with applicable certification standards for SIRIM and MCMC. The inventory losses and inventories written off represent 1.4% of our revenue for FYE 31 December 2019 compared to 1.1% of our revenue for FYE 31 December 2018. The higher rate of increase in our cost of sales relative to the increase in our revenue between FYE 31 December 2018 and 2019 was driven primarily by an increase in costs as a result of the implementation of SST in Malaysia in September 2018, which were not immediately passed on to consumers.

GP and GP margin

Our GP increased by 24.5% from RM773.8 million in FYE 31 December 2018 to RM963.7 million in FYE 31 December 2019 as a result of the reasons described above.

Our GP margin decreased from 43.7% in FYE 31 December 2018 to 42.3% in FYE 31 December 2019 as a result of the higher rate of increase in our cost of sales relative to the increase in our revenue between FYE 31 December 2018 and 2019, driven primarily by the implementation of SST in Malaysia in September 2018 and as a result of RM5.7 million write off of certain of our inventory which did not comply with applicable certification standards for SIRIM and MCMC.

The following tables set out the breakdown of our GP by product category for the years indicated.

FYE 31 December 2018	**Hardware**	**Household and furnishing**	**Electrical**	**Stationery and sport equipment**	**Others**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue[(1)]	319,283	653,900	200,591	172,973	419,449	1,766,196
Cost of sales	(183,698)	(390,130)	(120,714)	(93,873)	(204,227)	(992,642)
Product GP	135,585	263,770	79,877	79,100	215,222	773,554
%[(2)]	42.5	40.3	39.8	45.7	51.3	43.8
Others[(3)]						277
GP						**773,831**

12. FINANCIAL INFORMATION *(Cont'd)*

FYE 31 December 2019	Hardware	Household and furnishing	Electrical	Stationery and sport equipment	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue[(1)]	404,740	867,092	233,779	209,419	537,463	2,252,493
Cost of sales	(236,751)	(532,926)	(145,003)	(115,234)	(262,248)	(1,292,162)
Product GP	167,989	334,166	88,776	94,185	275,215	960,331
%[(2)]	41.5	38.5	38.0	45.0	51.2	42.6
Others[(3)]						3,362
GP						**963,693**

Notes:

(1) Excludes revenue generated from our e-commerce website and sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products.

(2) Computed as product GP divided by revenue.

(3) Includes e-commerce revenue and revenue from third parties, net of associated costs.

Other operating income

Our other operating income increased by 168.7% from RM3.8 million in FYE 31 December 2018 to RM10.3 million in FYE 31 December 2019, primarily due to: (i) an increase in interest income from deposits with financial institutions; (ii) the gain on reassessments and modifications of leases in FYE 31 December 2019 of RM2.3 million; (iii) an increase in gains on disposal of property, plant and equipment; and (iv) an increase in the reversal of provisions for restoration costs as a result of revisions to our estimated costs for the reinstatement of our stores on the expiry of our stores' leases, partially offset by a decrease in other income as a result of a one-off payment of RM500,000 in compensation from our landlord to us in FYE 31 December 2018 due to the early termination of our tenancy agreement by our landlord.

Administrative expenses

Our administrative expenses increased by 20.0% from RM58.7 million in FYE 31 December 2018 to RM70.5 million in FYE 31 December 2019, primarily due to: (i) one-off payments of RM6.0 million in respect of stamp duty and arrangement fees relating to revolving credit and term loan facilities we incurred in FYE 31 December 2019 and RM3.8 million in audit and professional fees incurred in FYE 31 December 2019 in connection with our IPO; (ii) an increase in our upkeep and maintenance expenses from RM1.9 million in FYE 31 December 2018 to RM2.9 million in FYE 31 December 2019 primarily as a result of an increase in expenses on storage boxes, cleaning and repair works and software system maintenance in connection with the growth of our operations; (iii) an increase in our advertising expenses from RM7.1 million in FYE 31 December 2018 to RM7.8 million in FYE 31 December 2019 in connection with our opening of new stores; (iv) an increase in our bank and credit card charges from RM1.7 million in FYE 31 December 2018 to RM2.6 million in FYE 31 December 2019; and (v) an increase in our expenses on other professional fees, security services and other miscellaneous expenses from RM5.6 million in FYE 31 December 2018 to RM9.2 million in FYE 31 December 2019, partially offset by a reduction in employee benefits expenses by RM5.4 million as a result of an over-provision for employee bonuses in FYE 31 December 2018.

Other operating expenses

Our other operating expenses increased by 38.2% from RM291.6 million in FYE 31 December 2018 to RM402.9 million in FYE 31 December 2019, primarily due to: (i) an increase in our employee benefits expenses from RM140.6 million to RM199.0 million as a result of an increase in our warehousing and store staff from 7,577 as at 31 December 2018 to 9,002 as at 31 December 2019 to facilitate the growth of our operations and an increase in salaries and related staff costs; (ii) an increase in our depreciation of right-of-use assets from RM72.7 million to RM96.2 million as a result of an increase in the number of leases we entered into; (iii) an increase in our depreciation of property, plant and equipment from RM30.9 million to RM41.5 million as a result of an increase in our fixed assets in our new stores; (iv) an increase in our utilities expenses from RM26.5 million to RM36.4 million as a result of the growth in our store network; (v) an increase in our upkeep and maintenance expenses in respect of our distribution centre, warehousing facilities and stores from RM4.2 million to RM6.9 million as a result of the growth in our operations; (vi) an increase in our transportation expenses from RM9.3 million to RM11.8 million as a result of the growth in our store network; and (vii) an increase in our other expenses from RM1.1 million to RM4.0 million primarily as a result of fixed assets written off for furniture, fittings, equipment, signboards and renovation in connection with our stores which were closed or relocated and adjustments for the reassessment of right-of-use assets pertaining to the restoration costs of our stores, partially offset by a decrease in hostel expenses for certain of our employees during FYE 31 December 2019.

Profit from operations

Our profit from operations increased by 17.1% from RM427.4 million in FYE 31 December 2018 to RM500.6 million in FYE 31 December 2019 as a result of the reasons described above.

The following table sets out a breakdown of our profit from operations by geographical location for the years indicated.

	Malaysia	**Brunei**	**(2)Eliminations**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
FYE 31 December 2018				
Profit from operations	420,679	6,800	(98)	427,381
Margin of profit from operations (1)	24.0%	35.5%		24.1%
FYE 31 December 2019				
Profit from operations	493,523	7,041	68	500,632
Margin of profit from operations (1)	21.9%	35.2%		22.0%

Notes:

(1) Computed based on profit from operations divided by revenue.

(2) Refers to adjustments to eliminate intercompany transactions between the Malaysia operations and Brunei operations of our Group in deriving the consolidated profit from operations of our Group.

Our profit from operations in Malaysia increased by 17.3% from RM420.7 million in FYE 31 December 2018 to RM493.5 million in FYE 31 December 2019, while our margin in respect of profit from operations in Malaysia decreased from 24.0% in FYE 31 December 2018 to 21.9% in FYE 31 December 2019.

Our profit from operations in Brunei increased by 3.5% from RM6.8 million in FYE 31 December 2018 to RM7.0 million in FYE 31 December 2019, while our margin in respect of profit from operations in Brunei was relatively consistent between FYE 31 December 2018 and 2019 at 35.5% and 35.2%, respectively.

Finance costs

Our finance costs increased from RM30.1 million in FYE 31 December 2018 to RM64.6 million in FYE 31 December 2019, primarily due to: (i) an increase in interest expense from RM1.8 million in FYE 31 December 2018 to RM26.5 million in FYE 31 December 2019 due to an increase in our borrowings in respect of the revolving credit and term loan facilities of RM600.0 million we incurred in FYE 31 December 2019 for our working capital, our general corporate purposes and to finance our capital expenditure (for further details, see Section 12.2.6 of this Prospectus); and (ii) an increase in interest expense on our lease liabilities from RM27.6 million in FYE 31 December 2018 to RM37.4 million in FYE 31 December 2019 as a result of an increase in the number of leases we entered into.

Share of profit of an associate

Our share of profit of an associate increased by 41.5% from RM1.2 million in FYE 31 December 2018 to RM1.7 million in FYE 31 December 2019, primarily due to an increase in distributable profits in our associate, Qube.

PBT and PBT margin

Our PBT increased by 9.9% from RM398.5 million in FYE 31 December 2018 to RM437.7 million in FYE 31 December 2019 as a result of the increase in our revenue, which was primarily a result of the expansion of our store network in Malaysia, an increase in the number of transactions and an increase in the average value of transactions at our stores, as described above.

Our PBT margin decreased from 22.5% in FYE 31 December 2018 to 19.2% in FYE 31 December 2019 as a result of a higher increase in our expenses including cost of sales, operating expenses and finance cost when compared to the increase in our revenue during the financial year as described above.

Income tax expense

Our income tax expense increased by 33.3% from RM90.1 million in FYE 31 December 2018 to RM120.2 million in FYE 31 December 2019, primarily due to an increase in our PBT and deferred income tax expenses.

Net profit for the financial year

As a result of the foregoing, our net profit for the financial year increased by 3.0% from RM308.3 million in FYE 31 December 2018 to RM317.6 million in FYE 31 December 2019.

FYE 31 December 2018 compared to FYE 31 December 2017

The following table presents selected financial information from our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	FYE 31 December				
	2017		**2018**		**% change**
	RM'000	**%**	**RM'000**	**%**	
Revenue	1,229,216	100.0	1,771,058	100.0	44.1
Cost of sales	(687,210)	55.9	(997,227)	56.3	45.1
GP	**542,006**	**44.1**	**773,831**	**43.7**	**42.8**
Other operating income	2,471	0.2	3,819	0.2	54.6
Administrative expenses	(37,066)	3.0	(58,707)	3.3	58.4
Other operating expenses	(207,195)	16.9	(291,562)	16.5	40.7
Profit from operations	**300,216**	**24.4**	**427,381**	**24.1**	**42.4**
Finance costs	(21,009)	1.7	(30,126)	1.7	43.4
Share of profit of an associate	675	0.1	1,206	0.1	78.7
PBT	**279,882**	**22.8**	**398,461**	**22.5**	**42.4**
Income tax expense	(69,874)	5.7	(90,128)	5.1	29.0

	FYE 31 December				
	2017		2018		% change
	RM'000	%	RM'000	%	
Net profit for the financial year	**210,008**	**17.1**	**308,333**	**17.4**	**46.8**
Other comprehensive income, net of tax	9	0.0	33	0.0	266.7
Total comprehensive income	**210,017**	**17.1**	**308,366**	**17.4**	**46.8**

Revenue

The following table sets out a breakdown of our revenue by geographical locations for the years indicated.

	FYE 31 December				
	2017		2018		% change
Revenue	**RM'000**	**%**	**RM'000**	**%**	
Malaysia[1]	1,212,648	98.7	1,751,917	98.9	44.5
Brunei	16,568	1.3	19,141	1.1	15.5
Total	**1,229,216**	**100.0**	**1,771,058**	**100.0**	**44.1**

Note:

(1) Revenue from our operations in Malaysia also includes revenue generated from our e-commerce website and the sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products.

Our revenue generated by our operations in Malaysia increased by 44.5% from RM1,212.6 million in FYE 31 December 2017 to RM1,751.9 million in FYE 31 December 2018, primarily due to: (i) the expansion of our store network in Malaysia from 351 stores as at 31 December 2017 to 463 stores as at 31 December 2018; (ii) an increase in the number of transactions at our stores from 57.9 million in FYE 31 December 2017 to 80.4 million in FYE 31 December 2018 as a result of the full year financial impact in FYE 31 December 2018 of our 110 new stores (net of store closures) which opened in FYE 31 December 2017; and (iii) an increase in the average value of transactions at our stores.

Our revenue generated by our operations in Brunei increased by 15.5% from RM16.6 million in FYE 31 December 2017 to RM19.1 million in FYE 31 December 2018, primarily due to: (i) the opening of our fourth store in Brunei in May 2018; and (ii) the full year financial impact in FYE 31 December 2018 of our two stores which opened during FYE 31 December 2017.

Cost of sales

Our cost of sales increased by 45.1% from RM687.2 million in FYE 31 December 2017 to RM997.2 million in FYE 31 December 2018, primarily due to an increase in sales and an increase in inventory losses and inventories written off from RM8.9 million in FYE 31 December 2017 to RM18.8 million in FYE 31 December 2018, in line with the increase in our store network. The inventory losses and inventories written off represent 1.1% of our revenue for FYE 31 December 2018 compared to 0.7% of our revenue for FYE 31 December 2017.

GP and GP margin

Our GP increased by 42.8% from RM542.0 million in FYE 31 December 2017 to RM773.8 million in FYE 31 December 2018 as a result of the reasons described above.

Our GP margin remained generally consistent in FYE 31 December 2017 and 2018 at 44.1% and 43.7%, respectively.

The following tables set out the breakdown of our GP by product category for the years indicated.

FYE 31 December 2017	Hardware RM'000	Household and furnishing RM'000	Electrical RM'000	Stationery and sport equipment RM'000	Others RM'000	Total RM'000
Revenue(1)	225,829	447,428	136,118	128,082	290,265	1,227,722
Cost of sales	(130,791)	(259,880)	(82,202)	(70,637)	(143,700)	(687,210)
Product GP	95,038	187,548	53,916	57,445	146,565	540,512
%(2)	42.1	41.9	39.6	44.9	50.5	44.0
Others(3)						1,494
GP						**542,006**

FYE 31 December 2018	Hardware RM'000	Household and furnishing RM'000	Electrical RM'000	Stationery and sport equipment RM'000	Others RM'000	Total RM'000
Revenue(1)	319,283	653,900	200,591	172,973	419,449	1,766,196
Cost of sales	(183,698)	(390,130)	(120,714)	(93,873)	(204,227)	(992,642)
Product GP	135,585	263,770	79,877	79,100	215,222	773,554
%(2)	42.5	40.3	39.8	45.7	51.3	43.8
Others(3)						277
GP						**773,831**

Notes:

(1) Excludes revenue generated from our e-commerce website and sale of our products on third party e-commerce retail platforms and revenue from trading sales of our products.

(2) Computed as product GP divided by revenue.

(3) Includes e-commerce revenue and revenue from third parties, net of associated costs.

Other operating income

Our other operating income increased by 54.6% from RM2.5 million in FYE 31 December 2017 to RM3.8 million in FYE 31 December 2018, primarily due to: (i) RM500,000 in compensation received from our landlord as a result of the early termination of our tenancy agreement by our landlord; (ii) an increase in the reversal of provisions for restoration costs for the reinstatement of our stores on the expiry of our stores' leases; (iii) an increase in interest income received from our deposits with financial institutions; and (iv) an increase in other income as a result of costs charged back to our related party for temporary secondments of our staff to our related party, partially offset by a decrease in realised gains from changes in foreign exchange rates from RM550,000 to RM244,000 primarily as a result of a decrease in gains from fluctuations in the BND-RM foreign exchange rate arising from our operations in Brunei from RM450,000 in FYE 31 December 2017 to nil in FYE 31 December 2018.

Administrative expenses

Our administrative expenses increased by 58.4% from RM37.1 million in FYE 31 December 2017 to RM58.7 million in FYE 31 December 2018, primarily due to: (i) an increase in our employee benefits expenses from RM20.0 million to RM33.8 million as a result of an increase in managerial, administrative and corporate headquarters staff from 272 as at 31 December 2017 to 402 as at 31 December 2018 to support administrative and clerical functions required primarily for our existing and an anticipated increase in scale of our retail management, business development, marketing and distribution centre operations; and (ii) an increase in advertising expenses from RM4.5 million to RM7.1 million in connection with our opening of new stores.

Other operating expenses

Our other operating expenses increased by 40.7% from RM207.2 million in FYE 31 December 2017 to RM291.6 million in FYE 31 December 2018, primarily due to: (i) an increase in our employee benefits expenses from RM104.9 million to RM140.6 million as a result of an increase in our warehousing and store staff from 5,802 as at 31 December 2017 to 7,577 as at 31 December 2018 to facilitate the growth of our operations; (ii) an increase in our depreciation of right-of-use assets from RM51.6 million to RM72.7 million as a result of an increase in the number of leases we entered into; (iii) an increase in our depreciation of property, plant and equipment from RM20.0 million to RM30.9 million as a result of an increase in our fixed assets in our new stores; (iv) an increase in our utilities expenses from RM17.3 million to RM26.5 million; and (v) the incurrence of RM3.3 million in levy charges in FYE 31 December 2018 in respect of our non-Malaysian employees in Malaysia.

Profit from operations

Our profit from operations increased by 42.4% from RM300.2 million in FYE 31 December 2017 to RM427.4 million in FYE 31 December 2018 as a result of the reasons described above.

The following table sets out a breakdown of our profit from operations by geographical location for the years indicated.

	Malaysia	**Brunei**	**Eliminations[(2)]**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
FYE 31 December 2017				
Profit from operations	293,624	6,773	(181)	300,216
Margin of profit from operations [(1)]	24.2%	40.9%		24.4%
FYE 31 December 2018				
Profit from operations	420,679	6,800	(98)	427,381
Margin of profit from operations [(1)]	24.0%	35.5%		24.1%

Notes:

(1) Computed based on profit from operations divided by revenue.

(2) Refers to adjustments to eliminate intercompany transactions between the Malaysia operations and Brunei operations of our Group in deriving the consolidated profit from operations of our Group.

Our profit from operations in Malaysia increased by 43.3% from RM293.6 million in FYE 31 December 2017 to RM420.7 million in FYE 31 December 2018, while our margin in respect of profit from operations in Malaysia remained stable at 24.2% and 24.0% for FYE 31 December 2017 and 2018, respectively.

Our profit from operations in Brunei remained stable at RM6.8 million in FYE 31 December 2017 and 2018 and our margin in respect of profit from operations in Brunei decreased from 40.9% in FYE 31 December 2017 to 35.5% in FYE 31 December 2018.

Finance costs

Our finance costs increased by 43.4% from RM21.0 million in FYE 31 December 2017 to RM30.1 million in FYE 31 December 2018, primarily due to an increase in interest expense on our lease liabilities from RM19.2 million to RM27.6 million as a result of an increase in the number of leases we entered into.

Share of profit of an associate

Our share of profit of an associate increased by 78.7% from RM675,000 in FYE 31 December 2017 to RM1.2 million in FYE 31 December 2018, primarily due to an increase in distributable profits in our associate, Qube.

PBT and PBT margin

Our PBT increased by 42.4% from RM279.9 million in FYE 31 December 2017 to RM398.5 million in FYE 31 December 2018 as a result of an increase in our revenue which was primarily a result of the expansion of our store network in Malaysia, an increase in the number of transactions and an increase in the average value of transactions at our stores in Malaysia as described above.

Our PBT margin remained generally consistent in FYE 31 December 2017 and 2018 at 22.8% and 22.5%, respectively, as a result of a similar rate of change in our revenue and expenses during the financial year.

Income tax expense

Our income tax expense increased by 29.0% from RM69.9 million in FYE 31 December 2017 to RM90.1 million in FYE 31 December 2018, primarily due to an increase in our PBT, partially offset by: (i) over-provision of income tax expense in prior years of RM4.6 million recognised in FYE 31 December 2018 compared to over-provision of income tax expense in prior years of RM158,000 recognised in FYE 31 December 2017; and (ii) lower income tax rates as a result of tax incentives granted by the Ministry of Finance of Malaysia for incremental chargeable income from business sources.

Net profit for the financial year

As a result of the foregoing, our net profit for the financial year increased by 46.8% from RM210.0 million in FYE 31 December 2017 to RM308.3 million in FYE 31 December 2018.

12.2.5 Liquidity and capital resources

Working capital

Our working capital is funded through cash generated from our operating activities, credit lines and borrowings from financial institutions as well as our existing cash and cash equivalents.

As at 30 June 2020, we had cash and cash equivalents of RM247.3 million and total bank borrowings of RM608.9 million. As at 30 June 2020, our working capital, calculated as the difference between our current assets of RM898.5 million and current liabilities of RM848.5 million, was RM50.0 million. As at the LPD, we had RM157.0 million in undrawn credit facilities comprising trade credit lines, revolving credit, term loan and overdraft facilities.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure, expected cash flows from operations, our existing level of cash and cash equivalents and credit sources, our Board believes that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

Cash flows

The following table summarises our consolidated statements of cash flows for FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2019 and 2020.

	FYE 31 December			FPE 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	204,100	266,047	403,294	203,337	252,627
Net cash used in investing activities	(85,404)	(125,303)	(217,862)	(113,331)	(29,051)
Net cash (used in)/from financing activities	(65,154)	(179,263)	(110,881)	22,822	(101,798)
Net (decrease)/increase in cash and cash equivalents	**53,542**	**(38,519)**	**74,551**	**112,828**	**121,778**
Effects of exchange rate changes on cash and cash equivalents	(161)	(17)	(60)	(11)	109
Cash and cash equivalents at beginning of the financial year/period	36,040	89,421	50,885	50,885	125,376
Cash and cash equivalents at end of the financial year/period	**89,421**	**50,885**	**125,376**	**163,702**	**247,263**

Most of our cash and cash equivalents are held in RM. There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

In 2020 and 2021, we expect to incur approximately RM81.0 million and RM109.0 million, respectively, in capital expenditure and approximately RM113.0 million and RM135.0 million, respectively, for working capital, primarily for the roll out of new stores. From the LPD up to 31 December 2020, we expect to incur up to approximately RM29.0 million in capital expenditure and up to approximately RM38.0 million for working capital primarily for the roll out of new stores.

In FYE 31 December 2017, 2018 and 2019, we generated average net cash from operating activities of RM291.1 million per annum and an average adjusted net cash from operating activities of RM202.5 million per annum (calculated by adjusting for the payments of lease liabilities of our rentals which under MFRS 16 Leases are treated as financing activities), which together with financing facilities available to us, was more than sufficient to finance our purchases of property, plant and equipment which averaged RM103.2 million per annum over the aforesaid financial years.

In FPE 30 June 2020, we generated net cash from operating activities of RM252.6 million and an adjusted net cash from operating activities of RM187.8 million (calculated by adjusting for the payments of lease liabilities of our rentals which under MFRS 16 Leases are treated as financing activities), which was more than sufficient to finance our purchases of property, plant and equipment of RM30.7 million in the same financial period.

Based on the pro forma consolidated statements of financial position as at 30 June 2020 set out in Section 12.5 of this Prospectus, post IPO we expect to have cash and bank balances of RM50.6 million and, as at the LPD, we anticipate having available to us financing facilities in aggregate of RM157.0 million. Accordingly, we expect that our net cash from operating activities and adjusted net cash from operating activities (calculated by adjusting for the payments of lease liabilities of our rentals which under MFRS 16 Leases is treated as a financing activity) for FYE 31 December 2020 and 2021 to be higher than previous years, which, when considered together with our cash and bank balances position post-IPO and our borrowing capacity, should enable us to fund our store roll out plan as described above.

Net cash generated from operating activities

<u>FPE 30 June 2020 compared to FPE 30 June 2019</u>

Our net cash from operating activities was RM252.6 million in FPE 30 June 2020 compared to RM203.3 million in FPE 30 June 2019. Our net cash from operating activities increased primarily due to:

(i) a decrease in trade and other receivables of RM4.7 million in FPE 30 June 2020 as a result of a decrease in prepayments paid to our suppliers for our product orders compared to an increase in trade and other receivables of RM35.5 million in FPE 30 June 2019;

(ii) an increase in trade and other payables of RM16.9 million in FPE 30 June 2020 compared to an increase in trade and other payables of RM0.3 million in FPE 30 June 2019 to support the growth of our operations;

(iii) an increase in inventory of RM22.7 million in FPE 30 June 2020 compared to an increase in inventory of RM31.9 million in FPE 30 June 2019 to support the expansion of our store network; and

(iv) a decrease in income tax payments from RM45.3 million in FPE 30 June 2019 to RM27.2 million in FPE 30 June 2020 in line with a decrease in revenue in FPE 30 June 2020 as a result of being required to temporarily close our stores in FPE 30 June 2020 following the implementation of the MCO,

partially offset by a decrease in operating profit before changes in working capital from RM315.6 million in FPE 30 June 2019 to RM280.9 million in FPE 30 June 2020 as a result of being required to temporarily close our stores in FPE 30 June 2020 following the implementation of the MCO.

<u>FYE 31 December 2019 compared to FYE 31 December 2018</u>

Our net cash from operating activities was RM403.3 million in FYE 31 December 2019 compared to RM266.0 million in FYE 31 December 2018. Our net cash from operating activities increased primarily due to an increase in operating profit before changes in working capital from RM549.1 million in FYE 31 December 2018 to RM666.2 million in FYE 31 December 2019 as a result of an increase in sales and the expansion of our store network, and a decrease in net changes in working capital from RM189.3 million in FYE 31 December 2018 to RM151.7 million in FYE 31 December 2019.

This decrease in net changes in working capital was primarily due to an increase in inventory of RM109.4 million in FYE 31 December 2019 compared to an increase in inventory of RM181.9 million in FYE 31 December 2018 to support the expansion of our store network, partially offset by:

(i) an increase in trade and other receivables balances of RM40.6 million in FYE 31 December 2019 as a result of an increase in deposits paid to our landlords for our new stores and an increase in prepayments paid to our suppliers for our product orders compared to an increase in trade and other receivables of RM24.8 million in FYE 31 December 2018; and

(ii) a decrease in trade and other payables of RM1.7 million in FYE 31 December 2019 compared to an increase in trade and other payables of RM17.4 million in FYE 31 December 2018 to support the growth of our operations.

We paid RM111.6 million in income tax in FYE 31 December 2019.

<u>FYE 31 December 2018 compared to FYE 31 December 2017</u>

Our net cash from operating activities was RM266.0 million in FYE 31 December 2018 compared to RM204.1 million in FYE 31 December 2017. Our net cash from operating activities increased primarily due to an increase in operating profit before changes in working capital from RM381.1 million in FYE 31 December 2017 to RM549.1 million in FYE 31 December 2018 as a result of an increase in sales and the expansion of our store network, partially offset by an increase in net changes in working capital from RM105.7 million in FYE 31 December 2017 to RM189.3 million in FYE 31 December 2018.

This increase in net changes in working capital was primarily due to:

(i) an increase in inventory of RM181.9 million in FYE 31 December 2018 compared to an increase in inventory of RM104.1 million in FYE 31 December 2017 to support the expansion of our store network; and

(ii) an increase in trade and other receivables balances of RM24.8 million in FYE 31 December 2018 as a result of an increase in deposits paid to our landlords for our new stores and an increase in prepayments paid to our suppliers for our product orders compared to an increase in trade and other receivables of RM18.4 million in FYE 31 December 2017,

which was partially offset by a minor increase in trade and other payables of RM17.4 million in FYE 31 December 2018 compared to an increase in trade and other payables of RM16.7 million in FYE 31 December 2017.

We paid RM93.7 million in income tax in FYE 31 December 2018.

Net cash used in investing activities

<u>FPE 30 June 2020</u>

Our net cash used in investing activities was RM29.1 million in FPE 30 June 2020, primarily attributable to RM30.7 million, which was primarily spent on the development and fit-out of our new stores, partially offset by RM1.5 million in interest income received in respect of short term deposits placed with financial institutions and RM0.6 million in proceeds from the disposal of property, plant and equipment.

<u>FYE 31 December 2019</u>

Our net cash used in investing activities was RM217.9 million in FYE 31 December 2019, primarily attributable to:

(i) RM104.8 million spent on our acquisition of MD(B); and

(ii) RM115.1 million spent on the purchase of furniture, fittings, equipment, renovation costs, freehold land, capital work-in-progress and signboards in connection with the development of new stores and the development of the warehousing facilities in our distribution centre at Balakong, Seri Kembangan, Selangor, Malaysia,

partially offset by RM3.1 million in interest income received in respect of short term deposits placed with financial institutions.

FYE 31 December 2018

Our net cash used in investing activities was RM125.3 million in FYE 31 December 2018, primarily attributable to:

(i) RM124.0 million spent on the purchase of furniture, fittings, equipment, renovation costs, freehold land, capital work-in-progress and signboards in connection with the development of new stores and the development of the warehousing facilities in our distribution centre at Balakong, Seri Kembangan, Selangor, Malaysia, and the purchase of motor vehicles for our logistics and distribution network;

(ii) RM2.0 million in repayments by MD(B) owed to its former holding company; and

(iii) RM1.1 million spent on the purchase of intangible assets in respect of software for our operations,

partially offset by RM1.5 million in interest income received in respect of short term deposits placed with financial institutions.

FYE 31 December 2017

Our net cash used in investing activities was RM85.4 million in FYE 31 December 2017, primarily attributable to:

(i) RM70.5 million spent on the purchase of furniture, fittings, equipment, renovation costs, buildings and signboards in connection with the development of new stores, and the purchase of motor vehicles for our logistics and distribution network;

(ii) RM2.5 million in repayments to directors in respect of advances by such directors on behalf of our Company;

(iii) RM13.1 million spent on the acquisition of rights to subscribe for 9,500,000 ordinary shares, representing 95% of the equity interest, of our subsidiary, MDM; and

(iv) RM1.5 million spent on the acquisition of 30,000 ordinary shares, representing 30% of the equity interest, of our associate, Qube,

partially offset by: (a) RM1.1 million in interest income received in respect of short term deposits placed with financial institutions; (b) RM1.0 million in advances received from a related party; and (c) RM0.9 million in proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities

FPE 30 June 2020

Our net cash used in financing activities was RM101.8 million in FPE 30 June 2020, primarily attributable to:

(i) RM42.8 million in payments on our lease liabilities;

(ii) RM22.0 million in interest expenses on our lease liabilities in accordance with MFRS 16 Leases;

(iii) RM12.4 million in interest expenses in respect of our borrowings; and

(iv) RM135.0 million in repayment of revolving credit and term loans facilities,

partially offset by RM110.5 million in proceeds received from the drawdown on our revolving credit facilities.

FYE 31 December 2019

Our net cash used in financing activities was RM110.9 million in FYE 31 December 2019, primarily attributable to:

(i) RM501.7 million in dividend payments to our Company's shareholders;

(ii) RM78.4 million in payments on our lease liabilities;

(iii) RM37.4 million in interest expenses on our lease liabilities in accordance with MFRS 16 Leases;

(iv) RM24.7 million in interest expenses in respect of our borrowings; and

(v) RM60.0 million in repayment of revolving credit facilities and term loans;

partially offset by: (a) RM400.0 million in proceeds received from the drawdown on our term loan facilities; and (b) RM200.0 million in proceeds received from the drawdown on our revolving credit facilities.

FYE 31 December 2018

Our net cash used in financing activities was RM179.3 million in FYE 31 December 2018, primarily attributable to:

(i) RM133.0 million in dividend payments to our Company's shareholders;

(ii) RM61.2 million in payments on our lease liabilities;

(iii) RM27.6 million in interest expenses on our lease liabilities in accordance with MFRS 16 Leases;

(iv) RM1.8 million in interest expenses in respect of our borrowings; and

(v) RM10.6 million in the repayment of term loans,

partially offset by: (a) RM37.6 million in proceeds received from the drawdown on our revolving credit facilities; and (b) RM18.0 million in proceeds received from the drawdown on our term loan facilities.

FYE 31 December 2017

Our net cash used in financing activities was RM65.2 million in FYE 31 December 2017, primarily attributable to:

(i) RM42.3 million in payments on our lease liabilities;

(ii) RM19.2 million in interest expenses on our lease liabilities in accordance with MFRS 16 Leases;

(iii) RM1.4 million in interest expenses in respect of our borrowings; and

(iv) RM1.5 million in the repayment of term loans.

12.2.6 Borrowings

As at 30 June 2020, our total outstanding borrowings, all of which were interest bearing, amounted to RM608.9 million. The table below sets out a breakdown of the carrying amounts of our borrowings in our financial statements as at 30 June 2020.

	RM'000	Weighted average effective interest rate for FPE 30 June 2020
Non-current		
Secured hire purchase creditors	2,283	5.61%
Secured term loans	20,520	4.07%
Total non-current borrowings	**22,803**	
Current		
Secured bank overdraft	17,004	4.60%
Secured revolving credits	164,500	4.08%
Secured hire purchase creditors	348	5.61%
Secured term loans	404,197	4.07%
Total current borrowings	**586,049**	
Total borrowings	**608,852**	
Gearing ratio (times)[(1)]	1.34	
Net gearing ratio (times)[(2)]	0.74	

Notes:

(1) Gearing ratio is calculated based on our total borrowings divided by total equity of RM456.0 million as at 30 June 2020.

(2) Net gearing ratio is calculated based on our net borrowings (total borrowings less cash and bank balances) divided by total equity of RM456.0 million as at 30 June 2020.

As at 30 June 2020, our major borrowings comprised secured term loans and revolving credit facilities, which, in aggregate, accounted for 96.8% of our total borrowings. Under the terms of our major borrowings, we are generally required to use the proceeds from such borrowings for our working capital, capital expenditure and general corporate purposes.

Our secured borrowings are secured by legal charges over shares in certain of our subsidiaries, certain property, rental proceeds from certain property and certain of our bank accounts, and are guaranteed by certain members of our Group. Certain of such borrowings also contain minimum shareholdings covenants.

On 8 March 2019, 1 April 2019 and 15 April 2019, our Company and certain of our subsidiaries drew down on term loan and revolving credit facilities made available to us by CIMB Bank Berhad, Malayan Banking Berhad and RHB Bank Berhad (the "**TL/RC Facility**"). The aggregate principal amounts made available to us under the TL/RC Facility were RM400.0 million in term loan facilities and RM200.0 million in revolving credit facilities. The term loan facilities mature on 8 March 2021 but are required to be prepaid upon completion of the IPO. Effective upon such prepayment of the term loan, the revolving credit facilities will not have a fixed maturity date but will be subject to periodic review of the relevant lenders. The TL/RC Facility is guaranteed by our Company and our subsidiaries and are secured by, among other things, our Company's rights to distributions from our subsidiaries, the proceeds from insurance claims resulting from damage to our property and inventory and certain designated bank accounts. The TL/RC Facility imposes customary covenants limiting, among other things, our ability to incur additional indebtedness (other than certain indebtedness which are permitted, such as our existing loan facilities and trade credit extended in the ordinary couse of business), encumber our assets and acquire or dispose of assets, and also contains provisions requiring certain directors of our Company hold a minimum shareholding in our Company. The proceeds of the TL/RC Facility will be used for our working capital, our general corporate purposes and to finance our capital expenditure. As of 30 June 2020, our Group has fully drawn down on the term loan facilities and partially drawn down on the revolving credit facilities under the TL/RC Facility to finance the capital expenditure, working capital requirements, and general corporate purposes of our Group, including the partial distribution of dividends and part financing of the acquisition of MD(B).

As at 30 June 2020, all of our borrowings are denominated in RM. The carrying amounts of our borrowings and their remaining maturities as well as breakdown between those borrowings at fixed rates and floating rates are set out in Note 2.16(d) in the Accountants' Report included in Section 13 of this Prospectus.

The following table sets out the maturity profile of our borrowings as at 30 June 2020.

	On demand or within one year	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000
Bank overdraft	17,004	-	-	17,004
Revolving credit facilities	164,500	-	-	164,500
Hire purchase creditors	348	1,729	554	2,631
Term loans	404,197	13,315	7,205	424,717
Total	**586,049**	**15,044**	**7,759**	**608,852**

On 6 July 2020 and 8 July 2020, we repaid RM20.0 million and RM35.0 million, respectively, of our revolving credit facilities with internally-generated funds.

We intend to partially repay our term loans under the TL/RC Facility with the proceeds that we expect to receive from our Public Issue. For further details, see Section 4.6.1 of this Prospectus. We intend to repay the remaining outstanding amount of our term loans under the TL/RC Facility with internally-generated funds.

We have not been in default on payments of either interest or principal for any of our borrowings during FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020 and for the period up to the LPD. As at the LPD, we are not in breach of the terms and conditions or covenants under our credit arrangements or bank loans which would materially affect our financial position and results of operations or the investments in our Shares.

12.2.7 Capital expenditure and material investments and divestitures

Capital expenditure

The table below sets out a breakdown of our capital expenditure for the years/periods indicated.

	FYE 31 December			FPE 30 June	
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	222	20,340	19,043	19,043	-
Buildings	8,000	-	-	-	-
Furniture, fittings and equipment	42,259	64,243	58,701	21,613	23,810
Motor vehicles	4,881	6,925	4,287	1,064	2,025
Renovations	21,230	22,082	21,270	8,529	8,020
Signboards	5,940	7,664	7,028	3,549	1,927
Capital work-in-progress	-	13,687	18,076	6,822	838
Intangible assets	925	1,298	2,258	873	784
Total	**83,457**	**136,239**	**130,663**	**61,493**	**37,404**

The majority of our capital expenditures were incurred in connection with the setting up or renovation of our stores, including the purchase of equipment for our stores. Our capital expenditure in respect of furniture, fittings and equipment increased by 10.2% from RM21.6 million in FPE 30 June 2019 to RM23.8 million in FPE 30 June 2020 primarily due to the purchase of machinery and equipment for our warehousing facilities in FPE 30 June 2020. Our capital expenditure in respect of signboards decreased by 45.7% from RM3.5 million in FPE 30 June 2019 to RM1.9 million in FPE 30 June 2020 primarily due to fewer new store openings in FPE 30 June 2020 as compared to FPE 30 June 2019 and our capital work-in-progress decreased by 87.7% from RM6.8 million in FPE 30 June 2019 to RM0.8 million in FPE 30 June 2020 primarily due to completion of the construction and development of our warehousing facility, Facility H.

In January 2019, we incurred capital expenditure of RM19.0 million to acquire freehold land for the purpose of establish our warehousing facility, Facility I. For further details, see Section 7.10.2 of this Prospectus.

We expect to meet our capital expenditure requirements through our internally-generated funds (which includes our cash and cash equivalents on hand and cash generated from future operations) and bank borrowings.

Material investments and divestitures

Save as disclosed in Sections 12.2.7 and 14.6 of this Prospectus, we have not undertaken any material investments or divestitures during FYE 31 December 2017, 2018 and 2019, FPE 30 June 2020 and from 1 July 2020 up to the LPD.

12.2.8 Capital commitments

The following table sets out a summary of our capital commitments (being our capital expenditure commitments) as at 30 June 2020 and as at the LPD.

	As at 30 June 2020	As at the LPD
	RM'000	RM'000
Capital expenditure commitments:		
Approved but not contracted for	55,474	35,514
Contracted but not provided for	51,792	67,812
Total	**107,266**	**103,326**

Our approved but not contracted for capital expenditure commitments as at the LPD comprises capital expenditure in respect of our new stores.

Our contracted but not provided for capital expenditure commitments as at the LPD comprise primarily of (i) RM36.7 million in costs relating to the installation of automation systems for our warehousing facility, Facility I; (ii) RM12.6 million (of which a cash deposit of RM1.3 million has been paid as at 7 September 2020) in costs to acquire a plot of leasehold land located in Balakong, Seri Kembangan, Selangor, Malaysia (Property 1) pursuant to an agreement we entered into on 14 September 2020 (a summary of the terms of the agreement is set out in Section 14.6.8 of this Prospectus); and (iii) RM17.8 million (of which a cash deposit of RM1.8 million has been paid as at the LPD) in costs to acquire a plot of freehold land together with a warehouse building located in Balakong, Seri Kembangan, Selangor, Malaysia (Property 2) pursuant to an agreement we entered into on 5 August 2020 (a summary of the terms of the agreement is set out in Section 14.6.7 of this Prospectus). We intend to develop both Property 1 and Property 2 to expand our warehousing facilities. As at the LPD, our acquisitions of both Property 1 and Property 2 have not yet completed and we have not incurred any costs in respect of the construction and development of these plots of land.

We plan to meet our capital expenditure commitments through our cash and cash equivalents on hand, as well as cash generated from future operations and funding from other financing activities (if required).

Save as disclosed above, as at the LPD, we do not have any other material capital commitments (being our capital expenditure commitments) incurred or known to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results.

12.2.9 Other contractual obligations

Our contractual cash obligations (excluding capital expenditure commitments) as at 30 June 2020 comprise primarily of repayment obligations under our leases and in respect of our borrowings.

The following table sets out the maturity profile of our contractual cash repayment obligations under our leases as at 30 June 2020.

Payments due by period	As at 30 June 2020 RM'000
Not later than one year	143,729
Later than one year and not later than five years	523,731
Later than five years	288,665
Total	**956,125**

The following table sets out the maturity profile of our contractual cash repayment obligations in respect of our borrowings as at 30 June 2020.

Payments due by period	As at 30 June 2020 RM'000
Not later than one year	602,426
Later than one year and not later than five years	17,702
Later than five years	8,795
Total	**628,923**

We plan to meet our contractual cash obligations through our cash and cash equivalents on hand, as well as cash generated from future operations and funding from other financing activities (if required).

12.2.10 Material litigation, claims and arbitration

As at the LPD, we are not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, which may have a material or significant effect on our financial position or profitability in the 12 months immediately following the date of this Prospectus.

12.2.11 Contingent liabilities

As at the LPD, we do not have any other contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.2.12 Key financial ratios

The following table sets out our key financial ratios for the years/period indicated.

	FYE 31 December			FPE 30 June
	2017	2018	2019	2020
Trade payables turnover[(1)] (days)	4	5	6	10
Trade receivables turnover[(2)] (days)	0	0	0	1
Inventory turnover[(3)] (days)	111	124	127	152
Current ratio[(4)] (times)	1.70	1.79	3.41	1.06
Gearing ratio[(5)] (times)	0.09	0.18	1.83	1.34
Net gearing ratio[(6)] (times)	*N/A	0.05	1.42	0.74

Notes:

(1) Computed based on the average of trade payables as at the beginning and end of the year/period divided by the cost of sales for the year/period multiplied by 365 days for FYE 31 December 2017, 2018 and 2019 figures and 182 days for FPE 30 June 2020.

(2) Computed based on the average of trade receivables as at the beginning and end of the year/period divided by revenue for the year/period multiplied by 365 days for FYE 31 December 2017, 2018 and 2019 figures and 182 days for FPE 30 June 2020. Our trade receivables turnover period was less than a day in each of FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020.

(3) Computed based on the average of inventory as at the beginning and end of the year/period divided by cost of sales for the year/period multiplied by 365 days for FYE 31 December 2017, 2018 and 2019 figures and 182 days for FPE 30 June 2020.

(4) Computed based on current assets divided by current liabilities as at the end of the year/period.

(5) Computed based on total borrowings divided by total equity as at the end of the year/period.

(6) Computed based on net borrowings (total borrowings less cash and bank balances) divided by total equity as at the end of the year/period.

* Net gearing ratio is not applicable as our Group was in a net cash position.

Trade payables turnover period

Our trade payables relate to transactions with third party suppliers. The credit period typically granted to our Group by our suppliers ranges between 14 days to 60 days.

Our trade payables turnover period has been generally consistent in FYE 31 December 2017, 2018 and 2019 at four days, five days and six days, respectively. Our trade payables turnover period increased to ten days in FPE 30 June 2020, which remains within the credit period granted to us by our suppliers of 14 to 60 days.

Ageing analysis

The table below sets out the ageing analysis for our total trade payables as at 30 June 2020.

		Past due			
As at 30 June 2020:	**Current**	**1 – 30 days**	**31 – 120 days**	**More than 120 days**	**Total**
Trade payables (RM'000)	42,452	1,864	-	-	44,316
% of total trade payables (%)	95.8	4.2	0.0	0.0	100.0
As at the LPD:					
Trade payables settled (RM'000)	41,385	1,863	-	-	43,248
Trade payables settled (% of total trade payables)	93.4	4.2	0.0	0.0	97.6
Trade payables outstanding (RM'000)	1,067	1.0	0.0	0.0	1,068

We endeavour to pay our suppliers within the credit periods granted to us to ensure our supplies are not disrupted. As at the LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

Trade receivables turnover period

Almost all of our revenue is generated from our stores where our transactions with customers are settled immediately in cash, through financial institutions providing retail credit services such as credit cards, or through third party online payment channels. Our trade receivables are from financial institutions which provide our customers with retail credit services typically release payment to us within two days from the point of sale.

Our trade receivables turnover period has been maintained at less than a day in FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020. As at 30 June 2020, we had RM4.5 million in trade receivables outstanding, which comprised primarily of amounts owed to us by financial institutions providing retail credit services to our customers and amounts owed to us by our related party, Mr. D.I.Y. Trading (Singapore) Pte Ltd, in respect of goods sold to it. We typically extend a credit term of up to 30 days to Mr. D.I.Y. Trading (Singapore) Pte Ltd.

Ageing analysis

The table below sets out the ageing analysis for our trade receivables as at 30 June 2020.

		Past due			
As at 30 June 2020:	**Current**	**1 – 30 days**	**31 – 120 days**	**More than 120 days**	**Total**
Trade receivables (RM'000)	4,515	-	-	-	4,515
% of total trade receivables (%)	100.0	0.0	0.0	0.0	100.0
As at the LPD:					
Trade receivables settled (RM'000)	4,515	-	-	-	4,515
Trade receivables settled (% of total trade receivables)	100.0	0.0	0.0	0.0	100.0
Trade receivables outstanding (RM'000)	-	-	-	-	-

We do not have any significant exposure to any individual customer which we believe is not recoverable.

Inventory turnover period

The table below sets out a summary breakdown of our inventories for the years/periods indicated.

	FYE 31 December			FPE 30 June
	2017	**2018**	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventory	161,122	256,248	419,312	496,646
Closing inventory	256,248	419,312	496,646	508,995
Cost of goods sold	687,210	997,227	1,311,894	602,707
Inventory turnover[1] (days)	111	124	127	152

Note:

(1) Computed based on the average of inventory as at the beginning and end of the year/period divided by cost of sales for the year/period multiplied by 365 days for FYE 31 December 2017, 2018 and 2019 figures and 182 days for FPE 30 June 2020.

We sell an extensive range of products. We continually review our product mix in order to respond to the changing demands of our customers and to maintain our competitive advantage and may therefore vary our inventory requirements and composition from time to time.

Our inventory turnover period increased from 111 days for FYE 31 December 2017 to 124 days for FYE 31 December 2018, 127 days for FYE 31 December 2019 and 152 days for FPE 30 June 2020 primarily due to (i) an increase in our stock levels to ensure we have sufficient stock to support the growth of our business and anticipated increases in sales; and (ii) a decrease in sales at our stores in FPE 30 June 2020 as a result of having to temporarily cease the operations of a number of our stores in Malaysia during the MCO.

Current ratio

Our current ratio increased from 1.70 times as at 31 December 2017 to 1.79 times as at 31 December 2018, primarily due to an increase in our inventories as a result of holding more stock to support the growth of our business and an increase in our trade and other receivables, partially offset by a decrease in our cash and bank balances.

Our current ratio increased from 1.79 times as at 31 December 2018 to 3.41 times as at 31 December 2019, primarily due to an increase in our inventories as a result of holding more stock to support the growth of our business, an increase in trade and other receivables as a result of an increase in our advance payments to suppliers to support the increase in our requirement for inventory as part of the growth of our business, an increase in cash and bank balances and a decrease in our trade and other payables and our current borrowings.

Our current ratio decreased from 3.41 times as at 31 December 2019 to 1.06 times as at 30 June 2020, primarily due to an increase in current borrowings and our trade and other payables, partially offset by an increase in our inventories.

Gearing ratio

Our gearing ratio increased from 0.09 times as at 31 December 2017 to 0.18 times as at 31 December 2018, primarily due to an increase in our borrowings in respect of bank overdraft, revolving credit and term loan facilities in FYE 31 December 2018.

Our gearing ratio increased from 0.18 times as at 31 December 2018 to 1.83 times as at 31 December 2019, primarily due to an increase in our borrowings in respect of revolving credit and term loan facilities in FYE 31 December 2019.

Our gearing ratio decreased from 3.79 times as at 30 June 2019 to 1.34 times as at 30 June 2020, primarily due to an increase in our total equity, as a result of an increase in our retained earnings and a decrease in our borrowings in FPE 30 June 2020.

12.2.13 Off-balance sheet arrangements

We did not have any off balance sheet arrangements during FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020.

12.2.14 Financial risk management

We are exposed to certain financial risks arising from our operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. We do not undertake derivative or hedging transactions to manage any of our market risks.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks, and subsequent action plans to manage these risks. Our management is responsible for identifying, monitoring and managing our risk exposures.

Our key financial risks are as follows.

Credit risk

Credit risk is the risk of a financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As substantially all of our transactions are settled immediately on a cash basis, our credit risk is minimal. We do not have any significant exposure to any individual customer or counterparty nor do we have any major concentration of credit risk related to any financial instruments. Our receivables are primarily amounts due from our related party, financial institutions providing retail credit services, such as credit cards, or third party online payment channels. Our receivable balances are monitored on an ongoing basis and our exposure to bad debt is not significant.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our exposure to liquidity risk arises principally from our various payables, loans and borrowings.

We measure and forecast our cash commitments and maintain a level of cash and cash equivalents and bank facilities deemed adequate by our management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities as they fall due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect our financial position or cash flows.

Foreign currency risk

Our foreign currency risk arises primarily as a substantial number of our end suppliers are located outside of Malaysia. We are exposed to fluctuations in the foreign exchange rate between RM and RMB and USD as a significant portion of our products are manufactured in or sourced from China.

We have limited exposure to foreign currency risks on our trade and other receivables. The currencies giving rise to this risk during FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020 are primarily BND, USD and SGD. For more details, see Note 2.31 in the Accountants' Report set out in Section 13 of this Prospectus.

We do not enter into any hedging activities.

Interest rate risk

Our interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose us to cash flow interest rate risk. Borrowings obtained at fixed rates expose us to fair value interest rate risk.

As at 30 June 2020, our exposure to interest rate risks arise primarily from floating rate financial instruments in an aggregate amount of RM606.2 million, representing 99.6% of our total borrowings as at that date.

The table below sets out how a 50 basis point increase or decrease in interest rates would affect our profit or loss for the financial year/period, assuming that all other variables, in particular, foreign currency rates, remain constant.

	Increase/(Decrease) in net profit for the financial year/period				
	FYE 31 December			FPE 30 June	
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rates increase by 50 basis points	(109)	(340)	(2,359)	(2,545)	(2,304)
Interest rates decrease by 50 basis points	109	340	2,359	2,545	2,304

12.2.15 Treasury policy and objectives

Sales proceeds from each of our stores are banked-in daily and monitored by our store level managers, our internal audit team and our head office. We rely on daily sales proceeds and as well as trade lines (namely revolving credit facilities) from banking institutions as part of our day-to-day treasury policy to enable us to ensure we are able to make timely payments to our creditors.

As at 30 June 2020, our cash and bank balances were held in the following currencies:

Currency	'000	Currency	'000
RM	261,746	HKD	2
BND	10,254	VND	12
USD	230	EUR	2
RMB	2	SGD	192
PHP	18	INR	8

12.2.16 Inflation

Inflation has not had a material impact on our business, financial condition or results of operations in FYE 31 December 2017, 2018 and 2019 and FPE 30 June 2020. However, inflation may affect our financial performance by increasing certain of our expenses, such as expenses relating to employee benefits. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenue.

12.2.17 Government / economic / fiscal / monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 5.3.1 of this Prospectus.

12.2.18 Order book

Due to the nature of our business, we do not maintain an order book.

12.2.19 Trends information

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our financial condition and results of operations.

12.2.20 Significant changes

Save as disclosed, no significant changes have occurred since 30 June 2020 which may have a material effect on the financial position and results of our Group.

12.2.21 Accounting standards issued that are not yet effective

For a description of accounting standards issued but not yet effective and not early adopted, see Note 2.33.3 of the Accountants' Report included in Section 13 of this Prospectus.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below sets out our capitalisation and indebtedness as at 31 August 2020 and on the assumption that our IPO, Listing, the use of proceeds from our Public Issue and the use of our internally generated funds to repay the RM400.0 million outstanding amount of our term loan as set out in Section 4.6 of this Prospectus had occurred on 31 August 2020. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 August 2020 and is provided for illustrative purposes only.

	Unaudited	**As adjusted**
	As at 31 August 2020	**After our IPO, Listing and Use of Proceeds and repayment of bank borrowings**
	RM'000	**RM'000**
Borrowings		
Current		
Secured bank overdraft	20,450	20,450
Secured revolving credits	109,500	109,500
Secured hire purchase creditors	442	442
Secured term loans	404,367	4,367
Non-current		
Secured hire purchase creditors	2,302	2,302
Secured term loans	19,776	19,776
Total borrowings	556,837	156,837
Current		
Lease liabilities	115,997	115,997
Non-current		
Lease liabilities	682,694	682,694
Total indebtedness	1,355,528	955,528
Total equity/capitalisation	489,054	(1) 772,357
Total capitalisation and indebtedness	**1,844,582**	**1,727,885**

Note:

(1) Calculated after taking into account the Share Issuance, our IPO based on the Retail Price and the estimated listing expenses.

12.4 DIVIDEND POLICY

We have declared and paid a total of RM133.0 million and RM501.7 million in dividends to our shareholders for FYE 31 December 2018 and 2019, respectively, and on 30 July 2020, we declared and paid a dividend of RM50.0 million for FYE 31 December 2020. Save for the above, since 1 July 2020 up to the LPD, we have not declared any dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries and associated company. Distributions by our subsidiaries and associated company will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors such as exchange controls.

We target a payout ratio of at least 40.0% of our net profit attributable to the owners of the Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payments of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Save for certain banking restrictive covenants which our Company and our subsidiaries are subject to, there are no dividend restrictions imposed on our subsidiaries as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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The Board of Directors
Mr D.I.Y. Group (M) Berhad
Lot 1907, Jalan KPB 11,
Kawasan Perindustrian Balakong,
43300 Seri Kembangan,
Selangor.

Date: 23 September 2020

Our ref: BDO/SCT/TKP

Dear Sirs

MR D.I.Y. GROUP (M) BERHAD ("MDGM" or "The Company") AND ITS SUBSIDIARIES (collectively "the Group")
REPORT ON COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS ("THIS REPORT")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 30 June 2020 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for the purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company ("the Prospectus") in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in paragraphs 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group's financial position as at 30 June 2020 had the transactions been effected on 30 June 2020. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group's audited consolidated statement of financial position as at 30 June 2020.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

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

Our Independence and Quality Control (continued)

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of the Pro Forma Financial Information Included in a Prospectus,* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Consolidated Statements of Financial Position in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted consolidated financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled and other relevant engagement circumstances.

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Reporting Accountants' Responsibility (continued)

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

BDO PLT

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tang Seng Choon
02011/12/2021 J
Chartered Accountant

1. INTRODUCTION AND BASIS OF PREPARATION

1.1 INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of Mr D.I.Y. Group (M) Berhad ("Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2020 ("Pro Forma Consolidated SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

1.2 BASIS OF PREPARATION

The Pro Forma Consolidated SOFP have been prepared based on the audited consolidated statement of financial position of the Group as at 30 June 2020, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma Consolidated SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited consolidated statement of financial position of the Group as at 30 June 2020 had the transactions been effected on 30 June 2020, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma Consolidated SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audit report on the audited consolidated financial statements of the Group for the financial period ended 30 June 2020 used in the preparation of the Pro Forma Consolidated SOFP was not subject to any audit qualification.

2. LISTING SCHEME

The Pre-IPO Exercise, Other Material Transactions and Listing Exercise as disclosed in Notes 2.1, 2.2 and 2.3 are included in the Pro Forma Consolidated SOFP to show the effects of the transactions on the audited consolidated statement of financial position of the Group as at 30 June 2020 had the transactions been effected on 30 June 2020 in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia.

2.1 Pre-IPO Exercise

2.1.1 Share Issuance

On 23 September 2020, the Company issued and allotted 60,872,000 new ordinary shares in the Company to the shareholders of the Company (except for Mr D.I.Y. Holdings (M) Sdn. Bhd. ("MDHM")) and the shareholders of MDHM and/or their investment holding companies at a total consideration of RM100,000 ("Share Issuance") to facilitate the re-organisation of the shareholding structure whereby the interests in the Company are held directly by the shareholders of MDHM and/or their investment holding companies. Upon completion of the Share Issuance, the total number of ordinary shares increased from 10,000 to 60,882,000 shares.

2.1.2 Subdivision

Upon completion of the Share Issuance, the Company had carried out a subdivision of 1 existing ordinary share in the Company to 100 new ordinary shares in the Company ("Subdivision") on 23 September 2020. Upon completion of the Subdivision, the total number of ordinary shares in the Company increased to 6,088,200,000 shares. The Subdivision does not have any impact to the Pro Forma Consolidated SOFP.

2. LISTING SCHEME (continued)

2.2 Other Material Transactions

2.2.1 Term loan facility and revolving credit facility

On 4 March 2019, the Group had obtained a term loan facility and revolving credit facility with a facility limit of RM400 million and RM200 million respectively (collectively referred as the "Bank Facilities").

The tenure of the Bank Facilities is two (2) years after the first utilisation date and matures in March 2021 but is required to be prepaid upon completion of the initial public offering ("IPO") as set out in Note 2.3.

The Group had fully drawn down the Bank Facilities by tranches to finance the capital expenditure, working capital requirements and general corporate purposes of the Group, including partial distribution of dividends and part financing of the acquisition of Mr. D.I.Y. (B) Sdn. Bhd.. As at 30 June 2020, the Group had made net repayments of RM55,500,000 in respect of the outstanding revolving credit of the Bank Facilities. The full draw down of the Bank Facilities and the net repayments of RM55,500,000 in respect of the outstanding revolving credit of the Bank Facilities were recorded in the statement of financial position of the Group as at 30 June 2020.

Subsequent to the financial period ended 30 June 2020, the Group had made repayments of RM35,000,000 in respect of the outstanding revolving credit of the Bank Facilities as well as repayments of RM20,000,000 in respect of other outstanding revolving credits. These repayments are illustrated in the Pro Forma Consolidated SOFP to show the effects of these transactions had these transactions been effected on 30 June 2020.

2.2.2 Distribution of dividend

The Company had distributed and paid dividend of RM50,000,000 to its existing shareholders on 30 July 2020. The distribution and payment of the abovementioned dividend are illustrated in the Pro Forma Consolidated SOFP to show the effects of this transaction had this transaction been effected on 30 June 2020.

2.3 Listing Exercise

In conjunction with the Listing, the Company will undertake an IPO comprising public issue of 188,400,000 new ordinary shares in the Company ("Public Issue") and offer for sale of 753,090,000 existing ordinary shares in the Company ("Offer for Sale") at an indicative IPO price of RM1.60 per share.

Upon completion of the IPO, the Company will seek admission into the Official List of Bursa Malaysia Securities Berhad and the entire issued share capital of RM294,949,902 comprising 6,276,600,000 ordinary shares in the Company will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Utilisation of proceeds

The proceeds from the Public Issue of RM301,440,000 are expected to be utilised as follows:

	Estimated timeframe for use from the date of Listing	RM'000	Percentage of gross proceeds
Repayments of bank borrowings	Within 6 months	276,140	91.6%
Estimated listing expenses	Within 6 months	25,300	8.4%
		301,440	100.0%

2. LISTING SCHEME (continued)

2.3 Listing Exercise (continued)

The Group intends to use RM276,140,000 from the proceeds from the Public Issue to partially repay the abovementioned RM400 million term loan facility as set out in Note 2.2.1. The balance of the term loan facility of RM123,860,000 is intended to be fully settled at the same time as the repayment of the term loan from the proceeds of the Public Issue, using internally generated funds of the Group.

The estimated listing expenses totalling RM25,300,000 to be borne by the Company comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and miscellaneous expenses relating to the Public Issue and the Listing, of which RM6,917,000 had been incurred and charged to the profit or loss of the Group as of 30 June 2020. A total of RM8,560,000 of the estimated listing expenses is assumed to be directly attributable to the Public Issue and as such, will be debited against the share capital of the Company and the remaining expenses of RM9,823,000 is expensed off to the profit or loss.

2.4 Employees' Share Option Scheme ("ESOS")

In conjunction with the Listing, the Company will establish the ESOS, which involves the granting of ESOS options to the eligible directors and employees of the Group. The maximum number of shares to be issued under the ESOS shall be up to five percent (5%) of the issued ordinary shares in the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS.

The ESOS shall be administered by the Nomination and Remuneration Committee appointed by the Board of Directors of the Company and governed by the By-Laws.

The ESOS is not illustrated in the Pro Forma Consolidated SOFP as the ESOS options under the ESOS have yet to be granted as of the date of this report.

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3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

The Pro Forma Consolidated SOFP have been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Group as at 30 June 2020 based on the assumptions that the transactions set out in Note 2 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	Audited		Pro Forma I		Pro Forma II
		Consolidated SOFP as at 30 June 2020 RM'000	Adjustments for Pre-IPO Exercise and Other Material Transactions RM'000	After Pre-IPO Exercise and Other Material Transactions RM'000	Adjustments for Listing Exercise RM'000	After Pro Forma I and Listing Exercise RM'000
ASSETS						
Non-current assets						
Property, plant and equipment		365,529	-	365,529	-	365,529
Intangible assets		3,978	-	3,978	-	3,978
Right-of-use assets		744,681	-	744,681	-	744,681
Investment in an associate		5,722	-	5,722	-	5,722
Deferred tax assets		12,894	-	12,894	-	12,894
		1,132,804	-	1,132,804	-	1,132,804
Current assets						
Inventories		508,995	-	508,995	-	508,995
Trade and other receivables		117,069	-	117,069	-	117,069
Cash and bank balances	3.2.1	272,466	(104,900)	167,566	(116,943)	50,623
		898,530	(104,900)	793,630	(116,943)	676,687
TOTAL ASSETS		2,031,334	(104,900)	1,926,434	(116,943)	1,809,491
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	3.2.3	1,970	100	2,070	292,880	294,950
Merger reserve	3.2.3	(117,450)	-	(117,450)	-	(117,450)
Foreign currency translation reserve	3.2.3	163	-	163	-	163
Retained earnings	3.2.3	571,338	(50,000)	521,338	(9,823)	511,515
TOTAL EQUITY		456,021	(49,900)	406,121	283,057	689,178

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3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (continued)

	Note	Audited		Pro Forma I		Pro Forma II
		Consolidated SOFP as at 30 June 2020 RM'000	Adjustments for Pre-IPO Exercise and Other Material Transactions RM'000	After Pre-IPO Exercise and Other Material Transactions RM'000	Adjustments for Listing Exercise RM'000	After Pro Forma I and Listing Exercise RM'000
LIABILITIES						
Non-current liabilities						
Borrowings	3.2.2	22,803	-	22,803	-	22,803
Lease liabilities		686,336	-	686,336	-	686,336
Provision for restoration costs		15,864	-	15,864	-	15,864
Deferred tax liabilities		1,849	-	1,849	-	1,849
		726,852	-	726,852	-	726,852
Current liabilities						
Trade and other payables		105,919	-	105,919	-	105,919
Borrowings	3.2.2	586,049	(55,000)	531,049	(400,000)	131,049
Lease liabilities		102,876	-	102,876	-	102,876
Provision for restoration costs		674	-	674	-	674
Current tax liabilities		52,943	-	52,943	-	52,943
		848,461	(55,000)	793,461	(400,000)	393,461
TOTAL LIABILITIES		1,575,313	(55,000)	1,520,313	(400,000)	1,120,313
TOTAL EQUITY AND LIABILITIES		2,031,334	(104,900)	1,926,434	(116,943)	1,809,491
Net assets (RM'000)		456,021		406,121		689,178
Number of ordinary shares in issue ('000)		10		6,088,200		6,276,600
Net assets attributable to equity holders per ordinary share (RM)		45,602.10		0.07		0.11

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3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (continued)

3.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1.1 Pro Forma I

Pro Forma I incorporated the effects of the Pre-IPO Exercise and Other Material Transactions as set out in Notes 2.1 and 2.2 respectively.

3.1.2 Pro Forma II

Pro Forma II incorporated the effects of Pro Forma I as set out in Notes 2.1 and 2.2 and the effects of the Listing Exercise as set out in Note 2.3.

3.2 NOTES TO THE PRO FORMA CONSOLIDATED SOFP

3.2.1 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	Note	RM'000
Audited as at 30 June 2020		272,466
Proceeds from the Share Issuance	2.1.1	100
Repayments of revolving credits	2.2.1	(55,000)
Distribution of dividend	2.2.2	(50,000)
		(104,900)
Pro Forma I		167,566
Public Issue	2.3	301,440
Proposed utilisation of proceeds		
- Repayments of bank borrowings	2.3	(276,140)
- Estimated listing expenses	2.3	(18,383)
Repayment of the remaining balance of the term loan facility using internally generated funds of the Group	2.3	(123,860)
		(116,943)
Pro Forma II		50,623

3.2.2 BORROWINGS

	Audited as at 30 June 2020 RM'000	Repayments of revolving credits (Note 2.2.1) RM'000	Pro Forma I RM'000	Repayments of bank borrowings (Note 2.3) RM'000	Pro Forma II RM'000
Non-current					
Hire purchase creditors	2,283	-	2,283	-	2,283
Term loans	20,520	-	20,520	-	20,520
	22,803	-	22,803	-	22,803

3.2 NOTES TO THE PRO FORMA CONSOLIDATED SOFP (continued)

3.2.2 BORROWINGS (continued)

	Audited as at 30 June 2020 RM'000	Repayments of revolving credits (Note 2.2.1) RM'000	Pro Forma I RM'000	Repayments of bank borrowings (Note 2.3) RM'000	Pro Forma II RM'000
Current liabilities					
Bank overdraft	17,004	-	17,004	-	17,004
Revolving credits	164,500	(55,000)	109,500	-	109,500
Hire purchase creditors	348	-	348	-	348
Term loans	404,197	-	404,197	(400,000)	4,197
	586,049	(55,000)	531,049	(400,000)	131,049
Total borrowings					
Bank overdraft	17,004	-	17,004	-	17,004
Revolving credits	164,500	(55,000)	109,500	-	109,500
Hire purchase creditors	2,631	-	2,631	-	2,631
Term loans	424,717	-	424,717	(400,000)	24,717
	608,852	(55,000)	553,852	(400,000)	153,852

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3.2 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2.3 SHARE CAPITAL AND RESERVES

	Note	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Equity attributable to owners of the Company						
Audited as at 30 June 2020		1,970	(117,450)	163	571,338	456,021
Proceeds from the Share Issuance	2.1.1	100	-	-	-	100
Distribution of dividend	2.2.2	-	-	-	(50,000)	(50,000)
Pro Forma I		2,070	(117,450)	163	521,338	406,121
Public Issue	2.3	301,440	-	-	-	301,440
Estimated listing expenses attributable to the Public Issue	2.3	(8,560)	-	-	-	(8,560)
Estimated other listing expenses	2.3	-	-	-	(9,823)	(9,823)
Pro Forma II		294,950	(117,450)	163	511,515	689,178

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APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Mr D.I.Y. Group (M) Berhad in accordance with a resolution dated 23 September 2020.

Signed on behalf of the Board of Directors,

....	....
TAN YU YEH	**ONG CHU JIN ADRIAN**
Director	Director

23 September 2020

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