

13. ACCOUNTANTS' REPORT

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 Malaysia

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

Reporting Accountant's Opinion on the Consolidated Financial Statements Contained in the Accountants' Report of Mr D.I.Y. Group (M) Berhad ("MDGM" or the "Company")

Opinion

We have audited the consolidated financial statements of Mr D.I.Y. Group (M) Berhad and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 of the Group, and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and for the financial period ended 30 June 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out in this report.

This historical consolidated financial statements have been prepared 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 "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 and of their financial performance and their cash flows for the financial years/period ended 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

13. ACCOUNTANTS' REPORT (Cont'd)



Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibility for the Audit of Consolidated Financial Statements

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)**Reporting Accountants' Responsibility for the Audit of Consolidated Financial Statements (continued)**

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

Other Matters

The comparative information in respect of the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and related notes to the consolidated financial statements for the financial period ended 30 June 2019 has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia, we report that the significant subsequent events identified by the Group since 30 June 2020, the reporting date of the most recent audited consolidated financial statements to the date of this report, are as disclosed in Note 2.35 to the financial statements.

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tang Seng Choon
02011/12/2021 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
ASSETS					
<i>Non-current assets</i>					
Property, plant and equipment	2.6	166,220	269,430	354,035	365,529
Intangible assets	2.7	1,733	2,392	3,731	3,978
Right-of-use assets	2.8	385,395	528,759	690,468	744,681
Investment in an associate	2.9	2,175	3,351	4,758	5,722
Deferred tax assets	2.10	7,967	12,542	11,859	12,894
		563,490	816,474	1,064,851	1,132,804
<i>Current assets</i>					
Inventories	2.11	256,248	419,312	496,646	508,995
Trade and other receivables	2.12	56,360	81,177	121,802	117,069
Current tax assets		63	-	-	-
Cash and bank balances	2.13	89,421	66,653	140,671	272,466
		402,092	567,142	759,119	898,530
TOTAL ASSETS		965,582	1,383,616	1,823,970	2,031,334
EQUITY AND LIABILITIES					
<i>Equity attributable to owners of the Company</i>					
Share capital	2.14	1,970	1,970	1,970	1,970
Reserves	2.15	347,262	522,592	338,504	454,051
TOTAL EQUITY		349,232	524,562	340,474	456,021
LIABILITIES					
<i>Non-current liabilities</i>					
Borrowings	2.16	28,863	47,704	611,541	22,803
Lease liabilities	2.8	339,266	479,124	632,690	686,336
Provision for restoration costs	2.19	9,235	13,280	14,218	15,864
Deferred tax liabilities	2.10	2,981	1,960	2,338	1,849
		380,345	542,068	1,260,787	726,852
<i>Current liabilities</i>					
Trade and other payables	2.20	147,620	173,374	81,798	105,919
Borrowings	2.16	2,194	44,311	11,814	586,049
Lease liabilities	2.8	60,965	72,203	94,214	102,876
Provision for restoration costs	2.19	698	624	510	674
Current tax liabilities		24,528	26,474	34,373	52,943
		236,005	316,986	222,709	848,461
TOTAL LIABILITIES		616,350	859,054	1,483,496	1,575,313
TOTAL EQUITY AND LIABILITIES		965,582	1,383,616	1,823,970	2,031,334



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
	Note					
Revenue	2.22	1,229,216	1,771,058	2,275,587	1,050,749	1,096,730
Cost of sales		<u>(687,210)</u>	<u>(997,227)</u>	<u>(1,311,894)</u>	<u>(602,707)</u>	<u>(633,421)</u>
Gross profit		542,006	773,831	963,693	448,042	463,309
Other operating income		2,471	3,819	10,261	8,145	6,843
Administrative expenses		(37,066)	(58,707)	(70,455)	(40,464)	(39,286)
Other operating expenses	2.23	<u>(207,195)</u>	<u>(291,562)</u>	<u>(402,867)</u>	<u>(221,090)</u>	<u>(188,623)</u>
Profit from operations		300,216	427,381	500,632	194,633	242,243
Finance costs	2.24	(21,009)	(30,126)	(64,606)	(36,040)	(28,495)
Share of profit of an associate		<u>675</u>	<u>1,206</u>	<u>1,707</u>	<u>1,114</u>	<u>630</u>
Profit before tax	2.25	279,882	398,461	437,733	159,707	214,378
Income tax expense	2.27	<u>(69,874)</u>	<u>(90,128)</u>	<u>(120,165)</u>	<u>(44,264)</u>	<u>(59,944)</u>
Net profit for the financial year/period, attributable to the owners of the Company		<u>210,008</u>	<u>308,333</u>	<u>317,568</u>	<u>115,443</u>	<u>154,434</u>
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Gain on foreign currency translation		<u>9</u>	<u>33</u>	<u>17</u>	<u>104</u>	<u>41</u>
Other comprehensive income, net of tax	2.27(d)	<u>9</u>	<u>33</u>	<u>17</u>	<u>104</u>	<u>41</u>
Total comprehensive income, attributable to the owners of the Company		<u>210,017</u>	<u>308,366</u>	<u>317,585</u>	<u>115,547</u>	<u>154,475</u>
Earnings per share attributable to the owners of the Company						
Basic (RM)	2.28	21,001	30,833	31,757	11,544	15,443
Diluted (RM)	2.28	<u>21,001</u>	<u>30,833</u>	<u>31,757</u>	<u>11,544</u>	<u>15,443</u>

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Chartered Accountants
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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.J.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<u>Audited</u>	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Distributable retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2017		10	1,960	(117,450)	-	254,695	139,215
Net profit for the financial year		-	-	-	-	210,008	210,008
Other comprehensive income, net of tax		-	-	-	9	-	9
Total comprehensive income		-	-	-	9	210,008	210,017
Transfer pursuant to Companies Act 2016	2.14	1,960	(1,960)	-	-	-	-
Balance as at 31 December 2017/1 January 2018		1,970	-	(117,450)	9	464,703	349,232
Net profit for the financial year		-	-	-	-	308,333	308,333
Other comprehensive income, net of tax		-	-	-	33	-	33
Total comprehensive income		-	-	-	33	308,333	308,366
Transactions with owners							
Dividends paid	2.29	-	-	-	-	(133,036)	(133,036)
Total transactions with owners		-	-	-	-	(133,036)	(133,036)
Balance as at 31 December 2018/1 January 2019		1,970	-	(117,450)	42	640,000	524,562



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)							
1.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)							
<u>Audited</u>	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 31 December 2018/1 January 2019		1,970	-	(117,450)	42	640,000	524,562
Net profit for the financial year		-	-	-	-	317,568	317,568
Other comprehensive income, net of tax		-	-	-	17	-	17
Total comprehensive income		-	-	-	17	317,568	317,585
Transactions with owners							
Dividends paid	2.29	-	-	-	-	(501,673)	(501,673)
Total transactions with owners		-	-	-	-	(501,673)	(501,673)
Balance as at 31 December 2019/1 January 2020		1,970	-	(117,450)	59	455,895	340,474



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.J.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)
1.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<u>Audited</u>							
Balance as at 31 December 2019/1 January 2020		1,970	-	(117,450)	59	455,895	340,474
Net profit for the financial period		-	-	-	-	115,443	115,443
Other comprehensive income, net of tax		-	-	-	104	-	104
Total comprehensive income		-	-	-	104	115,443	115,547
Balance as at 30 June 2020		1,970	-	(117,450)	163	571,338	456,021
<u>Unaudited</u>							
Balance as at 31 December 2018/1 January 2019		1,970	-	(117,450)	42	640,000	524,562
Net profit for the financial period		-	-	-	-	154,434	154,434
Other comprehensive income, net of tax		-	-	-	41	-	41
Total comprehensive income		-	-	-	41	154,434	154,475
Transactions with owners		-	-	-	-	(501,673)	(501,673)
Dividends paid	2.29	-	-	-	-	(501,673)	(501,673)
Total transactions with owners		-	-	-	-	(501,673)	(501,673)
Balance as at 30 June 2019		1,970	-	(117,450)	83	292,761	177,364



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		279,882	398,461	437,733	159,707	214,378
Adjustments for:						
Amortisation of intangible assets	2.7	493	639	917	537	387
Depreciation of property, plant and equipment	2.6	20,288	31,012	41,685	24,264	19,524
Depreciation of right-of-use assets	2.8	51,572	72,749	96,201	56,350	45,231
Gain on disposal of property, plant and equipment	2.25	(155)	(195)	(306)	(132)	(159)
(Gain)/Loss on reassessments and modifications of leases	2.25	-	-	(473)	(444)	598
Interest expense	2.24	21,009	30,126	64,606	36,040	28,495
Interest income	2.25	(1,133)	(1,489)	(3,120)	(1,498)	(1,977)
Inventory losses	2.11	5,151	14,016	18,338	7,120	7,907
Inventories written off	2.11	3,785	4,819	13,729	3,214	4,247
Property, plant and equipment written off	2.6	920	640	1,939	434	573
Rent concessions	2.8	-	-	-	(3,422)	-
Reversal of provision for restoration costs	2.19	(132)	(539)	(3,374)	(102)	(2,971)
Share of profit of an associate	2.9	(675)	(1,206)	(1,707)	(1,114)	(630)
Unrealised loss/(gain) on foreign exchange	2.25	132	54	65	(48)	11
Operating profit before changes in working capital		381,137	549,087	666,233	280,906	315,614
Changes in working capital:						
Inventories		(104,062)	(181,918)	(109,394)	(22,654)	(31,850)
Trade and other receivables		(18,376)	(24,817)	(40,624)	4,740	(35,483)
Trade and other payables		16,689	17,393	(1,716)	16,859	266
Cash generated from operations		275,388	359,745	514,499	279,851	248,547
Tax paid		(71,437)	(93,698)	(111,614)	(27,224)	(45,284)
Tax refunded		149	-	409	-	74
Net cash from operating activities		204,100	266,047	403,294	252,627	203,337

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Chartered Accountants
Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.4 CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Note	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Additional investments in:						
- an associate	2.9	(1,500)	(120)	-	-	-
- subsidiaries	2.32	(13,111)	-	(104,842)	-	(60,000)
Dividends received from an associate	2.9	-	150	300	150	-
Interest income received		1,133	1,489	3,120	1,498	1,977
Purchases of:						
- property, plant and equipment	2.6	(70,487)	(124,020)	(115,076)	(30,707)	(54,847)
- intangible assets	2.7	(796)	(1,112)	(1,853)	(571)	(775)
Proceeds from disposal of property, plant and equipment		871	274	487	579	313
Proceeds from disposal of intangible assets		2	-	2	-	1
Repayments from holding company		1	-	-	-	-
Repayments to Directors		(2,547)	-	-	-	-
Advances from/ (Repayments to) a related party		1,030	(1,964)	-	-	-
Net cash used in investing activities		(85,404)	(125,303)	(217,862)	(29,051)	(113,331)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	2.29	-	(133,036)	(501,673)	-	(501,673)
Drawdowns of term loans		-	18,000	400,000	-	400,000
Drawdowns of revolving credits		-	37,600	200,000	110,500	200,000
Interest expense paid on:						
- borrowings		(1,353)	(1,808)	(24,661)	(12,352)	(8,753)
- lease liabilities		(19,190)	(27,648)	(37,373)	(21,975)	(17,661)
Payments of lease liabilities	2.8	(42,300)	(61,180)	(78,380)	(42,841)	(36,569)
Placements in restricted bank balances	2.13	-	-	(8,082)	(13)	(8,070)
Placements of deposits with a licensed bank with original maturity of more than three (3) months	2.13	-	(101)	(3)	-	(3)
Repayments of hire purchase creditors		(856)	(476)	(701)	(162)	(396)
Repayments of term loans		(1,455)	(10,614)	(9,408)	(1,955)	(2,293)
Repayments of revolving credits		-	-	(50,600)	(133,000)	(1,760)
Net cash (used in)/from financing activities		(65,154)	(179,263)	(110,881)	(101,798)	22,822

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Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

1. CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.4 CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Net increase/(decrease) in cash and cash equivalents	53,542	(38,519)	74,551	121,778	112,828
Effects of exchange rate changes on cash and cash equivalents	(161)	(17)	(60)	109	(11)
Cash and cash equivalents at beginning of financial year/period	<u>36,040</u>	<u>89,421</u>	<u>50,885</u>	<u>125,376</u>	<u>50,885</u>
Cash and cash equivalents at end of financial year/period	2.13 <u>89,421</u>	<u>50,885</u>	<u>125,376</u>	<u>247,263</u>	<u>163,702</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

ACCOUNTANTS' REPORT ("THIS REPORT")**1. CONSOLIDATED FINANCIAL STATEMENTS (continued)****1.5 GENERAL INFORMATION**

The Company was incorporated in Malaysia under the Companies Act, 1965 on 12 October 2010 as a private limited liability company under the name Mr D.I.Y. Enterprise Sdn. Bhd. and is deemed registered under the Companies Act 2016. On 1 June 2016, the Company changed its name to Mr D.I.Y. Group (M) Sdn. Bhd.. On 4 June 2019, it was converted to a public limited liability company and since then, assumed its current name of Mr D.I.Y. Group (M) Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company was changed from Lot 1851-A & 1851-B, Jalan KP B 6, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor to Lot 1907, Jalan KP B 11, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor during the current financial period ended 30 June 2020.

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 2.32 to the financial statements.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**2.1 BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") (including MFRS 134 *Interim Financial Reporting*) and International Financial Reporting Standards ("IFRS").

The financial statements of the Group for the financial year ended ("FYE") 31 December 2017 were previously prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS"). During the financial year ended 31 December 2018, the Group adopted MFRS for the first-time and the financial statements for the financial year ended 31 December 2018 are the first financial statements of the Group prepared in accordance with MFRS. Accordingly, comparative information for the financial year ended 31 December 2017 has been restated to give effect to these changes as disclosed in Note 2.33 to the financial statements.

In addition, the Group has also early adopted MFRS 16 *Leases* for the financial year ended 31 December 2018 and the retrospective impact of adoption of MFRS 16 *Leases* for the financial year ended 31 December 2017 has been disclosed in Note 2.33 to the financial statements.

The consolidated financial statements of the Group for the relevant periods are prepared under historical cost convention except as otherwise stated in the consolidated financial statements.

The preparation of these financial statements in conformity with MFRS and IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.



13. ACCOUNTANTS' REPORT (Cont'd)

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Group applies the accounting policies set out below consistently throughout the periods presented in these financial statements, unless otherwise stated.

2.2.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statement. Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year/period are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.1 Basis of consolidation (continued)**

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2.2 Business combinations

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;
- (c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.
- (b) Other contingent consideration that:
 - (i) is within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.
 - (ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.2 Business combinations (continued)**

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

2.2.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.3 Property, plant and equipment and depreciation (continued)**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal annual depreciation rates are as follows:

Buildings	2%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovations	20%
Signboards	10%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.2.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

2.2.4 Intangible assets

Intangible assets other than goodwill are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.4 Intangible assets (continued)**

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that are initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Computer software

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. This cost is amortised over its estimated useful live of five (5) years on a straight-line basis. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

2.2.5 Leases**The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.5 Leases (continued)**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

2.2.6 Investment in an associate

An associate is an entity over which the Group have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.6 Investment in an associate (continued)**

The share of the profit or loss of the associate by the Group during the financial year/period is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting period of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting period is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

2.2.7 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and investment in an associate), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.7 Impairment of non-financial assets (continued)**

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

2.2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Cost is determined using the weighted average method. The cost comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

2.2.9 Financial instruments**(a) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (FVTOCI) if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.9 Financial instruments (continued)****(a) Financial assets (continued)**

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (continued)

(ii) Financial assets measured subsequently at fair value (continued)

Financial assets that are debt instruments, which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

The Group does not have any financial assets measured at FVTOCI and FVTPL as at the end of the reporting period.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group has an option to elect an irrevocable option to designate its equity instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

The Group does not have any equity instrument measured at FVTPL and FVTOCI as at the end of the reporting period.

Dividend on equity instruments are recognised in profit or loss when the right to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

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



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.9 Financial instruments (continued)****(b) Financial liabilities**

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

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

Before 31 January 2017

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.9 Financial instruments (continued)**

(c) Equity (continued)

After 31 January 2017

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim and final dividends to shareholders are recognised in equity in the period in which they are authorised for issuance.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Group at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

2.2.10 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment loss for trade receivables based on the simplified approach in accordance with *MFRS 9 Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

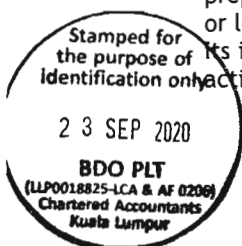
The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

2.2.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.11 Borrowing costs (continued)**

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

2.2.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.13 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for restoration costs

This provision is recognised in respect of the obligation of the Group to restore leased retail outlets to its original state upon the expiry of tenancy agreements.

Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.

2.2.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

2.2.15 Employee benefits**(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.15 Employee benefits (continued)****(a) Short term employee benefits (continued)**

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and the foreign operation in Negara Brunei Darussalam makes contribution to the statutory pension schemes in Brunei. The contributions are recognised as liabilities after deducting any contributions already paid and as expenses in the period in which the employees render their services.

2.2.16 Foreign currencies**(a) Functional and presentation currency**

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

2.2.17 Revenue recognition**(a) Sales of goods**

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.17 Revenue recognition (continued)****(a) Sales of goods (continued)**

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below: (continued)

- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

- (i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(b) Other income**(i) Interest income**

Interest income is recognised as it accrues, using the effective interest method.

(ii) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

2.2.18 Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group particularly in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.18 Operating segments (continued)**

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

2.2.19 Earnings per share**(a) Basic**

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

(b) Diluted

Diluted earnings per ordinary share for the financial year/period is calculated by dividing the net profit for the financial year/period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year/period adjusted for the effects of dilutive potential ordinary shares.

2.2.20 Fair value measurements

The fair value of an asset or a liability, except for share-based payments and lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2.20 Fair value measurements (continued)**

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

2.3 CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the financial statements.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 KEY SOURCES OF ESTIMATION UNCERTAINTY**

The following are 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 year:

(a) Determination of the lease term for leases

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either 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 amounts of the lease liabilities of the Group.

(b) Provision for restoration costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of rent 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 the Group.

2.5 OPERATING SEGMENTS

For management purposes, the Group is organised into two (2) reportable segments based on their geographical locations. The reportable segments are summarised as follows:

- (i) Malaysia; and
- (ii) Brunei.

The accounting policies of the operating segments are the same as those described in the financial statements.

The Group evaluates performance of the operating segments on the basis of profit or loss before tax.

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

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

Capital expenditure

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Major customers

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



13. ACCOUNTANTS' REPORT (Cont'd)

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 OPERATING SEGMENTS (continued)

<u>Audited</u>	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
1.1.2017 to 31.12.2017				
Revenue				
Sales to external customers	1,212,648	16,568	-	1,229,216
Inter-segment sales	8,712	-	(8,712)	-
Total revenue	1,221,360	16,568	(8,712)	1,229,216
Results				
Profit from operations	293,624	6,773	(181)	300,216
Interest expense	(20,472)	(537)	-	(21,009)
Share of profit of an associate	675	-	-	675
Profit before tax	273,827	6,236	(181)	279,882
Income tax expense	(68,851)	(1,061)	38	(69,874)
Net profit for the financial year	204,976	5,175	(143)	210,008
Other segment information				
Depreciation and amortisation	70,588	1,765	-	72,353
Interest income	1,133	-	-	1,133
Non-cash expenses other than depreciation and amortisation	10,448	6	-	10,454
Capital expenditure	81,059	2,398	-	83,457
31.12.2017				
Assets				
Segment assets	946,661	20,686	(1,765)	965,582
Non-current assets (excluding right- of-use assets and deferred tax assets)	165,683	2,270	-	167,953
Investment in an associate	2,175	-	-	2,175
Liabilities				
Segment liabilities	602,219	15,640	(1,509)	616,350

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.5 OPERATING SEGMENTS (continued)**

<u>Audited</u>	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
1.1.2018 to 31.12.2018				
Revenue				
Sales to external customers	1,751,917	19,141	-	1,771,058
Inter-segment sales	8,492	-	(8,492)	-
Total revenue	1,760,409	19,141	(8,492)	1,771,058
Results				
Profit from operations	420,679	6,800	(98)	427,381
Interest expense	(29,468)	(658)	-	(30,126)
Share of profit of an associate	1,206	-	-	1,206
Profit before tax	392,417	6,142	(98)	398,461
Income tax expense	(89,625)	(758)	255	(90,128)
Net profit for the financial year	302,792	5,384	157	308,333
Other segment information				
Depreciation and amortisation	101,955	2,445	-	104,400
Interest income	1,489	-	-	1,489
Non-cash expenses other than depreciation and amortisation	20,055	144	-	20,199
Capital expenditure	135,109	1,130	-	136,239
31.12.2018				
Assets				
Segment assets	1,362,854	21,789	(1,027)	1,383,616
Non-current assets (excluding right-of-use assets, investment in an associate and deferred tax assets)	268,876	2,946	-	271,822
Investment in an associate	3,351	-	-	3,351
Liabilities				
Segment liabilities	845,620	14,360	(926)	859,054

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 OPERATING SEGMENTS (continued)

<u>Audited</u>	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
1.1.2019 to 31.12.2019				
Revenue				
Sales to external customers	2,255,598	19,989	-	2,275,587
Inter-segment sales	7,104	-	(7,104)	-
Total revenue	2,262,702	19,989	(7,104)	2,275,587
Results				
Profit from operations	493,523	7,041	68	500,632
Interest expense	(63,982)	(624)	-	(64,606)
Share of profit of an associate	1,707	-	-	1,707
Profit before tax	431,248	6,417	68	437,733
Income tax expense	(119,347)	(589)	(229)	(120,165)
Net profit for the financial year	311,901	5,828	(161)	317,568
Other segment information				
Depreciation and amortisation	136,094	2,709	-	138,803
Interest income	3,120	-	-	3,120
Non-cash expenses other than depreciation and amortisation	34,683	105	-	34,788
Capital expenditure	130,644	19	-	130,663
31.12.2019				
Assets				
Segment assets	1,801,554	23,395	(979)	1,823,970
Non-current assets (excluding right-of-use assets, investment in an associate and deferred tax assets)	355,523	2,243	-	357,766
Investment in an associate	4,758	-	-	4,758
Liabilities				
Segment liabilities	1,472,420	11,793	(717)	1,483,496

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13. ACCOUNTANTS' REPORT (Cont'd)

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 OPERATING SEGMENTS (continued)

<u>Audited</u>	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
1.1.2020 to 30.6.2020				
Revenue				
Sales to external customers	1,039,961	10,788	-	1,050,749
Inter-segment sales	4,729	-	(4,729)	-
Total revenue	1,044,690	10,788	(4,729)	1,050,749
Results				
Profit from operations	191,394	3,231	8	194,633
Interest expense	(35,768)	(272)	-	(36,040)
Share of profit of an associate	1,114	-	-	1,114
Profit before tax	156,740	2,959	8	159,707
Income tax expense	(43,944)	(319)	(1)	(44,264)
Net profit for the financial period	112,796	2,640	7	115,443
Other segment information				
Depreciation and amortisation	79,785	1,366	-	81,151
Interest income	1,498	-	-	1,498
Non-cash expenses other than depreciation and amortisation	10,521	606	-	11,127
Capital expenditure	37,400	4	-	37,404
30.6.2020				
Assets				
Segment assets	2,007,409	25,024	(1,099)	2,031,334
Non-current assets (excluding right-of-use assets, investment in an associate and deferred tax assets)	367,489	2,018	-	369,507
Investment in an associate	5,722	-	-	5,722
Liabilities				
Segment liabilities	1,565,479	10,679	(845)	1,575,313

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.5 OPERATING SEGMENTS (continued)**

<u>Unaudited</u>	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
1.1.2019 to 30.6.2019				
Revenue				
Sales to external customers	1,086,591	10,139	-	1,096,730
Inter-segment sales	3,644	-	(3,644)	-
Total revenue	1,090,235	10,139	(3,644)	1,096,730
Results				
Profit from operations	238,752	3,451	40	242,243
Interest expense	(28,168)	(327)	-	(28,495)
Share of profit of an associate	630	-	-	630
Profit before tax	211,214	3,124	40	214,378
Income tax expense	(59,199)	(521)	(224)	(59,944)
Net profit for the financial period	152,015	2,603	(184)	154,434
Other segment information				
Depreciation and amortisation	63,781	1,361	-	65,142
Interest income	1,977	-	-	1,977
Non-cash expenses other than depreciation and amortisation	13,597	90	-	13,687
Capital expenditure	61,474	19	-	61,493

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Balance as at 1.1.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2017 RM'000
31 December 2017						
At cost						
Freehold land	18,853	222	-	-	-	19,075
Buildings	5,430	8,000	-	-	-	13,430
Furniture, fittings and equipment	70,998	42,259	(470)	(1,052)	(5)	111,730
Motor vehicles	8,675	4,881	(1,018)	-	-	12,538
Renovations	31,522	21,230	-	(998)	-	51,754
Signboards	9,975	5,940	-	(208)	-	15,707
	145,453	82,532	(1,488)	(2,258)	(5)	224,234
	Balance as at 1.1.2017 RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2017 RM'000
Accumulated depreciation						
Buildings	326	202	-	-	-	528
Furniture, fittings and equipment	19,677	9,596	(146)	(574)	-	28,553
Motor vehicles	4,198	1,822	(626)	-	-	5,394
Renovations	13,570	7,408	-	(690)	-	20,288
Signboards	2,065	1,260	-	(74)	-	3,251
	39,836	20,288	(772)	(1,338)	-	58,014

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2018 RM'000
31 December 2018						
At cost						
Freehold land	19,075	20,340	-	-	-	39,415
Buildings	13,430	-	-	-	-	13,430
Furniture, fittings and equipment	111,730	64,243	(119)	(1,019)	5	174,840
Motor vehicles	12,538	6,925	(666)	-	-	18,797
Renovations	51,754	22,082	-	(533)	-	73,303
Signboards	15,707	7,664	-	(233)	-	23,138
Capital work-in-progress	-	13,687	-	-	-	13,687
	224,234	134,941	(785)	(1,785)	5	356,610
	Balance as at 1.1.2018 RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2018 RM'000
Accumulated depreciation						
Buildings	528	269	-	-	-	797
Furniture, fittings and equipment	28,553	15,225	(67)	(650)	5	43,066
Motor vehicles	5,394	2,471	(639)	-	-	7,226
Renovations	20,288	11,117	-	(403)	-	31,002
Signboards	3,251	1,930	-	(92)	-	5,089
	58,014	31,012	(706)	(1,145)	5	87,180

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.1.2019 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2019 RM'000
31 December 2019						
At cost						
Freehold land	39,415	19,043	-	-	-	58,458
Buildings	13,430	-	-	-	-	13,430
Furniture, fittings and equipment	174,840	58,701	(213)	(2,532)	4	230,800
Motor vehicles	18,797	4,287	(912)	(116)	-	22,056
Renovations	73,303	21,270	-	(3,097)	3	91,479
Signboards	23,138	7,028	(5)	(1,164)	-	28,997
Capital work-in-progress	13,687	18,076	-	-	-	31,763
	356,610	128,405	(1,130)	(6,909)	7	476,983
	Balance as at 1.1.2019 RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 31.12.2019 RM'000
Accumulated depreciation						
Buildings	797	269	-	-	-	1,066
Furniture, fittings and equipment	43,066	20,918	(105)	(1,478)	1	62,402
Motor vehicles	7,226	3,528	(843)	(66)	-	9,845
Renovations	31,002	14,349	-	(2,841)	1	42,511
Signboards	5,089	2,621	(1)	(585)	-	7,124
	87,180	41,685	(949)	(4,970)	2	122,948

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.1.2020 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassifi- cation RM'000	Exchange differences RM'000	Balance as at 30.6.2020 RM'000
30 June 2020							
At cost							
Freehold land	58,458	-	-	-	-	-	58,458
Buildings	13,430	-	-	-	25,401	-	38,831
Furniture, fittings and equipment	230,800	23,810	(632)	(563)	-	18	253,433
Motor vehicles	22,056	2,025	(274)	-	-	1	23,808
Renovations	91,479	8,020	-	(1,049)	-	11	98,461
Signboards	28,997	1,927	-	(316)	-	1	30,609
Capital work-in- progress	31,763	838	-	-	(25,401)	-	7,200
	<u>476,983</u>	<u>36,620</u>	<u>(906)</u>	<u>(1,928)</u>	<u>-</u>	<u>31</u>	<u>510,800</u>

<u>Accumulated depreciation</u>	Balance as at 1.1.2020 RM'000	Depreciation charge for the financial period RM'000	Disposals RM'000	Written off RM'000	Exchange differences RM'000	Balance as at 30.6.2020 RM'000
Buildings	1,066	177	-	-	-	1,243
Furniture, fittings and equipment	62,402	12,550	(200)	(316)	6	74,442
Motor vehicles	9,845	1,980	(259)	-	-	11,566
Renovations	42,511	8,069	-	(1,011)	6	49,575
Signboards	7,124	1,488	-	(167)	-	8,445
	<u>122,948</u>	<u>24,264</u>	<u>(459)</u>	<u>(1,494)</u>	<u>12</u>	<u>145,271</u>

<u>Net carrying amounts</u>	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Freehold land	19,075	39,415	58,458	58,458
Buildings	12,902	12,633	12,364	37,588
Furniture, fittings and equipment	83,177	131,774	168,398	178,991
Motor vehicles	7,144	11,571	12,211	12,242
Renovations	31,466	42,301	48,968	48,886
Signboards	12,456	18,049	21,873	22,164
Capital work-in-progress	-	13,687	31,763	7,200
	<u>166,220</u>	<u>269,430</u>	<u>354,035</u>	<u>365,529</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group made the following cash payments to purchase property, plant and equipment:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Additions of property, plant and equipment	82,532	134,941	128,405	36,620	60,620
Other payables	(4,755)	(10,140)	(12,198)	(5,727)	(5,200)
Accruals	-	-	(524)	-	(310)
Financed by hire purchase creditors	(890)	(781)	(607)	(186)	(263)
Financed by term loans	(6,400)	-	-	-	-
Cash payments on purchase of property, plant and equipment	<u>70,487</u>	<u>124,020</u>	<u>115,076</u>	<u>30,707</u>	<u>54,847</u>

(b) As at the end of each reporting period, the net carrying amounts of property, plant and equipment of the Group under hire purchase arrangements are as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Motor vehicles	<u>1,809</u>	<u>1,901</u>	<u>1,742</u>	<u>1,579</u>

(c) Certain freehold land and buildings of the Group have been pledged as securities to banks for bank borrowings granted to the Group as disclosed in Note 2.16 to the financial statements with carrying amounts as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Freehold land	19,075	19,075	19,075	19,075
Buildings	12,603	12,341	12,079	37,306
Capital work-in-progress - Buildings under construction	-	13,006	24,666	-
	<u>31,678</u>	<u>44,422</u>	<u>55,820</u>	<u>56,381</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.7 INTANGIBLE ASSETS

<u>Audited</u>	Balance as at 1.1.2017 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.12.2017 RM'000
31 December 2017				
At cost				
Computer software	2,480	925	(6)	3,399
		Amortisation for the financial year		
Accumulated amortisation	Balance as at 1.1.2017 RM'000	RM'000	Disposals RM'000	Balance as at 31.12.2017 RM'000
Computer software	1,177	493	(4)	1,666
	Balance as at 1.1.2018 RM'000	Additions RM'000	Written Off RM'000	Balance as at 31.12.2018 RM'000
31 December 2018				
At cost				
Computer software	3,399	1,298	(27)	4,670
		Amortisation for the financial year		
Accumulated amortisation	Balance as at 1.1.2018 RM'000	RM'000	Written Off RM'000	Balance as at 31.12.2018 RM'000
Computer software	1,666	639	(27)	2,278
	Balance as at 1.1.2019 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.12.2019 RM'000
31 December 2019				
At cost				
Computer software	4,670	2,258	(16)	6,912
		Amortisation for the financial year		
Accumulated amortisation	Balance as at 1.1.2019 RM'000	RM'000	Disposals RM'000	Balance as at 31.12.2019 RM'000
Computer software	2,278	917	(14)	3,181

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.7 INTANGIBLE ASSETS (continued)

<u>Audited</u>	Balance as at 1.1.2020 RM'000	Additions RM'000	Disposals RM'000	Balance as at 30.6.2020 RM'000
30 June 2020				
At cost				
Computer software	6,912	784	(13)	7,683
Accumulated amortisation				
	Balance as at 1.1.2020 RM'000	Amortisation for the financial period RM'000	Disposals RM'000	Balance as at 30.6.2020 RM'000
Computer software	3,181	537	(13)	3,705
Net carrying amounts				
	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Computer software	1,733	2,392	3,731	3,978

(a) Intangible assets represent computer software, which is not integral to hardware of the Group and can be separately identified. Computer software is amortised over its estimated useful life of five (5) years using the straight line method.

(b) The Group made the following cash payments to intangible assets:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Additions of intangible assets	925	1,298	2,258	784	873
Other payables	(129)	(186)	(405)	(213)	(98)
Cash payments on purchase of intangible assets	796	1,112	1,853	571	775



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Cost				
As at 1 January	338,911	503,317	718,983	944,912
Additions	164,613	216,045	246,736	80,276
Reassessments and modifications	-	-	(20,320)	20,207
Reversals	(113)	(457)	(516)	(107)
Exchange differences	(94)	78	29	133
As at 31 December/30 June	<u>503,317</u>	<u>718,983</u>	<u>944,912</u>	<u>1,045,421</u>
Accumulated depreciation				
As at 1 January	(66,462)	(117,922)	(190,224)	(254,444)
Depreciation charge for the year/period	(51,572)	(72,749)	(96,201)	(56,350)
Reassessments and modifications	-	-	31,473	9,997
Reversals	113	457	516	107
Exchange differences	(1)	(10)	(8)	(50)
As at 31 December/30 June	<u>(117,922)</u>	<u>(190,224)</u>	<u>(254,444)</u>	<u>(300,740)</u>
Net carrying amounts	<u>385,395</u>	<u>528,759</u>	<u>690,468</u>	<u>744,681</u>

The right-of-use assets represent non-cancellable operating lease agreements entered into by the Group for the use of retail outlets and warehouses. The leases are mainly for an initial lease period of three (3) years with options to renew every three (3) years up to a total of fifteen (15) years.

(b) Lease liabilities

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Non-current				
Lease liabilities	339,266	479,124	632,690	686,336
Current				
Lease liabilities	60,965	72,203	94,214	102,876
	<u>400,231</u>	<u>551,327</u>	<u>726,904</u>	<u>789,212</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities (continued)

The movements of lease liabilities during the financial years/period are as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
As at 1 January	281,013	400,231	551,327	726,904
Interest charged for the year/period	19,190	27,648	37,373	21,975
Additions	161,610	212,206	243,255	78,723
Reassessments and modifications	-	-	10,680	29,760
Rent concessions	-	-	-	(3,422)
Exchange differences	(92)	70	22	88
Payments of:				
- Principal	(42,300)	(61,180)	(78,380)	(42,841)
- Interest	(19,190)	(27,648)	(37,373)	(21,975)
As at 31 December/30 June	<u>400,231</u>	<u>551,327</u>	<u>726,904</u>	<u>789,212</u>

(c) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either 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 amounts of the lease liabilities of the Group. The lease payments are discounted using the annual incremental borrowing rates of the Group of 4.60% to 5.75% (31.12.2019: 5.60%; 31.12.2018: 5.75%; 31.12.2017: 5.50%).

(d) Expenses relating to leases of low-value assets and short-term leases (included in administrative expenses and other operating expenses) are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Rental expenses on:					
- advertising spaces	1,755	2,773	3,187	1,683	1,656
- equipment	112	152	288	252	123
- premises	2,943	3,252	3,459	2,276	1,761
- others	5	6	6	2	3
	<u>4,815</u>	<u>6,183</u>	<u>6,940</u>	<u>4,213</u>	<u>3,543</u>

(e) Variable lease payments arising from COVID-19 related rent concessions recognised in other operating income during the current financial period ended 30 June 2020 are RM3,422,000.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (f) The table below summarises the maturity profile of the lease liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

<u>Audited</u>	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
31 December 2017				
Lease liabilities	71,659	253,989	166,437	492,085
31 December 2018				
Lease liabilities	100,843	361,044	213,288	675,175
31 December 2019				
Lease liabilities	132,572	481,210	274,130	887,912
30 June 2020				
Lease liabilities	143,729	523,731	288,665	956,125

- (g) Reconciliation of liabilities arising from financing activities

The table below details changes in lease liabilities of the Group arising from financing activities, including both cash and non-cash changes. Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group as cash flows from financing activities.

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000	30.6.2019 Unaudited RM'000
Lease liabilities					
As at 1 January	281,013	400,231	551,327	726,904	551,327
Cash flows	(42,300)	(61,180)	(78,380)	(42,841)	(36,569)
Non-cash flows:					
- Additions	161,610	212,206	243,255	78,723	139,552
- Reassessments modifications of leases	-	-	10,680	29,760	(1,321)
- Rent concessions	-	-	-	(3,422)	-
- Exchange differences	(92)	70	22	88	80
As at 31 December /30 June	400,231	551,327	726,904	789,212	653,069

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.9 INVESTMENT IN AN ASSOCIATE**

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Unquoted shares, at cost	1,500	1,620	1,620	1,620
Share of post-acquisition reserves, net of dividends received	675	1,731	3,138	4,102
	<u>2,175</u>	<u>3,351</u>	<u>4,758</u>	<u>5,722</u>

(a) The associate is accounted for using the equity method in the consolidated financial statements.

(b) The details of the associate are as follows:

Name of company	[-----Effective interest in equity-----]				Principal activities
	31.12.2017*	31.12.2018*	31.12.2019	30.6.2020	
	%	%	%	%	
Qube Apps Solutions Sdn. Bhd. ("Qube Apps")	30	30	30	30	Providing computer consultancy services, software developers and trading of related products

* Audited by a firm of auditors other than BDO in Malaysia and member firms of BDO International.

The country of incorporation and principal place of business of the associate are in Malaysia.

(c) The financial statements of the associate are coterminous with that of the financial years/period of the Group. The most recent available financial statements of the associate are used by the Group in applying the equity method of accounting. The share of results of the associate of the Group for the financial years/period ended 31 December 2018, 31 December 2019 and 30 June 2020 are based on audited financial statements.

The share of results of the associate of the Group for the financial year/period ended 31 December 2017 and 30 June 2019 are based on management accounts.

(d) During the financial year ended 31 December 2017, the Company acquired 30,000 ordinary shares in the associate representing 30% interest of the enlarged issued and paid up share capital of the associate for cash consideration of RM1,500,000. During the financial year ended 31 December 2018, the Company subscribed for an additional 120,000 ordinary shares in the associate at RM1 per ordinary share.

(e) The summarised financial information of the associate is as follows:

Qube Apps Solutions Sdn. Bhd.	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	30.6.2020 RM'000
Assets and liabilities				
Non-current assets	1,704	1,955	2,562	2,419
Current assets	4,214	6,563	12,227	15,033
Non-current liabilities	(1,250)	(1,115)	(1,364)	(1,266)
Current liabilities	(2,455)	(1,269)	(2,602)	(2,149)
Net assets	<u>2,213</u>	<u>6,134</u>	<u>10,823</u>	<u>14,037</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.9 INVESTMENT IN AN ASSOCIATE (continued)**

(e) The summarised financial information of the associate is as follows: (continued)

	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 31.12.2018 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Results					
Revenue	9,412	15,955	21,490	12,733	9,350
Net profit for the financial year/period	2,740	4,021	5,689	3,713	2,100
Total comprehensive income	<u>2,740</u>	<u>4,021</u>	<u>5,689</u>	<u>3,713</u>	<u>2,100</u>
Cash flows from operating activities	915	2,579	5,875	731	1,651
Cash flows used in investing activities	(153)	(473)	(189)	(84)	(124)
Cash flows used in financing activities	<u>(117)</u>	<u>(234)</u>	<u>(1,385)</u>	<u>(686)</u>	<u>(193)</u>
Net increase/(decrease) in cash and cash equivalents	<u>645</u>	<u>1,872</u>	<u>4,301</u>	<u>(39)</u>	<u>1,334</u>

(f) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000	
Qube Apps Solutions Sdn. Bhd.					
Share of net assets of the Group	664	1,840	3,247	4,211	
Goodwill	<u>1,511</u>	<u>1,511</u>	<u>1,511</u>	<u>1,511</u>	
Carrying amount in the consolidated statements of financial position	<u>2,175</u>	<u>3,351</u>	<u>4,758</u>	<u>5,722</u>	
	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Share of results of the Group					
Share of profit of the Group	675	1,206	1,707	1,114	630
Share of total comprehensive income of the Group	<u>675</u>	<u>1,206</u>	<u>1,707</u>	<u>1,114</u>	<u>630</u>
Other information					
Dividends received	<u>-</u>	<u>150</u>	<u>300</u>	<u>150</u>	<u>-</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.10 DEFERRED TAX**

The deferred tax assets are made up of the following:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
As at 1 January	1,263	4,986	10,582	9,521
Recognised in profit or loss (Note 2.27)	3,724	5,597	(1,061)	1,525
Exchange differences	(1)	(1)	-	(1)
As at 31 December/30 June	<u>4,986</u>	<u>10,582</u>	<u>9,521</u>	<u>11,045</u>
Presented after appropriate offsetting:				
Deferred tax assets, net	7,967	12,542	11,859	12,894
Deferred tax liabilities, net	(2,981)	(1,960)	(2,338)	(1,849)
As at 31 December/30 June	<u>4,986</u>	<u>10,582</u>	<u>9,521</u>	<u>11,045</u>

- (a) The components of deferred tax assets and deferred tax liabilities during the financial years/period prior to offsetting are as follows:

Deferred tax assets of the Group

<u>Audited</u>	Leases RM'000	Unutilised capital allowances RM'000	Unabsorbed tax losses RM'000	Others RM'000	Total RM'000
As at 1 January 2017	3,697	22	30	5,363	9,112
Recognised in profit or loss	2,317	(22)	(29)	3,490	5,756
Exchange differences	-	-	(1)	-	(1)
As at 31 December 2017, prior to offsetting	<u>6,014</u>	<u>-</u>	<u>-</u>	<u>8,853</u>	<u>14,867</u>
Offsetting					<u>(6,900)</u>
As at 31 December 2017					<u>7,967</u>
As at 1 January 2018	6,014	-	-	8,853	14,867
Recognised in profit or loss	2,930	-	-	5,872	8,802
As at 31 December 2018, prior to offsetting	<u>8,944</u>	<u>-</u>	<u>-</u>	<u>14,725</u>	<u>23,669</u>
Offsetting					<u>(11,127)</u>
As at 31 December 2018					<u>12,542</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.10 DEFERRED TAX (continued)

- (a) The components of deferred tax assets and deferred tax liabilities during the financial years/period prior to offsetting are as follows: (continued)

Deferred tax assets of the Group (continued)

<u>Audited</u>	Leases RM'000	Unutilised capital allowances RM'000	Unabsorbed tax losses RM'000	Others RM'000	Total RM'000
As at 1 January 2019	8,944	-	-	14,725	23,669
Recognised in profit or loss	3,296	-	-	(3,240)	56
As at 31 December 2019, prior to offsetting	12,240	-	-	11,485	23,725
Offsetting					(11,866)
As at 31 December 2019					11,859
As at 1 January 2020	12,240	-	-	11,485	23,725
Recognised in profit or loss	2,049	-	-	432	2,481
Exchange differences	1	-	-	-	1
As at 30 June 2020, prior to offsetting	14,290	-	-	11,917	26,207
Offsetting					(13,313)
As at 30 June 2020					12,894

Deferred tax liabilities of the Group

<u>Audited</u>	Property, plant and equipment RM'000	Total RM'000
As at 1 January 2017	7,849	7,849
Recognised in profit or loss	2,032	2,032
As at 31 December 2017, prior to offsetting	9,881	9,881
Offsetting		(6,900)
As at 31 December 2017		2,981



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.10 DEFERRED TAX (continued)

- (a) The components of deferred tax assets and deferred tax liabilities during the financial years/period prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Group (continued)

<u>Audited</u>	Property, plant and equipment RM'000	Total RM'000
As at 1 January 2018	9,881	9,881
Recognised in profit or loss	3,206	3,206
As at 31 December 2018, prior to offsetting	<u>13,087</u>	13,087
Offsetting		<u>(11,127)</u>
As at 31 December 2018		<u>1,960</u>
As at 1 January 2019	13,087	13,087
Recognised in profit or loss	1,117	1,117
As at 31 December 2019, prior to offsetting	<u>14,204</u>	14,204
Offsetting		<u>(11,866)</u>
As at 31 December 2019		<u>2,338</u>
As at 1 January 2020	14,204	14,204
Recognised in profit or loss	956	956
Exchange differences	2	2
As at 30 June 2020, prior to offsetting	<u>15,162</u>	15,162
Offsetting		<u>(13,313)</u>
As at 30 June 2020		<u>1,849</u>

- (b) Deferred tax assets have not been recognised in respect of the following items:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Unused tax losses				
- Expired by 31 December 2027	-	-	-	897
- Expired by 31 December 2026	-	-	2,855	2,855
- Expired by 31 December 2025	-	-	3,293	3,293
Unabsorbed capital allowances	-	-	1,894	2,556
Other taxable temporary differences	-	-	(602)	(226)
	<u>-</u>	<u>-</u>	<u>7,440</u>	<u>9,375</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.10 DEFERRED TAX (continued)

- (b) Deferred tax assets have not been recognised in respect of the following items: (continued)

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

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

2.11 INVENTORIES

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
At cost				
Finished goods	256,248	419,312	496,646	508,995

- (a) Inventories of the Group recognised as cost of sales during the financial years/periods are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Recognised as cost of sales	679,658	985,279	1,292,866	594,418	626,531

- (b) The amounts of inventory losses and inventories written off recognised as cost of sales during the financial years/periods are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Inventory losses	5,151	14,016	18,338	7,120	7,907
Inventories written off	3,785	4,819	13,729	3,214	4,247
	8,936	18,835	32,067	10,334	12,154

2.12 TRADE AND OTHER RECEIVABLES

	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Trade receivables					
Third parties		650	1,315	2,523	2,204
Amount owing by a related party		-	371	1,660	2,311
	(b)	650	1,686	4,183	4,515
Less: Impairment losses		-	-	-	-
		650	1,686	4,183	4,515



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.12 TRADE AND OTHER RECEIVABLES (continued)

	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Other receivables					
Other receivables	(c)	361	5,189	3,373	7,656
Deposits		37,624	47,331	51,667	56,353
		37,985	52,520	55,040	64,009
Less: Impairment losses		-*	-*	-*	-*
		37,985	52,520	55,040	64,009
Total trade and other receivables, excluding prepayments		38,635	54,206	59,223	68,524
Prepayments	(d)	17,725	26,971	62,579	48,545
Total trade and other receivables		56,360	81,177	121,802	117,069

* The expected credit loss amount is negligible.

- (a) Trade and other receivables excluding prepayments are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group is 30 days (31.12.2019: 30 days; 31.12.2018: 30 days; 31.12.2017: 30 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Included in other receivables are amounts owing by related parties of RM1,562,000 (31.12.2019: RM23,000; 31.12.2018: RM764,000; 31.12.2017: RM153,000). The amounts owing by related parties are mainly in respect of management fees that are unsecured, interest-free and payable within the next twelve (12) months. Subsequent to the end of the reporting period, the Group received repayments of RM1,461,000 in respect of the outstanding management fees.
- (d) Included in prepayments of the Group are advance payments to suppliers for purchase of goods of RM41,883,000 (31.12.2019: RM56,287,000; 31.12.2018: RM21,346,000; 31.12.2017: RM12,251,000).
- (e) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires the Directors and management of the Group to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.12 TRADE AND OTHER RECEIVABLES (continued)

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

<u>Audited</u>	Gross carrying amount RM'000	Impairment losses RM'000	Balance RM'000
31 December 2017			
Current	648	-	648
Past due			
31 to 60 days	2	-	2
	650	-	650
31 December 2018			
Current	1,686	-	1,686
31 December 2019			
Current	3,365	-	3,365
Past due			
1 to 30 days	85	-	85
31 to 60 days	733	-	733
	818	-	818
	4,183	-	4,183
30 June 2020			
Current	4,515	-	4,515

(g) Impairment for other receivables and deposits are recognised based on the three-stage general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probabilities of non-payment by other receivables are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss.

It requires the Directors and management of the Group to exercise significant judgement in determining the probabilities of default by other receivables, appropriate forward looking information and significant increase in credit risk.

(h) No expected credit loss is recognised arising from trade and other receivables as the amounts are negligible.

(i) As at the end of each reporting period, trade and other receivables of the Group are not secured by any collateral and are not subject to significant risk of concentration. The Group did not renegotiate the terms of any trade receivables during the each of the reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.12 TRADE AND OTHER RECEIVABLES (continued)

- (j) The currency exposure profiles of trade and other receivables, excluding prepayments are as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Ringgit Malaysia	38,114	52,164	56,713	65,286
Brunei Dollar	9	807	711	803
United States Dollar	2	854	129	123
Singapore Dollar	510	381	1,670	2,312
	<u>38,635</u>	<u>54,206</u>	<u>59,223</u>	<u>68,524</u>

Sensitivity analysis for foreign currency risk at the end of each reporting period is not presented as changes in exchange rates would not materially affect the profit or loss of the Group.

2.13 CASH AND BANK BALANCES

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Cash and bank balances	66,421	66,552	71,341	78,146
Deposits with licensed banks	23,000	101	69,330	194,320
	<u>89,421</u>	<u>66,653</u>	<u>140,671</u>	<u>272,466</u>

- (a) Deposits with licensed banks of the Group have maturity periods ranging from 1 day to 366 days (31.12.2019: 2 days to 366 days, 31.12.2018: 365 days, 31.12.2017: 30 days).
- (b) Included in the cash and bank balances of the Group are amounts of RM28,477,000 (31.12.2019: RM30,678,000; 31.12.2018: nil; 31.12.2017: nil) and RM8,095,000 (31.12.2019: RM8,082,000; 31.12.2018: nil; 31.12.2017: nil) held under the Operating Accounts and Debt Service Reserve Accounts ("DSRAs") respectively in relation to the borrowings as disclosed in Note 2.16(b) to the financial statements. The Group assigned and charged to the Security Agent all its rights, interests, titles and benefits to the Operating Accounts and DSRAs as securities for the repayment of the total secured amounts in respect of revolving credits and term loans amounting to RM144,500,000 (31.12.2019: RM187,000,000; 31.12.2018: nil; 31.12.2017: nil) and RM400,000,000 (31.12.2019: RM400,000,000; 31.12.2018: nil; 31.12.2017: nil) respectively.
- (c) The currency exposure profile of the cash and bank balances is as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Ringgit Malaysia	84,251	63,631	130,853	261,746
United States Dollar	183	281	1,998	230
Brunei Dollar	4,283	2,703	7,585	10,254
Chinese Yuan	2	2	2	2
Hong Kong Dollar	-	1	2	2
Vietnamese Dong	-	14	13	12
Euro	2	2	2	2
Singapore Dollar	700	19	178	192
Philippine Peso	-	-	19	18
Indian Rupee	-	-	19	8
	<u>89,421</u>	<u>66,653</u>	<u>140,671</u>	<u>272,466</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.13 CASH AND BANK BALANCES (continued)**

- (c) The currency exposure profile of the cash and bank balances is as follows: (continued)

Sensitivity analysis for foreign currency risk at the end of each reporting period is not presented as changes in exchange rates would not materially affect the profit or loss of the Group.

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000	30.6.2019 Unaudited RM'000
Cash and bank balances	66,421	66,552	71,341	78,146	69,161
Deposits with licensed banks	<u>23,000</u>	<u>101</u>	<u>69,330</u>	<u>194,320</u>	<u>102,736</u>
	89,421	66,653	140,671	272,466	171,897
Less:					
Deposits with a licensed bank with original maturity of more than three (3) months	-	(101)	(104)	(104)	(104)
Restricted bank balances	-	-	(8,082)	(8,095)	(8,070)
Bank overdraft (Note 2.16)	<u>-</u>	<u>(15,667)</u>	<u>(7,109)</u>	<u>(17,004)</u>	<u>(21)</u>
Cash and cash equivalents included in the consolidated statements of cash flows	<u>89,421</u>	<u>50,885</u>	<u>125,376</u>	<u>247,263</u>	<u>163,702</u>

The restricted bank balances represent monies held in DSRAs as disclosed in Note 2.13(b) to the financial statements, which are restricted in usage and do not form part of cash and cash equivalents.

- (e) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period is as follows:

	31.12.2017 Audited %	31.12.2018 Audited %	31.12.2019 Audited %	30.6.2020 Audited %
Fixed rate	<u>3.49</u>	<u>4.20</u>	<u>2.95</u>	<u>1.95</u>

Sensitivity analysis for fixed rate instruments at the end of each reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

- (f) No expected credit losses were recognised arising from the cash and bank balances and deposits with licensed banks as the probability of default by these financial institutions is negligible.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.14 SHARE CAPITAL**

	Note	31.12.2017 Audited	31.12.2018 Audited	31.12.2019 Audited	30.6.2020 Audited
Number of ordinary shares Issued and fully paid					
As at 1 January/31 December /30 June		10,000	10,000	10,000	10,000
Ordinary shares Issued and fully paid	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
As at 1 January		10	1,970	1,970	1,970
Transferred pursuant to Companies Act 2016	(a)	1,960	-	-	-
As at 31 December/30 June		1,970	1,970	1,970	1,970

(a) Upon the enforcement of the Companies Act 2016 ("CA2016") on 31 January 2017:

- (i) the Company's share capital is in a no par value regime since 31 January 2017; and
- (ii) the concepts of authorised share capital and par value of share capital had been abolished. Consequently, balance within the share premium account of RM1,960,000 had been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the CA2016. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

2.15 RESERVES

	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Non-distributable:					
Merger reserve	(a)	(117,450)	(117,450)	(117,450)	(117,450)
Foreign currency translation reserve	(b)	9	42	59	163
		(117,441)	(117,408)	(117,391)	(117,287)
Distributable:					
Retained earnings		464,703	640,000	455,895	571,338
		347,262	522,592	338,504	454,051



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.15 RESERVES (continued)

- (a) The merger reserve represents the excess of the consideration paid over the share capital of Mr D.I.Y. Management Sdn. Bhd. and Mr. D.I.Y. (B) Sdn. Bhd. as at the acquisition dates under the pooling of interest method of accounting as follows:

	Mr D.I.Y. Management Sdn. Bhd. RM'000	Mr. D.I.Y.(B) Sdn. Bhd. RM'000	Total RM'000
Consideration paid	13,111	104,842	117,953
Less: Share capital as at acquisition date	(500)	(3)	(503)
Merger reserve	<u>12,611</u>	<u>104,839</u>	<u>117,450</u>

- (b) The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the presentation currency of the Group.

2.16 BORROWINGS

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Non-current liabilities				
Secured				
Revolving credits	-	14,080	187,000	-
Hire purchase creditors	1,971	2,232	2,141	2,283
Term loans	26,892	31,392	422,400	20,520
	<u>28,863</u>	<u>47,704</u>	<u>611,541</u>	<u>22,803</u>
Current liabilities				
Secured				
Bank overdraft	-	15,667	7,109	17,004
Revolving credits	-	23,520	-	164,500
Hire purchase creditors	392	436	433	348
Term loans	1,802	4,688	4,272	404,197
	<u>2,194</u>	<u>44,311</u>	<u>11,814</u>	<u>586,049</u>
Total borrowings				
Bank overdraft	2.13	-	15,667	7,109
Revolving credits		-	37,600	187,000
Hire purchase creditors	2.17	2,363	2,668	2,574
Term loans	2.18	28,694	36,080	426,672
		<u>31,057</u>	<u>92,015</u>	<u>623,355</u>
			<u>623,355</u>	<u>608,852</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.16 BORROWINGS (continued)**

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The bank overdraft, revolving credits and term loans of the Group are secured as follows:
- (i) Legal charges over certain freehold land and buildings of the Group as disclosed in Note 2.6 to the financial statements;
- (ii) Assignment and charge over all shares in certain subsidiaries of the Company and rental proceeds of certain properties of the Group;
- (iii) Assignment and charge over the Operating Accounts and DSRAs of the Group as disclosed in Note 2.13(b) to the financial statements;
- (iv) Personal guarantee by a Director of the Company (31.12.2019: Personal guarantee by a Director of the Company, 31.12.2018 and 31.12.2017: Personal, joint and several guarantee by certain Directors of the Company); and
- (v) Corporate guarantee by the Company and its subsidiaries.

The above personal guarantee by a Director of the Company was released subsequent to the end of the financial period ended 30 June 2020.

- (c) Borrowings of the Group are denominated in Ringgit Malaysia.
- (d) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

<u>Audited</u>	Weighted average effective interest rate per annum %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
31 December 2017						
Fixed rates						
Hire purchase creditors	5.33	392	374	963	634	2,363
Floating rates						
Term loans	4.61	1,802	1,855	5,911	19,126	28,694
31 December 2018						
Fixed rates						
Hire purchase creditors	5.45	436	432	1,180	620	2,668
Floating rates						
Bank overdraft	5.85	15,667	-	-	-	15,667
Revolving credits	5.48	23,520	3,520	10,560	-	37,600
Term loans	5.16	4,688	4,910	16,189	10,293	36,080

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23 SEP 2020

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(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.16 BORROWINGS (continued)

- (d) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk: (continued)

<u>Audited</u> Group	Weighted average effective interest rate per annum %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2019						
Fixed rates						
Hire purchase creditors	5.56	433	446	1,195	500	2,574
Floating rates						
Bank overdraft	5.60	7,109	-	-	-	7,109
Revolving credits	5.08	-	187,000	-	-	187,000
Term loans	5.09	4,272	404,508	10,746	7,146	426,672
30 June 2020						
Fixed rates						
Hire purchase creditors	5.61	348	471	1,258	554	2,631
Floating rates						
Bank overdraft	4.60	17,004	-	-	-	17,004
Revolving credits	4.08	164,500	-	-	-	164,500
Term loans	4.07	404,197	4,630	8,685	7,205	424,717

- (e) Sensitivity analysis of interest rate for the floating rate instruments at the end of each reporting period, assuming all other variables remain constant, is as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000
Effects of 50 basis point changes to profit after tax				
Floating rate instruments	109	340	2,359	2,304

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



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.16 BORROWINGS (continued)

- (f) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

<u>Audited</u>	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
31 December 2017				
Hire purchase creditors	519	1,412	860	2,791
Term loans	3,074	11,977	23,223	38,274
	<u>3,593</u>	<u>13,389</u>	<u>24,083</u>	<u>41,065</u>
31 December 2018				
Bank overdraft	15,667	-	-	15,667
Revolving credits	25,476	15,591	-	41,067
Hire purchase creditors	574	1,911	653	3,138
Term loans	6,428	25,376	11,775	43,579
	<u>48,145</u>	<u>42,878</u>	<u>12,428</u>	<u>103,451</u>
31 December 2019				
Bank overdraft	7,109	-	-	7,109
Revolving credits	9,506	196,992	-	206,498
Hire purchase creditors	565	1,916	531	3,012
Term loans	25,871	421,328	8,146	455,345
	<u>43,051</u>	<u>620,236</u>	<u>8,677</u>	<u>671,964</u>
30 June 2020				
Bank overdraft	17,004	-	-	17,004
Revolving credits	168,908	-	-	168,908
Hire purchase creditors	435	1,997	613	3,045
Term loans	416,079	15,705	8,182	439,966
	<u>602,426</u>	<u>17,702</u>	<u>8,795</u>	<u>628,923</u>

- (g) Hire purchase creditors that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value, are as follows:

<u>Audited</u>	Carrying amount RM'000	Fair value RM'000
31 December 2017		
Hire purchase creditors	<u>2,363</u>	<u>2,331</u>
31 December 2018		
Hire purchase creditors	<u>2,668</u>	<u>2,619</u>
31 December 2019		
Hire purchase creditors	<u>2,574</u>	<u>2,518</u>
30 June 2020		
Hire purchase creditors	<u>2,631</u>	<u>2,547</u>



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.16 BORROWINGS (continued)

- (g) Hire purchase creditors that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value, are as follows: (continued)

Fair values of the hire purchase creditors are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

Fair value of the hire purchase creditors of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year/period.

- (h) Reconciliation of liabilities arising from financing activities

The table below details changes in borrowings of the Group arising from financing activities, including both cash and non-cash changes. Borrowings arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group as cash flows from financing activities.

<u>Audited</u>	Hire purchase creditors RM'000	Revolving credits RM'000	Term loans RM'000
As at 1 January 2017	2,329	-	23,749
Cash flows	(856)	-	(1,455)
Non-cash flows:			
Purchase of property, plant and equipment	890	-	6,400
As at 31 December 2017	2,363	-	28,694
As at 1 January 2018	2,363	-	28,694
Cash flows	(476)	37,600	7,386
Non-cash flows:			
Purchase of property, plant and equipment	781	-	-
As at 31 December 2018	2,668	37,600	36,080
As at 1 January 2019	2,668	37,600	36,080
Cash flows	(701)	149,400	390,592
Non-cash flows:			
Purchase of property, plant and equipment	607	-	-
As at 31 December 2019	2,574	187,000	426,672
As at 1 January 2020	2,574	187,000	426,672
Cash flows	(162)	(22,500)	(1,955)
Non-cash flows:			
Purchase of property, plant and equipment	186	-	-
Accrued interest	33	-	-
As at 30 June 2020	2,631	164,500	424,717
<u>Unaudited</u>			
As at 1 January 2019	2,668	37,600	36,080
Cash flows	(396)	198,240	397,707
Non-cash flows:			
Purchase of property, plant and equipment	263	-	-
As at 30 June 2019	2,535	235,840	433,787



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.17 HIRE PURCHASE CREDITORS

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Minimum hire-purchase payment:				
- not later than one (1) year	519	574	565	435
- later than one (1) year and not later than five (5) years	1,412	1,911	1,916	1,997
- later than five (5) years	860	653	531	613
	<u>2,791</u>	<u>3,138</u>	<u>3,012</u>	<u>3,045</u>
Less: Future interest charges	(428)	(470)	(438)	(414)
Present value of hire purchase creditors	<u>2,363</u>	<u>2,668</u>	<u>2,574</u>	<u>2,631</u>
Repayable as follows:				
Current liabilities	392	436	433	348
Non-current liabilities	1,971	2,232	2,141	2,283
	<u>2,363</u>	<u>2,668</u>	<u>2,574</u>	<u>2,631</u>

2.18 TERM LOANS

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Secured				
Term loan I is repayable by 240 equal monthly instalments of RM63,186 each commencing May 2015	9,203	-	-	-
Term loan II is repayable by 180 equal monthly instalments of RM38,635 each commencing September 2015	4,434	4,175	3,903	3,816
Term loan III is repayable by 180 equal monthly instalments of RM77,269 each commencing December 2015	9,030	8,518	7,982	7,808
Term loan IV is repayable by 120 equal monthly instalments of RM18,000 each commencing July 2017	2,052	1,836	-	-
Balance carried forward	<u>24,719</u>	<u>14,529</u>	<u>11,885</u>	<u>11,624</u>



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.18 TERM LOANS (continued)

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Secured (continued)				
Balance brought forward	24,719	14,529	11,885	11,624
Term loan V is repayable by 120 equal monthly instalments of RM17,667 each and a final instalment of RM17,627 commencing April 2017	1,961	1,749	-	-
Term loan VI is repayable by 120 equal monthly instalments of RM17,667 each and a final instalment of RM17,627 commencing July 2017	2,014	1,802	-	-
Term loan VII is repayable by 60 equal monthly instalments of RM191,288.67 each commencing January 2019	-	10,000	8,215	7,274
Term loan VIII is repayable by 60 equal monthly instalments of RM153,030.93 each commencing January 2019	-	8,000	6,572	5,819
Term loan IX is repayable by March 2021	-	-	400,000	400,000
	<u>28,694</u>	<u>36,080</u>	<u>426,672</u>	<u>424,717</u>

2.19 PROVISION FOR RESTORATION COSTS

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Non-current				
Provision for restoration costs	9,235	13,280	14,218	15,864
Current				
Provision for restoration costs	698	624	510	674
	<u>9,933</u>	<u>13,904</u>	<u>14,728</u>	<u>16,538</u>

(a) Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.19 PROVISION FOR RESTORATION COSTS (continued)

(b) A reconciliation of the provision for restoration costs are as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
As at 1 January	6,597	9,933	13,904	14,728
Recognised in right-of-use assets	3,003	3,840	3,481	1,553
Recognised in profit or loss	466	670	717	359
Reversal of provision for restoration costs	(132)	(539)	(3,374)	(102)
Exchange differences	(1)	-	-	-
As at 31 December/30 June	<u>9,933</u>	<u>13,904</u>	<u>14,728</u>	<u>16,538</u>

(c) The Group estimates provision for restoration costs based on historical costs incurred per square feet of rent 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 the Group.

2.20 TRADE AND OTHER PAYABLES

	Note	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Trade payables					
Third parties	(b)	11,840	17,083	23,873	44,316
Other payables and accruals					
Third parties		10,284	16,248	18,922	14,419
Amounts owing to Directors	(c)	35	-	-	-
Amount owing to an associate	(c)	1,067	973	1,269	755
Amounts owing to shareholders of holding company	(c),(d)	104,323	104,323	-	-
Amounts owing to related parties	(c),(d)	2,483	519	-	-
Deposits		267	267	267	267
Accruals		17,321	33,961	37,467	46,162
		<u>135,780</u>	<u>156,291</u>	<u>57,925</u>	<u>61,603</u>
		<u>147,620</u>	<u>173,374</u>	<u>81,798</u>	<u>105,919</u>



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.20 TRADE AND OTHER PAYABLES (continued)**

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranged from 14 to 60 days (31.12.2019: 14 to 60 days; 31.12.2018: 14 to 60 days; 31.12.2017: 14 to 60 days) from the date of invoice.
- (c) The amounts owing to Directors, an associate, shareholders of holding company and related parties are non-trade in nature, unsecured, interest free and repayable within the next twelve (12) months.
- (d) As at 31 December 2017 and 31 December 2018, included in amounts owing to shareholders of holding company and related parties were amounts of RM104,323,000 and RM519,000 respectively totalling RM104,842,000 in relation to the purchase consideration for the acquisition of Mr. D.I.Y. (B) Sdn. Bhd. by the Group as disclosed in Note 2.32(d) to the financial statements.

These amounts were accounted for as if the acquisition had occurred from the date when the entity was under common control based on the pooling of interest method of accounting.

- (e) The currency exposure profile of trade and other payables are as follows:

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Ringgit Malaysia	145,338	173,088	81,650	105,675
United States Dollar	-	80	-	-
Brunei Dollar	317	205	148	232
Singapore Dollar	1,965	1	-	12
	<u>147,620</u>	<u>173,374</u>	<u>81,798</u>	<u>105,919</u>

Sensitivity analysis for foreign currency risk at the end of each reporting period is not presented as changes in exchange rates would not materially affect the profit or loss of the Group.

- (f) Maturity profile of trade and other payables of the Group at the end of each reporting period based on contractual undiscounted repayment obligations is repayable within one (1) year.

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.21 CAPITAL COMMITMENTS

	31.12.2017 Audited RM'000	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	30.6.2020 Audited RM'000
Capital expenditure in respect of purchase of property, plant and equipment				
- Approved but not contracted for	-	-	78,800	55,474
- Contracted but not provided for	-	30,561	40,320	51,792
	<u>-</u>	<u>30,561</u>	<u>119,120</u>	<u>107,266</u>

2.22 REVENUE

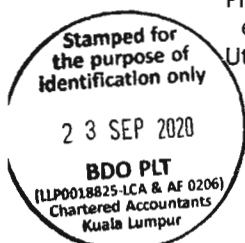
	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
<i>Revenue from contracts with customers</i>					
Sales of goods	<u>1,229,216</u>	<u>1,771,058</u>	<u>2,275,587</u>	<u>1,050,749</u>	<u>1,096,730</u>

- (a) Revenue from sales of goods is recognised at a point in time when control of the goods have been transferred to the customer, which coincides with the delivery of goods and acceptance by customers.
- (b) Disaggregation of revenue from contracts with customers has been presented in the operating segments as disclosed in Note 2.5 to the financial statements, which has been presented based on geographical location from which the sale transactions originated. No revenue was recognised over time.

2.23 OTHER OPERATING EXPENSES

Included in other operating expenses are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Amortisation of intangible assets	493	639	917	537	387
Depreciation of:					
- property, plant and equipment	19,993	30,865	41,523	24,141	19,443
- right-of-use assets	51,572	72,749	96,201	56,350	45,231
Employee benefits	104,877	140,580	199,044	110,205	92,710
Property, plant and equipment written off	920	640	1,939	434	573
Utilities expenses	<u>17,279</u>	<u>26,469</u>	<u>36,446</u>	<u>17,679</u>	<u>17,081</u>



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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.24 FINANCE COSTS

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Interest expense on:					
- bank overdraft	26	212	157	129	74
- revolving credits	-	175	8,261	4,043	3,376
- hire purchase creditors	130	147	146	70	75
- term loans	1,197	1,274	17,952	9,464	6,958
- lease liabilities	19,190	27,648	37,373	21,975	17,661
- unwinding of discount on provision for restoration costs	466	670	717	359	351
	<u>21,009</u>	<u>30,126</u>	<u>64,606</u>	<u>36,040</u>	<u>28,495</u>

2.25 PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
After charging:					
Auditors' remuneration:					
- Statutory audit					
- current year/period	269	326	372	187	187
Loss on reassessments and modifications of leases	-	-	-	-	598
Proposed listing expenses	-	-	3,813	3,104	2,196
Realised loss on foreign exchange	88	201	100	173	73
Unrealised loss on foreign exchange	132	54	65	-	11
And crediting:					
Interest income	1,133	1,489	3,120	1,498	1,977
Gain on disposal of property, plant and equipment	155	195	306	132	159
Gain on reassessments and modifications of leases	-	-	473	444	-
Realised gain on foreign exchange	550	244	334	164	102
Rental income	7	16	17	6	8
Unrealised gain on foreign exchange	-	-	-	48	-

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Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.26 EMPLOYEE BENEFITS

The total amounts of employee benefits included in administrative expenses and other operating expenses during the financial years/periods are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Wages, salaries and bonuses	108,365	151,306	194,336	113,124	96,639
Contributions to defined contribution plan	9,185	11,763	19,335	9,677	7,793
Other employee benefits	7,312	11,340	13,793	8,591	5,365
	<u>124,862</u>	<u>174,409</u>	<u>227,464</u>	<u>131,392</u>	<u>109,797</u>

Included in employee benefits of the Group are Directors' remuneration as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Directors of the Company:					
Fee	94	94	276	173	138
Salaries and bonuses	1,931	1,936	2,116	824	819
Contributions to defined contribution plan	279	232	314	126	123
Other employee benefits	304	307	218	106	110
	<u>2,608</u>	<u>2,569</u>	<u>2,924</u>	<u>1,229</u>	<u>1,190</u>

Directors of subsidiaries:

Fee	-	-	47	-	-
Salaries and bonuses	128	-	736	277	293
Contributions to defined contribution plan	15	-	89	33	35
Other employee benefits	19	-	148	61	74
	<u>162</u>	<u>-</u>	<u>1,020</u>	<u>371</u>	<u>402</u>
	<u>2,770</u>	<u>2,569</u>	<u>3,944</u>	<u>1,600</u>	<u>1,592</u>

The estimated money value of benefits-in-kind for the Directors of the Company and the Directors of subsidiaries are nil (31.12.2019: nil, 31.12.2018: RM26,000, 31.12.2017: RM23,000, 30.6.2019: nil) and nil (31.12.2019: RM15,000, 31.12.2018: nil, 31.12.2017: RM19,000, 30.6.2019: nil) respectively.



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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.27 INCOME TAX EXPENSE**

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Current tax expense					
- current year/period	73,756	100,332	121,390	45,754	57,214
- (over)/under provision in prior years	(158)	(4,607)	(2,286)	35	16
	73,598	95,725	119,104	45,789	57,230
Deferred tax (Note 2.10)					
- relating to origination and reversal of temporary differences	(4,104)	(5,287)	(2,238)	(2,020)	(671)
- under/(over) provision in prior years	380	(310)	3,299	495	3,385
	(3,724)	(5,597)	1,061	(1,525)	2,714
	<u>69,874</u>	<u>90,128</u>	<u>120,165</u>	<u>44,264</u>	<u>59,944</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2019: 24%, 31.12.2018: 24%, 31.12.2017: 24%, 30.6.2019: 24%) of the estimated taxable profits for the fiscal years/periods.
- (b) Tax expense for the taxation authorities in Brunei is calculated at the rate prevailing in that jurisdiction.

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.27 INCOME TAX EXPENSE (continued)

- (c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Profit before tax	<u>279,882</u>	<u>398,461</u>	<u>437,733</u>	<u>159,707</u>	<u>214,378</u>
Tax at the Malaysian statutory tax rate of 24%	67,172	95,631	105,056	38,330	51,451
Tax effects in respect of:					
Non-deductible expenses	2,972	4,099	13,602	5,647	4,310
Non-taxable income	(15)	(709)	(981)	(544)	(139)
Different tax rate in foreign jurisdiction	(343)	(338)	(353)	(163)	(172)
Deferred tax assets not recognised	-	-	1,828	464	1,093
Effects of reduction in tax rate on incremental chargeable income	-	(3,638)	-	-	-
Tax incentives	(134)	-	-	-	-
	<u>69,652</u>	<u>95,045</u>	<u>119,152</u>	<u>43,734</u>	<u>56,543</u>
(Over)/Under provision of tax expense in prior years	(158)	(4,607)	(2,286)	35	16
Under/(Over) provision of deferred tax in prior years	380	(310)	3,299	495	3,385
	<u>69,874</u>	<u>90,128</u>	<u>120,165</u>	<u>44,264</u>	<u>59,944</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.27 INCOME TAX EXPENSE (continued)**

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

	Before tax RM'000	Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss			
1.1.2017 to 31.12.2017			
Foreign currency translations	9	-	9
1.1.2018 to 31.12.2018			
Foreign currency translations	33	-	33
1.1.2019 to 31.12.2019			
Foreign currency translations	17	-	17
1.1.2020 to 30.6.2020			
Foreign currency translations	104	-	104
1.1.2019 to 30.6.2019			
Foreign currency translations	41	-	41

2.28 EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial years/periods ended are calculated by dividing earnings for the financial years/periods attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial years/periods.

	1.1.2017 to 31.12.2017 Audited	1.1.2018 to 31.12.2018 Audited	1.1.2019 to 31.12.2019 Audited	1.1.2020 to 30.6.2020 Audited	1.1.2019 to 30.6.2019 Unaudited
Net profit for the financial year/period attributable to the owners of the Company (RM'000)	210,008	308,333	317,568	115,443	154,434
Weighted average number of ordinary shares in issue	10,000	10,000	10,000	10,000	10,000
Basic earnings per ordinary share (RM)	21,001	30,833	31,757	11,544	15,443

(b) Diluted

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

*Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report*

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.29 DIVIDENDS**

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Interim single tier					
RM4,000.00 per ordinary share	-	40,000	-	-	-
RM3,000.00 per ordinary share	-	30,000	-	-	-
RM3,035.50 per ordinary share*	-	3,036	-	-	-
RM6,000.00 per ordinary share	-	60,000	-	-	-
RM23,000.00 per ordinary share	-	-	230,000	-	230,000
RM27,000.00 per ordinary share	-	-	270,000	-	270,000
RM1,673.00 per ordinary share*	-	-	1,673	-	1,673
	<u>-</u>	<u>133,036</u>	<u>501,673</u>	<u>-</u>	<u>501,673</u>

* Distributed to former shareholders of Mr. D.I.Y. (B) Sdn. Bhd..

2.30 RELATED PARTY DISCLOSURES**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

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

Related parties of the Group include:

- (i) Direct subsidiaries as disclosed in Note 2.32 to the financial statements;
- (ii) An associate as disclosed in Note 2.9 to the financial statements;
- (iii) Companies in which certain Directors have financial interests; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.30 RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the financial years/periods:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Associate:					
Purchases of equipment and computer software	2,325	4,299	5,147	2,013	1,898
Purchases of goods	1,952	3,089	2,959	1,399	746
Companies in which certain Directors have financial interests:					
Sales of goods	-	2,052	15,886	9,029	6,461
Management fees	-	-	-	1,461	-
Reimbursable expenses paid on behalf	366	1,595	3,478	108	1,572
Directors of the Group:					
Purchase of building	8,000	-	-	-	-
Rental expenses payable	175	-	-	-	-

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director of the Group.

The remuneration of the Directors of the Group and other members of key management during the financial years/periods are as follows:

	1.1.2017 to 31.12.2017 Audited RM'000	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 30.6.2020 Audited RM'000	1.1.2019 to 30.6.2019 Unaudited RM'000
Director fees	94	94	323	173	138
Salaries and bonuses	2,910	2,961	4,178	1,683	1,613
Contributions to defined contribution plan	397	356	563	231	219
Other employee benefits	517	504	570	266	288
Estimated money value of benefits-in-kind	55	46	34	-	-
	<u>3,973</u>	<u>3,961</u>	<u>5,668</u>	<u>2,353</u>	<u>2,258</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.31 CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years/period ended 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020.

The Group monitors capital utilisation on the basis of gearing ratio and net gearing ratio. Gearing ratio represents total borrowings divided by total capital whereas net gearing ratio represents total borrowings less cash and bank balances divided by total capital. Total capital represents equity attributable to the owners of the Company. The gearing ratio and net gearing ratio as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 are as follows:

	31.12.2017	31.12.2018	31.12.2019	30.6.2020
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Total borrowings	31,057	92,015	623,355	608,852
Less: Cash and bank balances	<u>(89,421)</u>	<u>(66,653)</u>	<u>(140,671)</u>	<u>(272,466)</u>
	<u>(58,364)</u>	<u>25,362</u>	<u>482,684</u>	<u>336,386</u>
Equity attributable to the owners of the Company	<u>349,232</u>	<u>524,562</u>	<u>340,474</u>	<u>456,021</u>
Gearing ratio (%)	9%	18%	183%	134%
Net gearing ratio (%)	N/A *	5%	142%	74%

* The net gearing ratio for the Group is not presented as the Group is in a net cash position.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

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

The Directors of the Group review and agree policies and procedures for the management of these risks, which are executed by the management of the Group. It is, and has been the policy of the Group, throughout the current financial period and previous financial years that no derivatives shall be undertaken.

The following sections provide details regarding the exposure of the Group to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.31 CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)****(b) Financial risk management (continued)****(i) Liquidity and cash flow risk**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 2.8, 2.16 and 2.20 to the financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates. The exposure of the Group to interest rates risk arises primarily from their floating interest rate borrowings. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 2.13 and 2.16 to the financial statements.

(iii) Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group.

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counterparty fails to perform as contracted. It is the policy of the Group to only deal with creditworthy counterparties. The exposure and the creditworthiness of the counterparties of the Group are continuously monitored to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade and other receivables. The trading terms of the Group with their trade receivables are mainly for a period of 30 days. The Group seeks to maintain strict control over its outstanding receivables including deposits to minimise credit risk. In addition, receivable balances are monitored on an ongoing basis to mitigate the exposure of the Group to bad debts.

At the end of each reporting period, the maximum exposure to credit risk of the Group is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk concentration profile of trade and other receivables has been disclosed in Note 2.12(i) to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.31 CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(iv) Foreign currency risk

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

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities. Exposure in foreign currency is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The foreign currency profile and sensitivity analysis have been disclosed in Notes 2.12, 2.13 and 2.20 to the financial statements.

2.32 LIST OF SUBSIDIARIES

The subsidiaries of Mr D.I.Y. Group (M) Berhad are as follows:

Name of company	[-----Effective interest in equity held-----]				Principal activities
	31.12.2017 %	31.12.2018 %	31.12.2019 %	30.6.2020 %	
Mr D.I.Y. (Kuchai) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr. D.I.Y. (M) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr D.I.Y. (KK) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr. D.I.Y. (H) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr D.I.Y. (Johor) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr. D.I.Y. (EM) Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr D.I.Y. Sdn. Bhd.	100	100	100	100	Trading in hardware and related services
Mr D.I.Y. Ecommerce (M) Sdn. Bhd.	100	100	100	100	Retail sale of any kind of products over the internet
Mr. D.I.Y. Trading Sdn. Bhd.	100	100	100	100	Dealing with hardware and related business activities
Mr D.I.Y. Management Sdn. Bhd. ("MDM")	95	95	95	95	Letting of warehouse and property
Mr D.I.Y. Kids Sdn. Bhd.	-	-	100	100	Retail sale of games and toys



13. ACCOUNTANTS' REPORT (Cont'd)

*Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report*

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.32 LIST OF SUBSIDIARIES (continued)**

The subsidiaries of Mr D.I.Y. Group (M) Berhad are as follows: (continued)

Name of company	[-----Effective interest in equity held-----]				Principal activities
	31.12.2017	31.12.2018	31.12.2019	30.6.2020	
	%	%	%	%	
Mr. D.I.Y. (B) Sdn. Bhd. ("MD(B))* (Incorporated in Brunei)	-	-	100	100	Dealing with hardware and related business activities
Mr. Dollar Sdn. Bhd.	-	-	-	100	Retail of home improvement products, mass merchandise and groceries

* Audited by a member firm of BDO International

- (a) The country of incorporation and principal place of business of the above subsidiaries is in Malaysia except for MD(B).
- (b) During the financial year ended 31 December 2017, the Company acquired the rights to subscribe for 9,500,000 ordinary shares in MDM representing 95% interest of the enlarged issued and paid up share capital of the entity from certain shareholders of the holding company for a consideration of RM13,111,000. Subsequently, the Company had subscribed the 9,500,000 ordinary shares in MDM at RM1 per ordinary share during that financial year. Upon completion of the subscription of the ordinary shares, MDM became a subsidiary of the Company.

As part of the acquisition, the existing shareholders representing the remaining 5% equity interest in Mr D.I.Y. Management Sdn. Bhd. had also waived all their present and future rights, title, interest in and to all dividends declared, distributed or paid by Mr D.I.Y. Management Sdn. Bhd. Consequently, the Group has consolidated Mr D.I.Y. Management Sdn. Bhd. based on 100% ownership interest.

As MDM was under common control before and after the subscription, the Group applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the subscription had occurred from the date when the entity was under common control.

- (c) During the financial year ended 31 December 2019, the Company incorporated a new subsidiary known as Mr D.I.Y. Kids Sdn. Bhd. with a paid up share capital of RM1 comprising 1 ordinary share. On 11 April 2019, the Company subscribed for additional 2,999,999 ordinary shares in Mr D.I.Y. Kids Sdn. Bhd. at RM1 per ordinary share.
- (d) During the financial year ended 31 December 2019, the Company had entered into a sale and purchase agreement to acquire the entire equity interest in MD(B) comprising 1,000 ordinary shares for a total purchase consideration of RM90,000,000 in three tranches of RM30,000,000 each. The purchase consideration was subject to adjustment where the actual profit after tax of MD(B) for the financial year 2018 was more than RM4,500,000 but less than RM5,500,000. The acquisition of MD(B) was completed on 10 May 2019 and the final purchase consideration was determined at RM104,842,260.

Upon completion of the above acquisition, the Company became the legal parent company of MD(B). As MD(B) was under common control before and after the acquisition, the Group applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the acquisition had occurred from the date when the entity was under common control. Accordingly, the results of the Group have been accounted for as if the acquisition had occurred from the date when the entity was under common control.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.32 LIST OF SUBSIDIARIES (continued)**

- (e) On 3 June 2020, the Company incorporated a new wholly-owned subsidiary known as Mr. Dollar Sdn. Bhd. with a paid up share capital of RM2 comprising 2 ordinary shares. On 23 July 2020, the Company subscribed for additional 999,998 ordinary shares in Mr. Dollar Sdn. Bhd. at RM1 per ordinary share.

2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS**2.33.1 New MFRS adopted during the financial period**

The financial statements of the Group for the financial year ended 31 December 2017 were previously prepared in accordance with MPERS. During the financial year ended 31 December 2018, the Group adopted MFRS for the first-time and the financial statements for the financial year ended 31 December 2018 are the first financial statements of the Group prepared in accordance with MFRS. In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition, the Group has also early adopted MFRS 16 *Leases* for the financial year ended 31 December 2018. Accordingly, comparative information for the financial year ended 31 December 2017 has been restated to give effect to these changes.

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial period:

Title	Effective Date
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19 Related Rent Concessions</i>	1 June 2020 (early adopted)

The Group has early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group does not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 2.8(e) to the financial statements.

2.33.2 Explanation of transition to MFRS

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous MPERS Framework for the Group. In preparing the opening consolidated statement of financial position at 1 January 2017 and the restated comparative information for the financial year ended 31 December 2017, an explanation on the impact arising from the adoption of MFRS on the financial position and financial performance of the Group is set out as follows.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)

2.33.2 Explanation of transition to MFRS (continued)

(a) Reconciliation of consolidated statements of financial position as at 1 January 2017

	Note	Previously reported under MPERS* RM'000	Effects on adoption of MFRS 16 RM'000	Effects on adoption of MFRS 138 RM'000	Reclassifications RM'000	Restated under MFRS RM'000
ASSETS						
<i>Non-current assets</i>						
Property, plant and equipment	(ii)	106,920	-	(1,303)	-	105,617
Intangible assets	(ii)	-	-	1,303	-	1,303
Right-of-use assets	(i)	-	272,449	-	-	272,449
Deferred tax assets	(i)	55	5,362	-	-	5,417
		<u>106,975</u>	<u>277,811</u>	<u>-</u>	<u>-</u>	<u>384,786</u>
<i>Current assets</i>						
Inventories		161,122	-	-	-	161,122
Trade and other receivables		38,117	-	-	-	38,117
Current tax assets		101	-	-	-	101
Cash and bank balances		36,040	-	-	-	36,040
		<u>235,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,380</u>
TOTAL ASSETS		<u>342,355</u>	<u>277,811</u>	<u>-</u>	<u>-</u>	<u>620,166</u>
EQUITY AND LIABILITIES						
<i>Equity attributable to owners of the Company</i>						
Share capital		10	-	-	-	10
Share premium		1,960	-	-	-	1,960
Reserves	(i)	148,709	(11,464)	-	-	137,245
TOTAL EQUITY		<u>150,679</u>	<u>(11,464)</u>	<u>-</u>	<u>-</u>	<u>139,215</u>
LIABILITIES						
<i>Non-current liabilities</i>						
Borrowings		24,621	-	-	-	24,621
Lease liabilities	(i)	-	238,680	-	-	238,680
Provision for restoration costs	(i)	-	6,523	-	-	6,523
Deferred tax liabilities	(i)	2,489	1,665	-	-	4,154
		<u>27,110</u>	<u>246,868</u>	<u>-</u>	<u>-</u>	<u>273,978</u>
<i>Current liabilities</i>						
Trade and other payables		140,856	-	-	-	140,856
Borrowings		1,457	-	-	-	1,457
Lease liabilities	(i)	-	42,333	-	-	42,333
Provision for restoration costs	(i)	-	74	-	-	74
Current tax liabilities		22,253	-	-	-	22,253
		<u>164,566</u>	<u>42,407</u>	<u>-</u>	<u>-</u>	<u>206,973</u>
TOTAL LIABILITIES		<u>191,676</u>	<u>289,275</u>	<u>-</u>	<u>-</u>	<u>480,951</u>
TOTAL EQUITY AND LIABILITIES		<u>342,355</u>	<u>277,811</u>	<u>-</u>	<u>-</u>	<u>620,166</u>

* After applying the pooling of interest method of accounting on the acquisition of MD(B) as disclosed in Note 2.32(d) to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)

2.33.2 Explanation of transition to MFRS (continued)

(b) Reconciliation of consolidated statements of financial position as at 31 December 2017

	Note	Previously reported under MPERS* RM'000	Effects on adoption of MFRS 16 RM'000	Effects on adoption of MFRS 138 RM'000	Reclassifications RM'000	Restated under MFRS RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	(i),(ii)	173,974	(6,021)	(1,733)	-	166,220
Intangible assets	(ii)	-	-	1,733	-	1,733
Right-of-use assets	(i)	-	385,395	-	-	385,395
Investment in an associate		2,175	-	-	-	2,175
Deferred tax assets	(i)	-	7,967	-	-	7,967
		176,149	387,341	-	-	563,490
Current assets						
Inventories		256,248	-	-	-	256,248
Trade and other receivables		56,360	-	-	-	56,360
Current tax assets		63	-	-	-	63
Cash and bank balances		89,421	-	-	-	89,421
		402,092	-	-	-	402,092
TOTAL ASSETS		578,241	387,341	-	-	965,582
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital		1,970	-	-	-	1,970
Reserves	(i)	361,924	(14,662)	-	-	347,262
TOTAL EQUITY		363,894	(14,662)	-	-	349,232
LIABILITIES						
Non-current liabilities						
Borrowings		28,863	-	-	-	28,863
Lease liabilities	(i)	-	339,266	-	-	339,266
Provision for restoration costs	(i)	7,653	1,582	-	-	9,235
Deferred tax liabilities	(i)	1,028	1,953	-	-	2,981
		37,544	342,801	-	-	380,345
Current liabilities						
Trade and other payables		147,620	-	-	-	147,620
Borrowings		2,194	-	-	-	2,194
Lease liabilities	(i)	-	60,965	-	-	60,965
Provision for restoration costs	(i)	2,461	(1,763)	-	-	698
Current tax liabilities		24,528	-	-	-	24,528
		176,803	59,202	-	-	236,005
TOTAL LIABILITIES		214,347	402,003	-	-	616,350
TOTAL EQUITY AND LIABILITIES		578,241	387,341	-	-	965,582

* After applying the pooling of interest method of accounting on the acquisition of MD(B) as disclosed in Note 2.32(d) to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)****2.33.2 Explanation of transition to MFRS (continued)**

- (c) Reconciliation of consolidated statements of profit or loss and other comprehensive income for the financial year ended 31 December 2017

	Note	Previously reported under MPERS* RM'000	Effects on adoption of MFRS 16 RM'000	Effects on adoption of MFRS 138 RM'000	Reclassifications RM'000	Restated under MFRS RM'000
Revenue		1,229,216	-	-	-	1,229,216
Cost of sales		(687,210)	-	-	-	(687,210)
Gross profit		542,006	-	-	-	542,006
Other operating income	(i)	2,338	133	-	-	2,471
Administrative expenses	(iii)	(256,626)	-	-	219,560	(37,066)
Other operating expenses	(i), (iii)	(1,204)	13,569	-	(219,560)	(207,195)
Profit from operations		286,514	13,702	-	-	300,216
Finance costs	(i)	(1,795)	(19,214)	-	-	(21,009)
Share of profit of an associate		675	-	-	-	675
Profit before tax		285,394	(5,512)	-	-	279,882
Income tax expense	(i)	(72,191)	2,317	-	-	(69,874)
Net profit for the financial year, attributable to the owners of the Company		213,203	(3,195)	-	-	210,008
Other comprehensive income, net of tax		12	(3)	-	-	9
Total comprehensive income, attributable to the owners of the Company		213,215	(3,198)	-	-	210,017

* After applying the pooling of interest method of accounting on the acquisition of MD(B) as disclosed in Note 2.32(d) to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)****2.33.2 Explanation of transition to MFRS (continued)*****Notes to reconciliations*****(i) MFRS 16 Leases**

The Group had early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year ended 31 December 2018. This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use asset similarly to other non-financial assets (such as property, plant and equipment) and lease liability similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

Asset and liability arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments, and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The right-of-use assets comprise mainly retail outlets and warehouses leased from landlord and recognised during the period. Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at the amounts equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to the existing leases.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(ii) Adoption of MFRS 138 *Intangible Assets*

The Group has assessed the classification of its assets in accordance with MFRS 138 *Intangible Assets* and resulting therefrom, certain carrying amounts relating to computer software that were previously classified as property, plant and equipment have been reclassified to intangible assets.

(iii) Reclassifications

The comparative figures for certain expenses under administrative expenses have been reclassified to other operating expenses to conform to the presentation of the financial year ended 31 December 2018.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.33 ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)****2.33.3 New MFRS that have been issued, but only effective for annual periods beginning on or after 1 January 2021**

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

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

2.34 SIGNIFICANT EVENT DURING THE REPORTING PERIOD

The following is a significant event during the financial period ended 30 June 2020:

(a) The Coronavirus disease 2019 "COVID-19" pandemic

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a global pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 August 2020, which has now been further extended until 31 December 2020.

The COVID-19 pandemic has significantly affected the business operations of the Group, including a temporary halt on majority of its retail outlets' operations during the MCO period in compliance with the directive from the Government of Malaysia. Nevertheless, the Group has since resumed its business operations, including the operations of its retail outlets during the Conditional MCO and Recovery MCO with relatively encouraging sales performance. Further, the Group does not anticipate any significant supply chain, logistics and distribution disruptions due to the COVID-19 pandemic at this juncture.

Based on the assessment of the Group, there is no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial period ended 30 June 2020. Notwithstanding that, the Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2020, such as 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 associate).

As at the date of authorisation of this report, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its operations to minimise any impact arising from the COVID-19 pandemic.



13. ACCOUNTANTS' REPORT (Cont'd)

Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
Accountants' Report

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.35 SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

The following are significant events subsequent to the end of the financial period ended 30 June 2020:

(a) Distribution of dividend

On 30 July 2020, the Company had distributed and paid a cash dividend of RM50,000,000 to its existing shareholders.

(b) Acquisition of a freehold industrial land together with a warehouse building and a leasehold industrial land by Mr D.I.Y. Management Sdn. Bhd.

On 5 August 2020, Mr D.I.Y. Management Sdn. Bhd., a subsidiary of the Company, entered into a Sale and Purchase Agreement to acquire a freehold industrial land together with a warehouse building for a purchase consideration of RM17,800,000. A total cash deposit of RM1,780,000 was paid and the balance of the purchase consideration shall be paid upon completion of the acquisition. As at the date of this report, the above acquisition has yet to be completed.

On 14 September 2020, Mr D.I.Y. Management Sdn. Bhd. also entered into a Sale and Purchase Agreement to acquire a leasehold industrial land for a purchase consideration of RM12,630,714. A total cash deposit of RM1,263,071 was paid and the balance of the purchase consideration shall be paid upon completion of the acquisition. As at the date of this report, the above acquisition has yet to be completed.

(c) Share issuance and subdivision

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.

The Company had further 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.

2.36 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 September 2020.

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13. ACCOUNTANTS' REPORT (Cont'd)

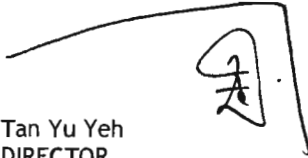
Mr D.I.Y. Group (M) Berhad (201001034084 (918007-M))
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STATEMENT BY DIRECTORS

We, Tan Yu Yeh and Ong Chu Jin Adrian, two of the Directors of Mr D.I.Y. Group (M) Berhad, state that, in the opinion of the Directors, the consolidated financial statements set out on pages 1 to 81 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and for the financial period ended 30 June 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 23 September 2020.

Tan Yu Yeh
DIRECTOR



Ong Chu Jin Adrian
DIRECTOR



14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Sections 4.2.1, 4.2.5 and 6.1.2 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years immediately preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, save for the Issue Shares reserved for subscription by our Eligible Persons as disclosed in Section 4.2.3 of this Prospectus and the ESOS as disclosed in Section 4.2.5 of this Prospectus, there is currently no other scheme involving our employees and Directors in the share capital of our Company or any of our subsidiaries.
- (v) Save for the ESOS as disclosed in Section 4.2.5 of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (vi) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in Sections 2.2 and 12.4 of this Prospectus, and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions will bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meaning
"Act"	means the Companies Act, 2016 and every statutory modification or re-enactment thereof for the time being in force.
"Applicable Laws"	all laws, by-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiaries, including but not limited to the Act, the applicable securities laws, the Listing Requirements and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the Securities Commission and/or other relevant regulatory bodies and/or authorities.
"Central Depositories Act"	means the Securities Industry (Central Depositories) Act 1991 and every statutory modification or re-enactment thereof for the time being in force.

14. ADDITIONAL INFORMATION *(Cont'd)*

Words	Meaning
"Company"	means MR D.I.Y. GROUP (M) BERHAD (Company No. 201001034084 (918007-M)) or by whatever name from time to time called.
"Depository"	means Bursa Malaysia Depository Sdn. Bhd. (Company No. 198701006854 (165570-W)) and its successors-in-title.
"Directors"	means the directors of the Company or their alternates present at a duly convened meeting of directors at which a quorum is present (as the context requires).
"Exchange"	means Bursa Malaysia Securities Berhad (Company No. 200301033577 (635998-W)) and its successors-in-title.
"Member"	means, unless otherwise expressed to the contrary, a person who is registered as the holder of shares in the capital of the Company including a Depositor who shall be treated as if he were a Member pursuant to Section 35 of the Central Depositories Act but excludes the Depository in its capacity as a bare trustee member.
"Record of Depositors"	means a record provided by the Depository to the Company under Chapter 24.0 of the Rules of the Depository.
"Register"	means the Register of Members to be kept pursuant to the Act, and unless otherwise expressed to the contrary, includes the Record of Depositors.
"Related Corporation"	means a corporation who: – <ul style="list-style-type: none"> (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation.
"Rules of Depository" or "Rules"	means the Rules of the Depository as defined under the Central Depositories Act and any appendices thereto including any amendment that may be made from time to time.
"Securities"	has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007.
"Share Issuance Scheme"	means a scheme involving the allotment and issuance or transfer of shares and/or grant of options, whether physically settled or otherwise, to subscribe for or purchase shares of the Company to eligible Directors, officers and/or employees.
"Subsidiary"	means a subsidiary as defined by Section 4 of the Act.

14. ADDITIONAL INFORMATION (Cont'd)**14.2.1 Transfer of Shares****Clause 20 – Renunciation**

“The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognise a renunciation of such share by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation on such terms and conditions as the Directors may determine.”

Clause 40 – Transfer of Securities to and from the Depository

“The transfer of Securities by the Company to the Depository and from the Depository to the Company shall be in accordance with the Applicable Laws.”

Clause 41 – Transfer of Securities by way of book entry

“The transfer of any listed securities or class of listed securities of the Company shall be made by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall not be required to register or effect any transfer of the listed securities.”

Clause 47 – Closure of register

“Subject to the Rules, the Register may be closed for such periods as the Directors may from time to time determine provided that such register shall not be closed for more than thirty (30) days in any year. The Company shall before it closes such register:

- (1) give notice of such intended book closure (in the case of the Register) in accordance with Section 55 of the Act; and
- (2) give notice of such intended closure to the Exchange for such period as prescribed by the Exchange or any relevant governing laws and/or guidelines before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration.

The Company shall give notice in accordance with the Rules to enable the Depository to prepare the appropriate Record of Depositors.”

Clause 49 – No liability of Directors etc

“Subject to the Act, Central Depositories Act and the Rules, every entry in the Register, purporting to have been made on the basis of an instrument of transfer or other document in good faith by the Company, shall be conclusively deemed to have been duly and properly made including (without limitation) where:

- (1) the instrument of transfer or other document is obtained or created fraudulently or is otherwise void, voidable or otherwise unenforceable; or
- (2) the Company or any of its Directors or officers may have notice that such instrument of transfer was signed, executed and/or delivered by the transferor or other authorised person in blank as to the name of the transferee or the particulars of the shares transferred or otherwise made defectively,

and any person who becomes the registered holder of any shares by reason of any such entry shall be entitled to be recognised as the registered holder of such shares, and the Company, its Directors and/or other officers shall not be liable to any person by reason of any such entry being made.”

14. ADDITIONAL INFORMATION (Cont'd)**Clause 50 – No liability of the Company and Directors**

“Neither the Company nor any of its Directors shall be liable for any transfer of shares effected by the Depository.”

14.2.2 Remuneration of Directors**Clause 112 – Directors’ remuneration**

“Subject to this Constitution, the fees and benefits of the Directors shall from time to time be determined annually by the Company in general meeting provided always:

- (1) Directors’ fees and benefits payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding any executive office pursuant to a contract of service may not include a commission on or a percentage of turnover;
- (3) all remuneration payable to Directors shall be deemed to accrue from day to day;
- (4) fees and benefits payable to Directors or any increase thereof shall be approved by the Members annually in general meeting, where in the case of increase of fees and benefits payable to the Directors, notice of the proposed increase has been given in the notice convening the meeting; and
- (5) any fee and benefit paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor’s remuneration.”

Clause 113 – Expenses

“The Directors may be paid all travelling, hotel and other reasonable expenses, properly and reasonably incurred by them in the execution of their duties including any such expenses incurred in connection with attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company in the course of the performance of their duties as Directors.”

14.2.3 Voting and Borrowing power of Directors**Clause 127 – General borrowing powers**

“Except as provided by Clause 128, the Directors may exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its subsidiaries or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.”

14. ADDITIONAL INFORMATION (Cont'd)**Clause 128 – Restrictions on borrowing**

"The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party."

Clause 154 – Disqualification from voting

"Except as otherwise provided by this Constitution and subject to Section 222 of the Act, a Director shall not participate in any discussion or vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (1) in a case where the contract or proposed contract relates to any loan to the company that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or
- (2) in a case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation - that he is a director of that corporation.

For avoidance of doubt, a Director shall be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote."

14.2.4 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**Clause 9 – Variation of class rights**

"If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Section 90 of the Act and whether or not the Company is being wound up) be varied or abrogated in accordance with Section 91 of the Act."

Clause 13 – Issue of Securities

"Subject to the Act, the Listing Requirements and this Constitution, the Directors may offer, issue, allot (with or without conferring a right of renunciation) shares of the Company (whether forming part of the original or any increased capital), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any Securities into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine."

Clause 14 – Restrictions on issue

"Clause 13 shall be subject to the following provisions:

- (1) the Company shall not offer, issue, allot, grant options over shares, grant any right or right to subscribe for shares or any right or rights to convert any Securities into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;

14. ADDITIONAL INFORMATION (Cont'd)

- (2) no Director shall participate in a Share Issuance Scheme unless the Members in general meeting have approved the specific allotment to such Director; and
- (3) the rights attached to shares of a class other than ordinary shares shall be expressed in the resolution creating them."

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights, on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government of Malaysia does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

As at the LPD, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by our foreign subsidiary, MD(B) to Malaysia. There is no restriction on foreign investment in Brunei or repatriation of capital or funds related to investments such as profits, dividends, royalties, loans, interests or repayments by or to MD(B). However, withholding tax may apply to certain categories of payments made by a resident to a non-resident which excludes the payment of dividends. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Bruneian companies.

14. ADDITIONAL INFORMATION *(Cont'd)***14.6 MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business within the period covered by the historical financial information as disclosed in this Prospectus and up to the date of this Prospectus:

14.6.1 Share subscription agreement dated 1 August 2017 in respect of the subscription of 95.0% equity interest in MDM

On 1 August 2017, our Company entered into a share subscription agreement with Tan Yu Yeh, Tan Yew Hock, Chong Swee Lee, Tan Lee Ling, Tan Yew Teik, Tan Yu Wei, Tan Yew King, Tan Lee Lee and MDM. Under the share subscription agreement, we agreed to purchase the provisional allotments which were renounced by the initial shareholders to our Company for a cash consideration of approximately RM13.1 million. Upon the purchase, our Company had also agreed to subscribe for 9.5 million ordinary shares in MDM, representing 95.0% equity interest in MDM, at an aggregate subscription price of RM9.5 million. The parties also entered into a shareholders' agreement dated 1 August 2017 to regulate their relationship between the shareholders of MDM upon the completion of the subscription.

The above subscription was completed on 2 August 2017. As part of the subscription, the other shareholders of MDM representing the remaining 5% shareholders had also waived all their present and future rights, title, interest in and to all dividends declared, distributed or paid by MDM.

14.6.2 Sale and purchase agreement dated 30 August 2018 in respect of the acquisition of property under HS (M) 22489, PT 60163, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor

On 30 August 2018, MDM entered into a sale and purchase agreement with Kejuruteraan Tnh Sdn Bhd to acquire the property known as HS (M) 22489, PT 60163, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor measuring approximately 12,540 square meters for a total cash consideration of approximately RM19.6 million. The property was transferred to MDM on 1 October 2018.

14.6.3 Sale and purchase agreement dated 15 November 2018 in respect of the acquisition of property under HS (M) 22488, PT 60162, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor

On 15 November 2018, MDM entered into a sale and purchase agreement with Kejuruteraan Tnh Sdn Bhd to acquire the property known as HS (M) 22488, PT 60162, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor measuring approximately 11,785 square meters for a total cash consideration of approximately RM18.5 million. The property was transferred to MDM on 28 January 2019.

14.6.4 Share Purchase Agreement dated 10 April 2019 in respect of the acquisition of 100.0% equity interest in MD(B)

On 10 April 2019, our Company entered into a share purchase agreement with 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 to acquire 1,000 ordinary shares in MD(B), representing 100.0% equity interest in MD(B) from the vendors for a total cash consideration of RM90.0 million to be satisfied in three tranches of RM30.0 million each.

14. ADDITIONAL INFORMATION (Cont'd)

The agreement provides that the purchase consideration is subject to adjustment where the actual profit after tax for FYE 31 December 2018 is more than RM4.5 million but less than RM5.5 million. Further the parties agree to re-negotiate the terms of the agreement where the actual profit after tax for the FYE 31 December 2018, as determined in accordance with the agreement is less than RM4.5 million or more than RM5.5 million.

The sale and purchase was completed on 10 May 2019 upon payment of the first tranche of the purchase consideration of RM30.0 million. As a result, MD(B) became a wholly owned subsidiary of our Company. The final purchase consideration was determined at approximately RM104.8 million. The second tranche of the purchase consideration of RM30.0 million was paid on 10 June 2019 and payment for the final tranche of approximately RM44.8 million was made on 10 July 2019.

14.6.5 Licensing Agreement dated 20 June 2019 in respect of the licensing of the intellectual property rights of MR. D.I.Y. and MR. TOY brands and Deeds of Assignment dated 12 August 2020 for the assignments of the Trademarks by Tan Yu Yeh and Iconic Edge Ltd to us

On 20 June 2019, our Company 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. 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 correspondence dated 22 July and 23 July 2019, the effective date of the Licensing Agreement was 16 October 2019.

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.

On 12 August 2020, Tan Yu Yeh and Iconic Edge Ltd have assigned to us the benefits, rights, title and interests in the Trademarks under the Deeds of Assignment, which each of them has executed, for nominal consideration of RM1 each.

The parties to the Licensing Agreement have acknowledged and agreed in writing on 12 August 2020 that following the execution of the Deeds of Assignment, the parties consent to the exclusion of the Trademarks from the Licensing Agreement and that all other terms and conditions of the Licensing Agreement shall remain in full force and effect.

14.6.6 Consultancy and shared functions agreement dated 18 December 2019 between MDGM and MDIH

On 18 December 2019, our Company entered into a consultancy and shared functions agreement with MDIH for the provision to the MDIH Group for services relating to: (i) merchandise and product procurement for the MDIH Group; (ii) financial reporting for the Singapore operations of MDIH; and (iii) advise 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. The provision of services by our Company is subject to the availability of our personnel and resources and is at the sole discretion of our Company.

14. ADDITIONAL INFORMATION (Cont'd)

The consideration for the provision for all the services will be calculated based on overhead costs calculated in accordance with the agreement with a 10.0% mark-up, plus expenses. The agreement was effective starting 1 October 2019 and may be terminated upon either party giving at least two months' prior notice.

14.6.7 Sale and purchase agreement dated 5 August 2020 in respect of the acquisition of property under Geran Mukim 391, Lot 1836, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor

On 5 August 2020, MDM entered into a sale and purchase agreement with SB Global Resources Sdn Bhd to acquire the property known as Geran Mukim 391, Lot 1836, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor measuring approximately 7,461.0 square meters for a total cash consideration of RM17.8 million. The sale and purchase of the property is pending completion.

14.6.8 Sale and purchase agreement dated 14 September 2020 in respect of the acquisition of property under HS (D) 172069, PT 59504, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor

On 14 September 2020, MDM entered into a sale and purchase agreement with Chin Loong Sang to acquire the property known as HS (D) 172069, PT 59504, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor, measuring approximately 7,928.6 square meters for a total cash consideration of approximately RM12.6 million. The sale and purchase of the property is pending completion.

14.6.9 Retail Underwriting Agreement dated 23 September 2020

Retail Underwriting Agreement dated 23 September 2020 entered into between our Company, the Joint Managing Underwriters and the Joint Underwriters to severally and not jointly underwrite 161,532,000 Issue Shares under the Retail Offering at an underwriting commission calculated at the rate of up to 1.75% (exclusive of applicable tax) of the Retail Price, multiplied by the number of Issue Shares underwritten.

14.6.10 Master Cornerstone Placement Agreement dated 23 September 2020

Master Cornerstone Placement Agreement dated 23 September 2020 entered into between our Company, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Cornerstone Investors, under which the Cornerstone Investors agree to acquire an aggregate of 234,680,000 IPO Shares, representing approximately 3.7% of the enlarged issued share capital of our Company, pursuant to the Institutional Offering at the Institutional Price on the terms and subject to the conditions as set out in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements.

14.6.11 Lock-up letter dated 23 September 2020 in relation to our IPO and Listing

Lock-up letter dated 23 September 2020 issued by our Company to the Joint Bookrunners in relation to the lock-up arrangement for our IPO and Listing, details of which are set out in Section 4.8.3 of this Prospectus.

14.7 MATERIAL LITIGATION

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 or have had, material or significant effects on our financial position or profitability.

14. ADDITIONAL INFORMATION (Cont'd)**14.8 CONSENTS**

The written consents of the Joint Principal Advisers, Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters, Joint Underwriters, Legal Advisers, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, Accountants' Report and Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Frost & Sullivan for the inclusion of its name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) our material contracts as referred to in Section 14.6 of this Prospectus;
- (iii) our audited consolidated financial statements for FYE 31 December 2018, FYE 31 December 2019 and FPE 30 June 2020;
- (iv) audited financial statements of each of our subsidiaries for FYE 31 December 2018, FYE 31 December 2019 and FPE 30 June 2020;
- (v) Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as included in Section 12.5 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) IMR Report as included in Section 8 of this Prospectus;
- (viii) letters of consent referred to in Section 14.8 of this Prospectus; and
- (ix) By-Laws as included in Annexure A of this Prospectus.

14. ADDITIONAL INFORMATION *(Cont'd)*

14.10 RESPONSIBILITY STATEMENTS

Our Directors, the Promoters and the Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

CIMB and Maybank IB, being the Joint Principal Advisers, Joint Global Coordinators and Joint Bookrunners for the Institutional Offering and Joint Managing Underwriters and Joint Underwriters for the Retail Offering in relation to our IPO, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. PROCEDURES FOR APPLICATION

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., 6 OCTOBER 2020.

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., 14 OCTOBER 2020.

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application of our Issue Shares under the Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Type of Application and category of investors</u>	<u>Application method</u>
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-individuals	White Application Form only

15.2.2 Application of our IPO Shares under the Institutional Offering

Malaysian institutional and selected investors and foreign institutional and selected investors being allocated our IPO Shares under the Institutional Offering (other than Bumiputera investors approved by the MITI) will be contacted directly by the respective Joint Global Coordinators and Joint Bookrunners and will follow the instructions as communicated by the respective Joint Global Coordinators and Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15. PROCEDURES FOR APPLICATION *(Cont'd)*

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Applications by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by the Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in our Prospectus.

15. PROCEDURES FOR APPLICATION (Cont'd)**15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM1.60 for each IPO Share.

Payment must be made out in favour of “**TIIH SHARE ISSUE ACCOUNT NO. 696**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 14 October 2020 or such other time and date as our Directors and the Joint Underwriters may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

15. PROCEDURES FOR APPLICATION *(Cont'd)*

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest) in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online>, within **one Market Day** after the balloting date.

15. PROCEDURES FOR APPLICATION (Cont'd)

As approved by Bursa Securities via its letter dated 28 June 2019, we need to have a minimum of 15.0% of our Company's issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.2.4 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Retail Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15. PROCEDURES FOR APPLICATION *(Cont'd)***15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Application within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than ten Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at the last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. PROCEDURES FOR APPLICATION (Cont'd)**15.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the queries
Application Form	Issuing House Enquiry Services Telephone at +603 2783 9299
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tjih.online>, within **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

ANNEXURE A: BY-LAWS FOR THE ESOS**MR D.I.Y. GROUP (M) BERHAD (“MDGM”)
EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)****1. NAME OF SCHEME**

This ESOS will be called the “MDGM Employees’ Share Option Scheme”.

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons to the performance of MDGM Group. As such, the ESOS is established to achieve the objectives as set out below:

- (i) to provide an incentive to the Eligible Persons to participate more actively in the operations of MDGM Group and encourage them to contribute positively to the future growth of MDGM Group;
- (ii) to motivate, reward and retain the Eligible Persons who, upon exercising their Options, would have the opportunity to participate in the equity of the Company and thereby relate with their contribution directly to the performance of MDGM Group whilst at the same time, giving the Eligible Persons a greater sense of ownership; and
- (iii) to make the employees’ remuneration scheme of MDGM Group more competitive to attract more skilled and experienced individuals to join MDGM Group and contribute to its continued growth and profitability.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these By-Laws, except where the context otherwise requires, the following words and expressions shall have the following meanings:

Act	:	the Companies Act 2016, as amended from time to time including any re-enactment thereof;
Adviser	:	any person who is eligible to act as a principal adviser as defined in the Securities Commission Malaysia’s Principal Adviser Guidelines;
Authorised Nominee	:	a person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
Available Balance	:	the unissued Shares of the Company which is available for offer of Options subject to the maximum limit as set out in By-Law 4.2 hereof and after deducting all Shares under Options which have been granted;
Board	:	the Board of Directors of MDGM;
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 198701006854 (165570-W));
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 200301033577 (635998-W));

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

By-Laws	:	the rules, terms and conditions of the ESOS as set out herein, and shall include any amendments, variations or supplements made thereto from time to time;
CDS Account	:	the account established by Bursa Depository for a Depositor for the recording of deposits and withdrawal of securities and dealings in such securities by the Depositor;
Central Depositories Act	:	the Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof;
Court	:	the High Court of Malaya;
Date of Expiry	:	the last day of the duration of the ESOS or any extended period pursuant to By-Law 5.3 hereof;
Date of Offer	:	the date on which an Offer is made by the Nomination and Remuneration Committee to an Eligible Person to participate in the ESOS;
Depositor	:	a holder of a CDS Account;
Director(s)	:	a natural person who holds a directorship in MDGM, and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007;
Effective Date	:	the date the last of the approvals and/or conditions referred to in By-Law 5.1 hereof have been obtained and/or complied with;
Eligible Person(s)	:	a Director and/or Employee who fulfils the conditions as set out in By-Law 7 hereof, for eligibility to participate in the ESOS;
Employee(s)	:	a natural person: <ul style="list-style-type: none"> (i) who is employed by and is on the payroll of any company in the MDGM Group; or (ii) who has been seconded by MDGM Group to any corporation or entity outside of the MDGM Group;
Entitlement Date	:	the date as at the close of business on which the names of the shareholders of MDGM must appear on MDGM's record of depositors in order to be entitled to participate in any dividends, rights, allotments or other forms of distribution;
ESOS or Scheme	:	the employees' share option scheme for the grant of Options to the Eligible Persons to subscribe for new MDGM Shares upon the terms as set out herein and such scheme shall be known as the MDGM Employees' Share Option Scheme;
Exercise Period	:	the specific period or periods within an Option Period during which Options may be exercised by Grantees as determined by the Nomination and Remuneration Committee subject always to By-Law 5 hereof;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

Exercise Price	: the price at which the Grantee shall be entitled to subscribe for every new MDGM Share by exercising his Option as determined subject to By-Law 10 hereof;
Grantee(s)	: any Eligible Person who has accepted the Offer by the Company in accordance with the provisions of By-Law 9 hereof;
Listing Requirements	: the Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time;
Market Day(s)	: any day from Mondays to Fridays (both days inclusive) which is not a public holiday, and on which Bursa Securities is open for trading of securities;
Maximum Allowable Allocation	: the maximum number of new Shares that can be offered and allotted to an Eligible Person to be determined by the Nomination and Remuneration Committee in accordance with the provisions of By-Law 8 hereof;
Maximum Limit	: the maximum number of new MDGM Shares which may be issued and allotted pursuant to the ESOS, which shall not exceed in aggregate five per centum (5%) of the total number issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS;
MDGM or Company	: Mr D.I.Y. Group (M) Berhad (Company No. 201001034084 (918007-M));
MDGM Group or Group	: MDGM and the Subsidiaries;
MDGM Share(s) or Share(s)	: ordinary share(s) in MDGM;
Nomination and Remuneration Committee	: the committee appointed from time to time by the Board pursuant to By-Law 18 hereof to administer the ESOS;
Offer	: an offer made in writing by the Nomination and Remuneration Committee to an Eligible Person in the manner indicated in By-Law 6 hereof;
Offer Period	: the period during which an offer shall be valid as specified in By-Law 9.1 hereof;
Option(s)	: the right of a Grantee to subscribe for new MDGM Share(s) at the Exercise Price pursuant to the contract constituted by the Eligible Person's acceptance of an Offer in the manner indicated in By-Law 9 hereof;

ANNEXURE A: BY-LAWS FOR THE ESOS *(Cont'd)*

Option Period	:	a period commencing from the date an Offer is accepted in accordance with By-Law 9 hereof and expiring on the last day of the Option Period as specified in the letter of Offer or such other date which the Nomination and Remuneration Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 5 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 5 hereof;
RM and sen	:	Ringgit Malaysia and sen, respectively;
Rules of Bursa Depository	:	the rules of Bursa Depository, as issued pursuant to the Central Depositories Act;
Senior Management	:	an Employee of MDGM Group who falls within such grading as determined by the Nomination and Remuneration Committee at its sole and absolute discretion from time to time;
Subsidiaries	:	subsidiaries of MDGM falling within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies), which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the ESOS but exclude such subsidiaries which shall be divested in the manner provided for in By-Law 26 hereof;
Trust Deed	:	the trust deed(s) constituting the Trust to be executed between the Trustee and the Company;
Trust	:	the trust to be established to facilitate the implementation and administration of the ESOS;
Trustee	:	the trustee(s) who may be appointed by MDGM for the administration of the Trust from time to time;
Vesting Conditions	:	the conditions which are required to be fulfilled by an Eligible Person before the Option(s) is/are capable of being vested onto the Eligible Person, to be communicated in an Offer pursuant to By-Law 6.3 (vii) hereof; and

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

In these By-Laws:

- (i) headings are for ease of reference only and do not affect the meaning of these By-Laws;
- (ii) any reference to a statutory provision or applicable law shall include any subordinate legislation made from time to time under the provision or law and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (iii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the ESOS and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iv) words denoting the singular shall include the plural and references to any gender shall include all genders whether male, female or neuter;
- (v) any liberty or power which may be exercised or any determination which may be made hereunder by the Nomination and Remuneration Committee or the Board may be exercised at the Nomination and Remuneration Committee's or the Board's discretion; and
- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day **PROVIDED ALWAYS** if such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

4. MAXIMUM NUMBER OF NEW MDGM SHARES AVAILABLE UNDER THE SCHEME

- 4.1 Each Option shall be exercisable into one (1) new MDGM Share, in accordance with the provisions of these By-Laws.
- 4.2 The total number of new MDGM Shares which may be made available under the ESOS shall not exceed in aggregate five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS as provided in By-Law 5.3 hereof.
- 4.3 Notwithstanding the provision of By-Law 4.2 hereof or any other provisions contained herein, in the event the maximum number of new MDGM Shares comprised in the Options granted under the ESOS exceeds the aggregate of five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) as a result of MDGM purchasing its own Shares pursuant to Section 127 of the Act or MDGM undertaking any other corporate proposal and thereby diminishing its number of issued shares, no further Options shall be offered until the total number of new MDGM Shares to be issued under the ESOS falls below five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any). Any Options granted prior to the adjustment of the number of issued shares of MDGM shall remain valid and exercisable in accordance with the provisions of these By-Laws.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**5. DURATION, EXTENSION AND TERMINATION OF THE SCHEME**

- 5.1 The ESOS shall come into force on the Effective Date, and shall continue to be in force for a period of five (5) years **PROVIDED THAT** the following approvals and/or conditions have been obtained and/or fulfilled:
- (i) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to Paragraph 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (ii) approval or approval-in-principle, as the case may be, from Bursa Securities for the listing and quotation of the new MDGM Shares to be issued under the ESOS;
 - (iii) shareholders' approval for the ESOS at a general meeting;
 - (iv) approval of any other relevant authorities for the ESOS, if applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 5.2 The Company shall, through its Adviser, submit no later than five (5) Market Days after the Effective Date, a confirmation letter to Bursa Securities of the full compliance of By-Law 5.1 hereof stating the Effective Date of the ESOS, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the ESOS.
- 5.3 The ESOS shall be renewable for another five (5) years immediately from the expiry of the first five (5) years, **PROVIDED ALWAYS THAT** the ESOS shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. Such renewed ESOS shall be implemented in accordance with the terms of these By-Laws set out herein, save for any amendments and/or changes to the relevant statutes and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices to each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original ESOS.
- 5.4 Offers can only be made during the duration of the ESOS before the Date of Expiry, which date shall be at the end of the five (5) years from the Effective Date, or if the ESOS shall be extended, at the end of such extended term.
- 5.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse after 5.00 p.m. on the Date of Expiry.
- 5.6 Notwithstanding the provision of By-Law 5.3 hereof and subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities, the ESOS may be terminated by the Company at its sole and absolute discretion without obtaining the approvals or consents from the Grantees and/or the shareholders, by way of a board resolution upon the recommendation of the Nomination and Remuneration Committee at any time during the continuance of the ESOS whereupon such termination, (i) no further Offers shall be made by the Nomination and Remuneration Committee; (ii) all outstanding Options unexercised shall be automatically terminated; and (iii) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse.
- 5.7 The Company shall immediately upon the termination of the ESOS before the Date of Expiry announce to Bursa Securities:
- (i) the effective date of termination;

ANNEXURE A: BY-LAWS FOR THE ESOS *(Cont'd)*

- (ii) the number of options exercised or shares vested; and
 - (iii) the reasons for termination.
- 5.8 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the ESOS pursuant to By-Law 5.6 hereof.

6. OFFER

- 6.1 The Nomination and Remuneration Committee may, at any time during the duration of the ESOS as defined in By-Law 5 hereof, make Offers in writing to any Eligible Person (based on the criteria of allocation as set out in By-Law 8.1), selected at the sole and absolute discretion of the Nomination and Remuneration Committee.
- 6.2 The actual number of new MDGM Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the Nomination and Remuneration Committee and, subject to the Maximum Allowable Allocation as set out in By-Law 8 hereof and any adjustments that may be made under By-Law 15 hereof, shall not be less than 100 MDGM Shares and shall always be in multiples of 100 MDGM Shares.
- 6.3 The Nomination and Remuneration Committee shall state the following particulars in the letter of Offer:
- (i) the number of Options that are being offered to the Eligible Person;
 - (ii) the number of MDGM Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (iii) the Option Period;
 - (iv) the Exercise Period;
 - (v) the Exercise Price;
 - (vi) the Offer Period;
 - (vii) the conditions which are required to be fulfilled by an Eligible Person prior to such Option becoming vested onto the Eligible Person ("**Vesting Conditions**") including but not limited to service and/or performance criteria and number of Options exercisable for each year of continued service as set out in By-Law 11.1; and
 - (viii) any other information deemed necessary by the Nomination and Remuneration Committee.
- 6.4 No Offer shall be made to any Directors or major shareholder of MDGM who is an employee of our Group or persons connected with them who is an employee of our Group unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in a general meeting.

For the purpose of these By-Laws, "persons connected" with the Director in an executive capacity in MDGM or major shareholder of MDGM shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 6.5 Without prejudice to By-Law 18 hereof, in the event of an error or omission on the part of the Company or the Nomination and Remuneration Committee in stating any of the particulars referred to in By-Law 6.3 hereof, the Company or the Nomination and Remuneration Committee shall, within one (1) month after discovery of the error or omission, do all such things and acts to rectify such error or omission and if necessary, issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 6.3 hereof.
- 6.6 Subject to By-Laws 4 and 8.3 hereof, nothing herein shall prevent the Nomination and Remuneration Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate Options offered to each Eligible Person (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Eligible Person at the time the subsequent Offer (if any) is made.
- 6.7 The Nomination and Remuneration Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of Available Balance.
- 6.8 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by MDGM Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 9 hereof.
- 6.9 An Offer may be made upon such terms and conditions as the Nomination and Remuneration Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 6.10 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 15.1 and 15.2 hereof and the Company informing the Grantee of such adjustment pursuant to By-Law 15.6 hereof, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or the Exercise Price.
- 6.11 The Company shall keep and maintain at its expense, a register of Grantees and shall enter in that register, the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Exercise Price.

7. ELIGIBILITY

- 7.1 An Employee or a Director who as at the Date of Offer, fulfils the following conditions shall be eligible to participate in the ESOS:
- (i) has attained eighteen (18) years of age;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) must have been confirmed in service and have served at least twelve (12) months in the employment of MDGM Group;
 - (iv) where the Employee or Director is under an employment contract, the contract is for a duration of at least one (1) year and will not be expiring within three (3) months from the Date of Offer; and
 - (v) has fulfilled any other criteria as may be imposed by the Nomination and Remuneration Committee from time to time,

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

PROVIDED ALWAYS THAT the selection of any Eligible Person for participation in the ESOS shall be at the sole and absolute discretion of the Nomination and Remuneration Committee and the decision of the Nomination and Remuneration Committee shall be final and binding. Notwithstanding the above, the Nomination and Remuneration Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

The eligibility does not confer on an Eligible Person, a claim or right to participate or a right to claim or any rights whatsoever in the ESOS unless the Nomination and Remuneration Committee has made an Offer to the Eligible Person, the Eligible Person has accepted the Offer, and the Eligible Person has fulfilled the Vesting Conditions, in accordance with the terms of the Offer and these By-Laws.

- 7.2 Subject to the provisions of By-Law 25 hereof, no Eligible Person shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the MDGM Group for the duration of the ESOS.
- 7.3 Subject to By-Law 4.2 hereof, in the event that the Nomination and Remuneration Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Nomination and Remuneration Committee may determine.

8. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 8.1 Subject to any adjustments as may be made under these By-Laws, the aggregate number of new MDGM Shares that may be offered and allotted under the ESOS to any Eligible Person shall be determined by the Nomination and Remuneration Committee at its sole and absolute discretion, after taking into consideration, amongst others, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in By-Law 7 hereof or such other matters which the Nomination and Remuneration Committee may in its sole and absolute discretion deem fit, subject to, amongst others, the following:
- (i) the aggregate number of new MDGM Shares to be issued pursuant to the exercise of the Options granted under the ESOS shall not exceed the Maximum Limit and the Nomination and Remuneration Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of Shares the Eligible Person is entitled to under the ESOS;
 - (ii) any Offer, allocation of Options under the ESOS and the related allotment of Shares to any Directors, major shareholders who are employees of our Group or the chief executive officer of the Company and any person connected with them who is an employee of our Group, shall require prior approval of the shareholders of the Company in a general meeting. The Directors, major shareholders who are employees of our Group or chief executive officer of the Company and persons connected with them who are employees of our Group shall not vote on the resolution approving the said Offer, allocation and allotment;
 - (iii) the Directors and senior management shall not be allowed to participate in the deliberation or discussion of their respective allocation of Options and/or allocations of Options to persons connected with them under the ESOS;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (iv) not more than ten per centum (10%) of the Shares available under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued Shares (excluding treasury shares, if any) of the Company; and
- (v) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the Nomination and Remuneration Committee.

For the avoidance of doubt, the Nomination and Remuneration Committee shall have sole and absolute discretion in determining whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant. The Nomination and Remuneration Committee shall also have sole and absolute discretion in determining whether the Options granted are subject to any vesting period and if so the Vesting Conditions and whether such Vesting Conditions are subject to any performance targets.

For the purpose of these By-Laws, "persons connected" with the Eligible Person shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.

- 8.2 The allocation of Options pursuant to the ESOS shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.
- 8.3 A Grantee who is promoted within the duration of the ESOS may be eligible for consideration for new additional Shares under the ESOS at the sole and absolute discretion of the Nomination and Remuneration Committee up to the Maximum Allowable Allocation to be determined by the Nomination and Remuneration Committee for the category to which he/she has been promoted. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him/her before such demotion.
- 8.4 An Employee or a Director who during the duration of the ESOS becomes an Eligible Person may be eligible to participate in the ESOS, the number of new Shares of which is to be decided by the Nomination and Remuneration Committee at its sole and absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the Nomination and Remuneration Committee. Any Eligible Person holding more than one (1) position in the Group and thereby falling within more than one (1) category of Employees in the Group shall only be entitled to the Maximum Allowable Allocation of the higher category.

9. ACCEPTANCE OF THE OFFER

- 9.1 An Offer shall be valid for a period of thirty (30) calendar days from the Date of Offer or such longer period as the Nomination and Remuneration Committee at its sole and absolute discretion, determines on a case to case basis. Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the Nomination and Remuneration Committee in the form prescribed by the Nomination and Remuneration Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of Shares comprised therein).

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 9.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 9.1 hereof within the Offer Period and in the manner aforesaid, the Offer shall be deemed to have lapsed and shall be null and void and of no effect. The Options comprised in such Offer may, at the discretion of the Nomination and Remuneration Committee, be re-offered to other Eligible Persons.
- 9.3 Within thirty (30) calendar days after the due acceptance of the Offer in accordance with the provisions of this By-Law or such longer period as may be determined by the Nomination and Remuneration Committee, the Nomination and Remuneration Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Nomination and Remuneration Committee.

10. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be:

- (i) in respect of any Offer which is made in conjunction with the listing of the Company, the Final Retail Price; and
- (ii) in respect of any Offer which is made subsequent to the listing of the Company, as determined by the Nomination and Remuneration Committee and shall be based on the five (5)-day weighted average market price of MDGM Shares immediately preceding the Date of Offer, with a discount, if any, **PROVIDED ALWAYS THAT** such discount is not more than ten per centum (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

For the purposes of By-Law 10(i) above, "Final Retail Price" shall refer to the final price paid by investors for the Shares issued by the Company under its retail offering pursuant to its initial public offering, as determined in the manner described in the Company's prospectus for the said initial public offering.

The Exercise Price as determined in the manner set out above shall be conclusive and binding on the Grantee.

11. EXERCISE OF OPTIONS

- 11.1 Subject to By-Law 11.8 hereof and the terms and conditions of an Offer as mentioned in By-Law 6.9 hereof, the Options under the Offer can be exercised by the Grantee by written notice in the prescribed form, from the Grantee or its authorised agent (subject that such authorised agent must be recognised by the Company), to the Company during the Exercise Period in respect of all or any part of the MDGM Shares comprised in the Options under the Offer. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the MDGM Shares comprised in the Option.
- 11.2 The Option shall be vested to the Grantee and may be subject to the fulfilment of Vesting Conditions as may be determined by the Nomination and Remuneration Committee in accordance with the terms of the ESOS from time to time.
- 11.3 The Nomination and Remuneration Committee may with its power under Clause 18 hereof, at any time and from time to time, before an Option is granted, limit the exercise of the Option to a maximum number of new MDGM Shares and/or such percentage of the total of new MDGM Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Nomination and Remuneration Committee in its sole discretion.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 11.4 Except where it is decided otherwise and announced by the Nomination and Remuneration Committee, an Option is exercisable by the Grantee only on a Market Day during the Option Period and while the Grantee remains an Eligible Person.

Except where it is decided otherwise and announced by the Nomination and Remuneration Committee:

- (i) the aggregate number of Shares which a Grantee can subscribe under his/her Options in a particular year of the Scheme (the first year to be calculated from the Effective Date and expiring 12 months after the Effective Date, and subsequent years shall be successive 12-month periods thereafter), shall at times be subject to a maximum of **twenty-five per centum (25%)** of the total number of Shares comprising the Options held by such Grantee, as follows:

Year of Scheme	Maximum percentage
Year 1	-
Year 2	25%
Year 3	25%
Year 4	25%
Year 5	25%

- (ii) a Grantee may, in any one year, exercise his Option according to the maximum percentage stipulated in the table above. Subject to By-Law 11.8 hereof, if any Grantee does not wholly exercise his/her Options up to the maximum percentage allowed in a particular year, the remaining unexercised Options for any particular year will be accumulated to the said Grantee's entitlement in the following year.

- 11.5 Every such written notice referred to in By-Law 11.1 must be accompanied by a remittance (calculated in accordance with the provisions of By-Law 10) for the full amount of the subscription monies for the ESOS shares in respect of which notice is given. Within eight (8) Market Days from the receipt by the Company of the aforesaid notice, as well as remittance from the Grantee or such other period as may be permitted by Bursa Securities, the Company shall:

- (a) allot and/or issue such Shares to the Grantee accordingly, subject to and in accordance with the provisions of the constitution of the Company and the Rules of Bursa Depository;
- (b) despatch a notice of allotment in accordance with By-Law 41.6 hereof; and
- (c) apply to Bursa Securities for the listing and quotation of such Shares in accordance with By-Law 16 hereof.

- 11.6 A Grantee who exercises the Option shall provide the Nomination and Remuneration Committee with his or her CDS account number or the CDS account number of his or her authorise nominee (as the case may be) in the notice referred to in By-Law 11.1. The new Shares to be issued pursuant to the exercise of an Option will be credited into the CDS account of the Grantee or his or her authorise nominee (as the case may be) and a notice of allotment stating the number of Shares credited into such CDS account will be issued and despatched to the Grantee or the Grantee's authorise nominee with a copy to the Grantee as the case may be). No physical share certificate(s) will be issued and delivered to the Grantee.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 11.7 Trust
- (i) The Company intends to establish a Trust to be administered by the Trustee for the purposes of implementing the ESOS. The appointed Trustee shall administer the Trust in accordance with the Trust Deed, and shall in particular, be responsible for the administration of the ESOS.
 - (ii) The Trustee shall open and maintain a Trust Account into which the Company and/or its Subsidiaries shall inject monies for the purposes of the ESOS, in particular, to enable the Trustee to use the same to subscribe for MDGM Shares and to pay for expenses in relation to the administration of the Trust in accordance with these By-laws.
 - (iii) Upon the Trustee receiving a written instruction from the Nomination and Remuneration Committee that a Grantee has elected to exercise his ESOS Option(s) pursuant to By-law 11.1, the Trustee shall utilise the monies in the Trust Account to subscribe for such number of new MDGM Shares in respect of which the written instruction is given.
 - (iv) The Company shall allot and issue the said MDGM Shares which will be placed into a CDS Account of the Trustee or its authorised nominee.
 - (v) The Trustee shall transfer the Shares via approved transfers equivalent to the Options exercised from its CDS account to the Grantee's CDS account.
 - (vi) The Board shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.
- 11.8 The Company and/or the Nomination and Remuneration Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 11.9 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service or are found to have had no basis or justification), the Nomination and Remuneration Committee shall have the right to suspend the Grantee's Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Nomination and Remuneration Committee may impose such terms and conditions as the Nomination and Remuneration Committee shall deem appropriate at its sole and absolute discretion having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**
- (i) in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the Nomination and Remuneration Committee shall reinstate the rights of such Grantee to exercise his Options;
 - (ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (iii) in the event the Grantee is found guilty, but no dismissal or termination of service is recommended, the Nomination and Remuneration Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (iv) in the event that no decision is made, and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice,

and nothing herein shall impose any obligation of the Nomination and Remuneration Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the Nomination and Remuneration Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the Nomination and Remuneration Committee's exercise of or failure to exercise any of its rights under these By-Laws.

- 11.10 All Options to the extent unexercised on the expiry of the Exercise Period applicable thereto shall lapse.
- 11.11 Any failure to comply with the procedures specified by the Nomination and Remuneration Committee or to provide information as required by the Company, the Nomination and Remuneration Committee and/or the Trustee in the notice to exercise shall result in the notice to exercise being rejected at the discretion of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his/her Options.
- 11.12 The Company, the Board, the Nomination and Remuneration Committee and the Trustee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.
- 11.13 Every Option shall be subject to the condition that no new MDGM Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

12. RIGHTS ATTACHING TO THE NEW MDGM SHARES

The new MDGM Shares to be issued and allotted pursuant to the exercise of the Options in accordance with By-Law 11 shall, upon issuance and allotment rank *pari passu* in all respects with the then existing MDGM Shares, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer, and other rights, including those arising on a liquidation of the Company), attaching to the then existing MDGM Shares, save and except that the new MDGM Shares so issued and allotted will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which the Entitlement Date is prior to the date of allotment of such new MDGM Shares.

Fractional entitlements (if any) will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion thinks expedient in the best interest of the Company.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

The new MDGM Shares will be subject to all provisions of the Constitution of the Company as may thereafter be amended from time to time.

13. NON-TRANSFERABILITY

- 13.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.1, 14.2, 14.3 and 14.5 hereof, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment in any company in the MDGM Group.
- 13.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.5 hereof. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

14. TERMINATION OF THE OPTION

- 14.1 In the event a Grantee ceases to be in the employment of MDGM Group for whatever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the Nomination and Remuneration Committee may, at its sole and absolute discretion, by notice in writing, permit such Options to remain exercisable during the Exercise Period if such cessation occurs by reason of:
- (i) retirement on or after attaining the normal retirement age; or
 - (ii) retirement before attaining the normal retirement age but with the consent of the relevant employer company within the MDGM Group; or
 - (iii) transfer to any company outside the MDGM Group at the direction of the Company subject to the approval and/or ratification by the Board; or
 - (iv) retrenchment; or
 - (v) ill-health, injury, physical or mental disability; or
 - (vi) any separation scheme implemented by the Company, provided that the affected Eligible Person shall exercise the Options within three (3) months of the date of the separation scheme; or
 - (vii) any Director not being re-appointed during a general meeting of the Company, that Director shall exercise the Options within three (3) months from the date he/she ceased to be a Director; or
 - (viii) any other circumstances which are acceptable to the Nomination and Remuneration Committee subject to the approval and/or ratification by the Board.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 14.2 Unless otherwise agreed in writing by the Nomination and Remuneration Committee at its sole and absolute discretion, upon the resignation/cessation of the Grantee from his employment or directorship with the MDGM Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his resignation. Any Option which lapses upon the resignation/cessation of the Grantee from his employment or directorship with the MDGM Group (as the case may be), shall become available to be offered to other Eligible Persons, at the discretion of the Nomination and Remuneration Committee.
- 14.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 14.4 In the event of the liquidation of the Company, all unexercised Options shall lapse.
- 14.5 Where a Grantee dies before the expiry of the Exercise Period, the whole or any part of the Options held by the Grantee that are unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the Nomination and Remuneration Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Exercise Period.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 15.1 Subject to By-Law 15.3 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of MDGM Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustments to be made to:
- (i) the number of Options granted to a Grantee (excluding Options already exercised);
 - (ii) the Exercise Price;
 - (iii) the number of Options and/or Exercise Price comprised in an Offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the Offer and the ESOS),
- for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (i.e not taking into account Options already exercised) shall remain unaffected.
- 15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1 hereof:
- (i) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and
 - (ii) in determining a Grantee's entitlement to subscribe for new MDGM Shares, any fractional entitlements will be disregarded.
- 15.3 By-Law 15.1 hereof shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of new MDGM Shares or other securities convertible into MDGM Shares or rights to acquire or subscribe for MDGM Shares in consideration or part consideration for an acquisition of any other securities, assets or business;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (ii) a special issue of new MDGM Shares approved by the relevant governmental authorities;
 - (iii) a private placement/restricted issue of new MDGM Shares by the Company;
 - (iv) an issue of new MDGM Shares arising from the exercise of any conversion rights attached to securities convertible to MDGM Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
 - (v) an issue of new MDGM Shares upon the exercise of Options pursuant to the ESOS;
 - (vi) an issue of further Options to Eligible Persons under these By-Laws; and
 - (vii) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act. In this event, the following provisions shall apply:
 - (a) if the number of MDGM Shares in respect of the Options granted by the Company as at the date of designation of the MDGM Shares so purchased as treasury shares or cancellation of such Shares is greater than five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation, the Nomination and Remuneration Committee shall not make any further Offers; and
 - (b) if the number of MDGM Shares in respect of the Options granted by the Company as at the date of designation of the MDGM Shares so purchased as treasury shares or cancellation of such Shares is less than five per centum (5%) of the issued Shares of the Company after such designation or cancellation, the Nomination and Remuneration Committee may make further Offers only until the total number of Options granted by the Company is equivalent five per centum (5%) of the issued Shares of the Company after such designation or cancellation.
- 15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of the Act, By-Law 15.1 hereof shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is applicable, but By-Law 15.1 hereof shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is not applicable as described in By-Law 15.3 hereof.
- 15.5 In the event the Court sanctions a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 366 of the Act, any Options should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangement is sanctioned by the Court and ending with the date upon which it becomes effective or within the Exercise Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.
- 15.6 An adjustment pursuant to By-Law 15.1 hereof shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (ii) in the case of a consolidation or subdivision of MDGM Shares or reduction of capital, on the Market Day immediately following the date such consolidation, subdivision or reduction shall become effective.

Upon any adjustment being made, the Nomination and Remuneration Committee shall within thirty (30) days from the adjustment date give notice in writing to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.

All adjustments other than a bonus issue must be confirmed in writing by an approved company auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his/her opinion fair and reasonable. For the purpose of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Act.

- 15.7 All adjustments made pursuant to By-Law 15 shall be final and binding.
- 15.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 15.9 hereof.
- 15.9 In addition to By-Law 15.1 hereof and not in derogation thereof, the Exercise Price and the number of Options so far unexercised shall from time to time be adjusted, calculated or determined by the Nomination and Remuneration Committee and certified by an approved company auditor of the Company or such other persons as allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor:

- (i) If and whenever a consolidation or subdivision or conversion of MDGM Share occurs, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in accordance with the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{B} \right]$$

$$\text{Number of additional Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:

S = existing Exercise Price;

A = the aggregate number of issued MDGM Shares immediately before such consolidation, subdivision or conversion;

B = the aggregate number of new MDGM Shares after such consolidation, subdivision or conversion; and

T = existing number of Options held.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the MDGM Shares are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (ii) If and whenever the Company shall make any issue of MDGM Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{A+B} \right]$$

and the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{A+B}{A} \right] - T$$

Where:

A = the aggregate number of issued MDGM Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new MDGM Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (iii) If and whenever the Company shall make:
- (a) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (b) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for MDGM Shares by way of rights; or
 - (c) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into MDGM Shares or securities with rights to acquire or subscribe for MDGM Shares,

then and in respect of each such case, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{C-D}{C} \right]$$

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

and in respect of the case referred to in By-Law 15.9(iii)(b) and (iii)(c) hereof, the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{C}{C-D^*} \right] - T$$

Where:

S = as S in By-Law 15.9(i) hereof;

T = as T in By-Law 15.9(i) hereof;

C = the prevailing market price of each Share at the close of business on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (A) in the case of an offer or invitation to acquire or subscribe for MDGM Shares by way of rights under By-Law 15.9(iii)(b) hereof or for securities convertible into MDGM Shares or securities with rights to acquire or subscribe for MDGM Shares under By-Law 15.9(iii)(c) hereof, the value of rights attributable to one (1) MDGM Share (as defined below); or

(B) in the case of any other transaction falling within By-Law 15.9(iii) hereof, the fair market value, as determined by an auditor of the Company, of that portion of the Capital Distribution attributable to one (1) MDGM Share.

For the purpose of definition (A) of D above, the "value of the rights attributable to one (1) MDGM Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as C in By-Law 15.9(iii) hereof;

E = the subscription price for one (1) additional MDGM Share under the terms of such offer or invitation or subscription price for one (1) additional MDGM Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) MDGM Share under the offer or invitation; and

F = the number of MDGM Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional MDGM Share or security convertible into rights to acquire or subscribe for one (1) additional MDGM Share.

D* = the value of rights attributable to one (1) MDGM Share (as defined below).

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

For the purpose of definition D* above, the "value of rights attributable to one (1) MDGM Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C in By-Law 15.9(iii) hereof;

E* = the subscription price for one (1) additional MDGM Share under the terms of such offer or invitation to acquire or subscribe for MDGM Shares; and

F* = the number of MDGM Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional MDGM Share.

For the purpose of By-Law 15.9(iii) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of MDGM Shares (not falling under By-Law 15.9(ii) hereof) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of MDGM as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

- (iv) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) or (c) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

B = as B in By-Law 15.9(ii) hereof;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- C = as C in By-Law 15.9(iii) hereof;
- G = the aggregate number of issued MDGM Shares on the Entitlement Date;
- H = the aggregate number of new MDGM Shares under an offer or invitation to acquire or subscribe for MDGM Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into MDGM Shares or rights to acquire or subscribe for MDGM Shares, as the case may be;
- H* = the aggregate number of new MDGM Shares under an offer or invitation to acquire or subscribe for MDGM Shares by way of rights;
- I = the subscription price of one (1) additional MDGM Share under an offer or invitation to acquire or subscribe for MDGM Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional MDGM Share, as the case may be;
- I* = the subscription price of one (1) additional MDGM Share under the offer or invitation to acquire or subscribe for MDGM Shares;
- S = as S in By-Law 15.9(i) hereof; and
- T = as T in By-Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (v) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for MDGM Shares as provided in By-Law 15.9(iii)(b) hereof together with an offer or invitation to acquire or subscribe for securities convertible into MDGM Shares or rights to acquire or subscribe for MDGM Shares as provided in By-Law 15.9(iii)(c) hereof, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of Additional Options} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- C = as C in By-Law 15.9(iii) hereof;
- G = as G in By-Law 15.9(iv) hereof;
- H = as H in By-Law 15.9(iv) hereof;
- H* = as H* in By-Law 15.9(iv) hereof;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- I = as I in By-Law 15.9(iv) hereof;
- I* = as I* in By-Law 15.9(iv) hereof;
- J = the aggregate number of MDGM Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for MDGM Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional MDGM Share;
- S = as S in By-Law 15.9(i) hereof; and
- T = as T in By-Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (vi) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to acquire or subscribe for MDGM Shares to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof, together with rights to acquire or subscribe for securities convertible into MDGM Shares or with rights to acquire or subscribe for MDGM Shares as provided in By-Law 15.9(iii)(c) hereof, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of Additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- B = as B in By-Law 15.9(ii) hereof;
- C = as C in By-Law 15.9(iii) hereof;
- G = as G in By-Law 15.9(iv) hereof;
- H = as H in By- Law 15.9(iv) hereof;
- H* = as H* in By- Law 15.9(iv) hereof;
- I = as I in By- Law 15.9(iv) hereof;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

I* = as I* in By- Law 15.9(iv) hereof;

J = as J in By- Law 15.9(v) hereof;

K = as K in By- Law 15.9(v) hereof;

S = as S in By- Law 15.9(i) hereof; and

T = as T in By- Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (vii) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of MDGM and requiring an adjustment under By-Laws 15.9(iii)(b), (iii)(c), (iv), (v) or (vi) hereof), the Company shall issue either any MDGM Shares or any securities convertible into MDGM Shares or any rights to acquire or subscribe for MDGM Shares, and in any such case, the Total Effective Consideration per MDGM Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the MDGM Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{L + M}{L + N} \right]$$

Where:

L = the number of MDGM Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of MDGM Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses);

N = the aggregate number of MDGM Shares so issued or, in the case of securities convertible into MDGM Shares or rights to acquire or subscribe for MDGM Shares, the maximum number (assuming no adjustment of such rights) of MDGM Shares issuable upon full conversion of such securities or the exercise in full of such rights; and

S = as S in By-Law 15.9(i) hereof.

For the purpose of By-Law 15.9(vii), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

- (a) in the case of the issue of MDGM Shares, the aggregate consideration receivable by the Company on payment in full for such MDGM Shares; or

ANNEXURE A: BY-LAWS FOR THE ESOS *(Cont'd)*

- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for MDGM Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per MDGM Share" shall be the Total Effective Consideration divided by the number of MDGM Shares issued as aforesaid or, in the case of securities convertible into MDGM Shares or securities with rights to acquire or subscribe for MDGM Shares, by the maximum number of MDGM Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.9(vii), the Average Price of a MDGM Share shall be the average price of one (1) MDGM Share as derived from the last dealt prices for one (1) or more board lots of MDGM Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such MDGM Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such MDGM Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

For the purposes of By-Law 15.9(iii), (iv), (v) and (vi) the current market price in relation to one (1) existing MDGM Shares for any relevant day shall be the weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

- (viii) The foregoing provisions on adjustment of the Exercise Price shall be subject to the following:
 - (a) On any such adjustment the resultant Exercise Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Exercise Price or reduce the number of Options so far as unexercised to which the Grantee is already entitled to;
 - (b) No adjustment shall be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Options so far as unexercised is less than one (1) Option and any adjustment that would otherwise be required then to be made will not be carried forward;

ANNEXURE A: BY-LAWS FOR THE ESOS *(Cont'd)*

- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 hereof (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor of the Company may agree;
- (d) If for any reason an event giving rise to an adjustment to the Exercise Price and/or the number of Options so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor of the Company may agree;
- (e) In any circumstances where the Board considers that adjustments to the Exercise Price and/or the number of Options so far as unexercised as provided for hereunder should be made or should not be made or should be calculated on a different basis or different date, the Company may appoint the external auditors of the Company or the Adviser to consider whether for any reasons whatsoever (to the extent permissible by the Listing Requirements or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such external auditor or Adviser shall consider the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditors or Adviser to be appropriate;
- (f) If the Board and the external auditors of the Company or Adviser are unable to agree upon any adjustment required under these provisions, the Boards shall refer the adjustment to the decision of another external auditor or Adviser; and
- (g) In making adjustments hereunder, the other external auditor or Adviser (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.

16. LISTING AND QUOTATION OF NEW SHARES

If at the time of allotment of the new MDGM Shares pursuant to the exercise of the Options, the then existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities within eight (8) Market Days after the receipt of the notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the listing and quotation of such new MDGM Shares and use its best endeavours to obtain such approval unless a blanket approval for the listing and quotation of the new MDGM Shares arising from the ESOS has been obtained.

17. RETENTION PERIOD

The new MDGM Shares to be allotted and issued to the Grantees pursuant to the exercise of the Options under the ESOS may be dealt with or disposed of by such Grantees who will not be subject to any retention period.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

18. ADMINISTRATION

- 18.1 This ESOS shall be administered by the Nomination and Remuneration Committee comprising such number of Directors and/or Senior Management personnel as shall be appointed by the Board from time to time. The Nomination and Remuneration Committee shall, subject to these By-Laws administer the ESOS and regulate the Nomination and Remuneration Committee's own proceedings in such manner as it shall think fit.
- 18.2 Without limiting the generality of By-Law 18.1 hereof, the Nomination and Remuneration Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in its Offers, recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.
- 18.3 The Board shall have power at any time and from time to time to rescind the appointment of any person in the Nomination and Remuneration Committee as it shall deem fit and may appoint replacement members to the Nomination and Remuneration Committee.
- 18.4 The Board shall have the power to determine all matters pertaining to the Nomination and Remuneration Committee, including without limitation setting the terms of reference for the Nomination and Remuneration Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the Nomination and Remuneration Committee.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the Nomination and Remuneration Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:
- (i) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (ii) increase the number of MDGM Shares available under the ESOS beyond the maximum imposed by By-Law 4.2 hereof; or
 - (iii) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 19.2 Any amendments/modifications to these By-Laws shall not contravene any of the provisions of the guidelines on employees' share option schemes as stipulated under the Listing Requirements and/or by any other relevant regulatory authority in relation to ESOS.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

19.3 Upon amending and/or modifying all or any of the provisions of the ESOS, the Company shall within five (5) Market Days, submit a confirmation letter to Bursa Securities for the amendments made, that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements pertaining to ESOS pursuant to Paragraph 2.12 of the Listing Requirements. In such event, the Nomination and Remuneration Committee shall furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

20. DISPUTES

In the event of any dispute or difference arising between the Nomination and Remuneration Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the Nomination and Remuneration Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED ALWAYS THAT** where the dispute or difference is raised by a member of the Nomination and Remuneration Committee, the said member shall abstain from voting in respect of the decision of the Nomination and Remuneration Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the Nomination and Remuneration Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects.

21. SCHEME NOT A TERM OF EMPLOYMENT

The ESOS shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the MDGM Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the ESOS including but not limited to the fees, costs and expenses relating to the Trust and the allotment and issuance of new MDGM Shares pursuant to the exercise of the Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs (including any taxes and stamp duty) and expenses incurred in relation to his/ her acceptance and exercise of the Options (including all brokerage fees, commission and such other incidental costs arising from the sale of the shares).

23. CONSTITUTION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times.

24. INSPECTION OF AUDITED FINANCIAL STATEMENTS

All Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**25. TRANSFER FROM OTHER COMPANIES TO THE MDGM GROUP**

In the event that:

- (i) a director or employee who was employed in a company related to but not within the MDGM Group and is subsequently transferred from such company to any company within the MDGM Group; or
- (ii) a director or employee who was in the employment of a company which subsequently becomes a company within the MDGM Group as a result of a restructuring exercise or otherwise involving MDGM and/or any company within the MDGM Group,

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "**Previous Company**"), such a director or employee of the Previous Company ("**the Affected Director/Employee**"), subject to By-Law 7 hereof, will:

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company's employees' share option scheme ("**Previous Company's ESOS**") in accordance with the by-laws of the Previous Company's ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or
- (ii) be eligible to participate in the ESOS only for the remaining duration of the ESOS, subject to the Nomination and Remuneration Committee's approval; and/or
- (iii) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new MDGM Shares to be offered to such Affected Director/Employee under the ESOS shall be subject to the sole and absolute discretion of the Nomination and Remuneration Committee.

26. DIVESTMENT FROM THE MDGM GROUP

If a Grantee who was in the employment of a company in the MDGM Group, which was subsequently divested wholly, or in part, from the MDGM Group, resulting in such company no longer be a subsidiary of MDGM pursuant to Section 4 of the Act, then such Grantee:

- (i) notwithstanding such divestment and subject to the provisions of By-Laws 11 and 14.2 hereof will be entitled to continue to exercise all such unexercised Options which were granted to him under the ESOS within a period of three (3) months from the date of completion of such divestment or within the Exercise Period, whichever ends earlier, failing which the right of such Grantee to subscribe for that number of the new MDGM Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the ESOS.

For the avoidance of doubt, where the Grantee was in the employment of a company in the MDGM Group and that company was subsequently partially divested but remained as a subsidiary of MDGM pursuant to Section 4 of the Act, then such Grantee shall continue to be entitled to all his/ her rights in relation to the unexercised Options and he/she shall be eligible for further participation of the Options under the ESOS.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**27. TAKE-OVER AND MERGERS**

Notwithstanding By-Law 11 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Rules on Take-overs, Mergers and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Exercise Period applicable thereto; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new MDGM Shares under the provisions of the Capital Markets and Services Act, 2007 (or other legislation applicable at the point of time), and gives notice to the Company and Grantee that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise any unexercised Options from the date of service of the said notice until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

28. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES

- 28.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees' share option scheme after the Date of Expiry if the ESOS is not renewed or after termination of the ESOS pursuant to By-Law 5.6 hereof. Where the ESOS has been renewed (in accordance with By-Law 5.3 hereof), a new employees' share option scheme may be established upon expiry of the renewed ESOS, if any.
- 28.2 The Company may establish more than one (1) employees' share option scheme during the duration of the ESOS as provided in By-Law 5.3 hereof provided always that the aggregate number of Shares available under all the employees' share option schemes does not exceed five per centum (5%) or any other percentage as may be allowed by Bursa Securities, of the total number of issued Shares of the Company (excluding treasury shares) at any point in time.

29. NO COMPENSATION

- 29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 29.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board, the Nomination and Remuneration Committee, the Trustee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with By-Law 19 hereof or termination of the ESOS in accordance with By-Law 5 hereof.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the ESOS shall be borne by the Grantee.

31. WINDING UP

In the event of a members' voluntary winding-up and a resolution is passed for the winding-up or liquidation of the Company, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the members' resolution for such winding-up or liquidation of the Company.

In the event a petition is presented in Court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. If a court order for winding-up the Company pursuant to the petition for winding-up is made, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the court order. Conversely, if the petition for winding-up is dismissed by the Court, the right to exercise the Options shall accordingly be unsuspended.

32. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

34.1 The ESOS shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with these By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

34.2 In order to facilitate the making of any Offer under the ESOS, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the ESOS as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the ESOS as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the ESOS. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the ESOS, as then in effect, unless the ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the Nomination and Remuneration Committee in the Offer.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

35. NOTICE

- 35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:
- (i) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting; or
 - (ii) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
 - (iii) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the Nomination and Remuneration Committee.

- 35.2 Any notification or other notice required to be given to the Company or the Nomination and Remuneration Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address or any other address which may be notified in writing by the Nomination and Remuneration Committee from time to time.

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS

We have various licences and permits for our operations in Malaysia. Details of our major licences, permits and approvals for our operations as at the LPD together with the salient conditions imposed are as follows:



No.	Licensee	Approving Authority	Premises	Description of Licence/ Permit/ Approval	Validity Period	Status of Compliance
1.	MDT	Kajang Municipal Council	Lot 1851-A & 1851-B, Jalan KPB 6, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor. (Facility A)	Trade, Business and Industrial Licence (Management Office / Warehouse)	Up to 1 July 2021	Complied ⁽¹⁾
2.	MDT	Kajang Municipal Council	Lot No. 1027, Jalan KB 2/15, Kampung Baru Balakong, 43200 Cheras, Selangor. (Facility C)	Trade, Business and Industrial Licence (Management Office / Warehouse)	Up to 12 March 2021	Complied
3.	MDE	Kajang Municipal Council	Lot 1849-A, Jalan KPB 10, Kampung Baru Balakong, 43200 Cheras, Selangor. (Facility E)	Trade, Business and Industrial Licence (Warehouse) (Temporary)	Up to 11 December 2020	Complied
4.	MDT	Kajang Municipal Council	(2 Units) Lot 1770, Jalan KPB 6, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor. (Facility F)	Trade, Business and Industrial Licence (Management/Services Office / Warehouse) (Temporary)	Up to 16 January 2021	Complied
5.	MDT	Kajang Municipal Council	Lot. 1907, Jalan KPB 11, Kawasan Perindustrian Kg. Baru Balakong, 43300 Seri Kembangan, Selangor. (Facility H)	Trade, Business and Industrial Licence (Warehouse)	Up to 20 August 2021	Complied
6.	MDT	Kajang Municipal Council	Lot. 31, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, 43200 Balakong Selangor. (Facility K)	Trade, Business and Industrial Licence (Warehouse) (Temporary)	Up to 28 January 2021	Complied

Note:

(1) The condition is to comply with the Guidelines on Business and Industrial Licenses (Garis Panduan Lesen Perniagaan dan Perindustrian).

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS


The Malaysian trademark licences that we are materially dependent on are as follows:

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
1.		<p>Class 8 - Registration No.: 2012060448 - Expiry Date: 31.12.2022 Blades [hand tools]; cutting tools [hand tools]; diggers [hand tools]; drill holders [hand tools]; hammers [hand tools]; rammers [hand tools]; hand tools; hand-operated; cutlery; side arms, other than firearms; razor blades; razor cases; razor strips; needle files; all included in class 8.</p>
2.		<p>Class 19 – Registration No.: 2014068258 - Expiry Date: 05.12.2024 Advertisement columns, not of metal; alabaster; alabaster glass; aquaria [structures]; aquarium gravel; aquarium sand; arbours [structures not of metal]; artificial stone; asphalt; asphalt paving; balustrading; beams, not of metal; bicycle parking installations, not of metal; blinds [outdoor], not of metal and not of textile; branching pipes, not of metal; building glass; building paper; cardboard (building -); clay; coverings, not of metal, for building; crash barriers, not of metal, for roads; door casings, not of metal; door panels, not of metal; doors, not of metal; drain pipes, not of metal; drain traps [valves], not of metal or plastic; fences, not of metal; figurines [statuettes] of stone, concrete or marble; fireclay; flashing, not of metal, for building; floor boards (parquet -); floor tiles, not of metal; flooring (parquet -); floors, not of metal; gutter pipes, not of metal; jalousies, not of metal; manhole covers, not of metal; palings, not of metal; palisading, not of metal; pipes (drain -) not of metal; pipes (gutter -) not of metal; pipes (penstock -), not of metal; pipes (water-), not of metal; poles, not of metal, for electric power lines; posts, not of metal, for electric power lines; wall tiles, not of metal, for building; water-pipe valves, not of metal or plastic; water-pipes, not of metal; wood for making household utensils; wood panelling; wood paving; wood pulp board, for building; wood, semi-worked; wood veneers; all included in class 19.</p>
		<p>Class 22 – Registration No.: 2014068261 - Expiry Date: 05.12.2024 Awnings; bags (mail -); bags [sacks] for the transport and storage of materials in bulk; belt, not of metal, for handling loads; binding thread, not of metal, for agricultural purposes; body bags; bottle envelopes of straw; bottles (straw wrappers for -); cables, not of metal; car towing ropes; carbon fibers [fibres] for textile use; cloth (tarred brattice -); cords for hanging pictures, etc.; cords (sash -); cotton (raw -); cotton tow; envelopes (bottle -) of straw; fishing nets; hammocks; hosiery (bags for washing -); ladder tapes for venetian blinds; ladders (rope -); loads (slings, not of metal, for handling -); mail bags; net; nets (twine for -); packing [cushioning, stuffing] materials, not of rubber or plastic; packing, of straw, for bottles; packing rope; packing string; padding materials, not of rubber or plastics; paper (twine made of -); rope ladders; ropes; ropes (car towing -); ropes, not of metal; sacks [bags] of textile, for packaging; tents; textile fibers [fibres]; twine for nets; twine made of paper; vehicle covers, not fitted; wrapping or binding bands, not of metal; all included in class 22.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
		<p>Class 24 - Registration No.: 2014068265 - Expiry Date: 05.12.2024 Balloons (fabric impervious to gases for aeronautical -); banners; bath linen, except clothing; bed blankets; bed clothes; bed covers; bed covers of paper; bed linen; bedspreads; billiard cloth; blankets (bed -); bolting cloth; brocades; buckram; calico; calico cloth (printed -); canvas for tapestry or embroidery; cheese cloth; chenille fabric; cloth; coasters [table linen]; cotton fabrics; coverings (furniture -) of textile; coverings of plastic for furniture; coverlets [bedspreads]; covers (fitted toilet lid -) of fabric; covers for cushions; covers [loose] for furniture; curtain holders of textile material; curtains of textile or plastic; cushions (covers for -); door curtains; druggel; flags, not of paper; flannel [fabric]; flannel (sanitary -); footwear (fabric for -); furniture coverings of plastic; furniture coverings of textile; furniture (loose covers for -); hemp cloth; hemp fabric; household linen; linen (household -); mats (place -), not of paper; mattress covers; mosquito nets; napkins, of cloth, for removing make-up; napkins of textile (table -); net curtains; nets (mosquito -); pillow shams; pillowcases; place mats, not of paper; plastic material [substitute for fabric]; printers' blankets of textile; quilts; rugs (travelling -) [lap robes]; runners (table -); sanitary flannel; sheets [textile]; shower curtains of textile or plastic; shrouds; sleeping bags [sheeting]; table linen, not of paper; table napkins of textile; table runners; tablecloths, not of paper; tablemats, not of paper; tapestry [wall hangings], of textile; tissues of textile for removing make-up; towels of textile; travelling rugs [lap robes]; wall hangings of textile; washing mitts; zephyr [cloth]; all included in class 24.</p>
		<p>Class 27 - Registration No.: 2014068266 - Expiry Date: 05.12.2024 Artificial turf; automobile carpets; bath mats; carpet underlay; carpets; carpets for automobiles; coverings (floor -); door mats; floor coverings; gymnasium mats; hangings (wall -), not of textile; linoleum; mats; mats of woven rope for ski slopes; non-slip mats; reed mats; rugs; ski slopes (mats of woven rope for -); tapestry [wall hangings], not of textile; textile wallpaper; turf (artificial -); vinyl floor coverings; wall hangings, not of textile; wall paper; all included in class 27.</p>
		<p>Class 11 - Registration No.: 2017050514 - Expiry Date: 11.01.2027 Automobile lights; bath fittings; bath fittings (hot air -); bath installations; bath installations (sauna -); bath linings; bath plumbing fixtures; bath tubs; bath tubs for sitz baths; baths (heaters for -); baths (spa -) [vessels]; electric lamps; fans (electric -) for personal use; flashlights [torches]; gas lighters; headlights for automobiles; lamp casings; lamp chimneys; lamp glasses; lamp globes; lamp mantles; lamp reflectors; lamp shades; lamps; lamps (burners for -); lamps for directional signals of automobiles; lamps (globes for -); lanterns for lighting; light bulbs; light bulbs, electric; light bulbs for directional signals for vehicles; light diffusers; light-emitting diodes [led] lighting apparatus; lighters; lighting apparatus and installations; lighting apparatus for vehicles; lighting installations for air vehicles; lights (diving -); lights, electric, for christmas trees; lights for automobiles; lights for vehicles; sockets for electric lights; taps [cocks, spigots] [faucets (am.)] for pipes; taps [faucets]; torches for lighting; torches (pocket -), electric; tubes (discharge -), electric, for lighting; tubes (luminous -) for lighting; ultraviolet ray lamps, not for medical purposes; vehicle headlights; vehicles (lights for -); water closets; water conduits installations; water distribution installations; water filtering apparatus; water flushing installations; water-pipes for sanitary installations; all included in class 11.</p>


ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
3.		<p>Class 19 - Registration No.: 2014068268 - Expiry Date: 05.12.2024 Advertisement columns, not of metal; alabaster; alabaster glass; aquaria [structures]; aquarium gravel; aquarium sand; arbours [structures not of metal]; artificial stone; asphalt; asphalt paving; balustrading; beams, not of metal; bicycle parking installations, not of metal; blinds [outdoor], not of metal and not of textile; branching pipes, not of metal; building glass; building paper; cardboard (building -); clay; coverings, not of metal, for building; crash barriers, not of metal, for roads; door casings, not of metal; door panels, not of metal; doors, not of metal; drain pipes, not of metal; drain traps [valves], not of metal or plastic; fences, not of metal; figurines [statuettes] of stone, concrete or marble; fireclay; flashing, not of metal, for building; floor boards (parquet -); floor tiles, not of metal; flooring (parquet -); floors, not of metal; gutter pipes, not of metal; jealousies, not of metal; manhole covers, not of metal; palings, not of metal; palisading, not of metal; pipes (drain -) not of metal; pipes (gutter -) not of metal; pipes (penstock -), not of metal; pipes (water -), not of metal; poles, not of metal, for electric power lines; posts, not of metal, for electric power lines; wall tiles, not of metal, for building; water-pipe valves, not of metal or plastic; water-pipes, not of metal; wood for making household utensils; wood panelling; wood paving; wood pulp board, for building; wood, semi-worked; wood veneers; all included in class 19.</p>
		<p>Class 27 - Registration No.: 2014068274 - Expiry Date: 05.12.2024 Artificial turf; automobile carpets; bath mats; carpet underlay; carpets; carpets for automobiles; coverings (floor -); door mats; floor coverings; gymnasium mats; hangings (wall -), not of textile; linoleum; mats; mats of woven rope for ski slopes; non-slip mats; reed mats; rugs; ski slopes (mats of woven rope for -); tapestry [wall hangings], not of textile; textile wallpaper; turf (artificial -); vinyl floor coverings; wall hangings, not of textile; wall paper; all included in class 27.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
Class 9 - Registration No.: 2015051880 - Expiry Date: 10.02.2025		Accounting machines; accumulator jars; accumulators, electric; for vehicles; alarm bells, electric; alarms (fire-); anti-theft warning apparatus; asbestos gloves for protection against accidents; batteries, electric; batteries, electric, for vehicles; battery chargers; battery jars; bells (alarms-), electric; bell (signal-); bells [warning devices]; binoculars; cables (coaxial-); cables, electric; cables (fiber [fiber (am.)] optic-); cables (junction sleeves for electric-); cameras (cinematographic-); cameras [photography]; detectors; detectors (metal-) for industrial or military purposes; detectors (smoke-); discs (compact-) [audio-video]; discs (compact-)[read-only memory]; discs (optical-); electric components; electric condensers; electric contact switches; electric control apparatus for lights; electric door bells; electric installations for the remote control of industrial operations; flashing lights [luminous signals]; flashlights [photography]; fluorescent screens; galvanic batteries; galvanic cells; gloves for divers; gloves for protection against accidents; goggles for sports; holders adapted for mobile phones; lanterns (magic-); lanterns (optical-); light dimmers [regulators], electric; light (traffic-) apparatus [signaling devices]; light-emitting diodes [led]; light-emitting electronic pointers; light ballasts; lighting (batteries for-); lightning arresters; lightning conductors [rods]; locks, electric; magic lanterns; measuring devices, electric; measuring glassware; measuring instruments; measuring spoons; microphones; mouse [data processing equipment]; mouse pads; optical discs; optical lamps; optical lanterns; pads (mouse-); pens (electronic-)[visual display units]; plug sockets (electric); plugs (electric); plugs for electric connection leads; plug, sockets and other contacts [electric connections]; remote control of signals (electro-dynamic apparatus for the-); scales (lever-) [steelyards]; smoke detectors; sockets, plugs and other contacts [electric connections]; socks, electrically heated; solar batteries; starters for electric lamps; temperature indicators; theft prevention installations, electric; time clocks [time recording devices]; time switches, automatic; travel adaptors for electric plugs; usb flash drives; wire connectors [electricity]; wires, electric; wires of metal alloys [fuse wire]; datkroom lights; all included in class 9.
Class 35 - Registration No.: 2015051883 - Expiry Date: 10.02.2025		Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; discount services (retail, wholesale or sales promotion services); management of a retail enterprise for others; all included in class 35.

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
4.	 <p>Always Low Prices</p>	<p>Class 22 - Registration No.: 2014068271 - Expiry Date: 05.12.2024 Awnings; bags (mall -); bags [sacks] for the transport and storage of materials in bulk; belt, not of metal, for handling loads; binding thread, not of metal, for agricultural purposes; body bags; bottle envelopes of straw; bottles (straw wrappers for -); cables, not of metal; car towing ropes; carbon fibers [fibres] for textile use; cloth (tarred brattice -); cords for hanging pictures, etc.; cords (sash -); cotton (raw -); cotton tow; envelopes (bottle -) of straw; fishing nets; hammocks; hosiery (bags for washing -); ladder tapes for venetian blinds; ladders (rope -); loads (slings, not of metal, for handling -); mail bags; net; nets (twine for -); packing [cushioning, stuffing] materials, not of rubber or plastic; packing, of straw, for bottles; packing rope; packing string; padding materials, not of rubber or plastics; paper (twine made of -); rope ladders; ropes; ropes (car towing -); ropes, not of metal; sacks [bags] of textile, for packaging; tents; textile fibers [fibres]; twine for nets; twine made of paper; vehicle covers, not fitted; wrapping or binding bands, not of metal; all included in class 22.</p> <p>Class 24 - Registration No.: 2014068272 - Expiry Date: 05.12.2024 Balloons (fabric impervious to gases for aeronautical -); banners; bath linen, except clothing; bed blankets; bed clothes; bed covers; bed covers of paper; bed linen; bedspreads; billiard cloth; blankets (bed -); bolting cloth; brocades; buckram; calico; calico cloth (printed -); canvas for tapestry or embroidery; cheese cloth; chenille fabric; cloth; coasters [table linen]; cotton fabrics; coverings (furniture -) of textile; coverings of plastic for furniture; coverlets [bedspreads]; covers (fitted toilet lid -) of fabric; covers for cushions; covers [loose] for furniture; curtain holders of textile material; curtains of textile or plastic; cushions (covers for -); door curtains; druggel; flags, not of paper; flannel [fabric]; flannel (sanitary -); footwear (fabric for -); furniture coverings of plastic; furniture coverings of textile; furniture (loose covers for -); hemp cloth; hemp fabric; household linen; linen (household -); mats (place -), not of paper; mattress covers; mosquito nets; napkins, of cloth, for removing make-up; napkins of textile (table -); net curtains; nets (mosquito -); pillow shams; pillowcases; place mats, not of paper; plastic material [substitute for fabric]; printers' blankets of textile; quilts; rugs (travelling -) [lap robes]; runners (table -); sanitary flannel; sheets [textile]; shower curtains of textile or plastic; shrouds; sleeping bags [sheeting]; table linen, not of paper; table napkins of textile; table runners; tablecloths, not of paper; tablemats, not of paper; tapestry [wall hangings], of textile; tissues of textile for removing make-up; towels of textile; travelling rugs [lap robes]; wall hangings of textile; washing mitts; zephyr [cloth]; all included in class 24.</p>


ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
Class 21		<p>Registration No.: 2015054603 - Expiry Date: 26.03.2025</p> <p>Boot jacks; boot trees [stretchers]; bottle gourds; bottles (refrigerating -); bowls [basins]; bowls (glass -); boxes for sweetmeats; boxes of glass; boxes of metal, for dispensing paper towels; brushes; brushes (dishwashing -); brushes (electric -), except parts of machines; brushes for cleaning tanks and containers; cloth for washing floors; clothes racks, for drying; clothes-pegs; clothes-pins; clothing stretchers; cloths for cleaning; coasters, not of paper and other than table linen; coffee filters, non-electric; coffee grinders, hand-operated; coffee percolators, non-electric; coffee services [tableware]; coldboxes (non-electric portable -); comb cases; combs; cookery molds [moulds]; cookie [biscuit] cutters; cookie jars; cooking pot sets; cooking pots; cooking skewers, of metal; cooking utensils, non-electric; coolers [ice pails]; coolers (non-electric portable -) (am.); crystal [glassware]; cups; cups (egg -); cups (fruit -); dish covers; dishes; dishes (butter -); dishes for soap; drinking glasses; drinking straws; drinking troughs; drinking vessels; glass bulbs [receptacles]; glass caps; glass flasks [containers]; glass for vehicle windows [semi-finished product]; glass jars [carboys]; glass (opal -); glass [receptacles]; glass stoppers; glass, unworked or semi-worked, except building glass; glass vials [receptacles]; glass wool other than for insulation; glassware (painted -); glove stretchers; gloves for household purposes; ice buckets; jugs; kitchen containers; kitchen mixers, non-electric; kitchen utensils; knife rests for the table; molds [kitchen utensils]; mop wringers; mops; mosaics of glass, not for building; mugs; nail brushes; napkin holders; nest eggs, artificial; plate glass [raw material]; plates (paper -); plates to prevent milk boiling over; polishing gloves; polishing leather; polishing materials for making shiny, except preparations, paper and stone; porcelain ware; pot lids; pots; powdered glass for decoration; salt cellars; shakers; shaving brush stands; shaving brushes; shoe brushes; shoe horns; shoe trees [stretchers]; soap boxes; soap dispensers; soap holders; strainers; table plates; table plates (disposable -); tableware, other than knives, forks, and spoons; tanks [indoor aquarial]; tea balls; tea caddies; tea cosies; tea infusers; tea services [tableware]; tea strainers; teapots; tie presses; toilet brushes; toilet cases; toilet paper dispensers; toilet paper holders; toilet sponges; toilet utensils; toothbrushes; toothbrushes, electric; toothpick holders; toothpicks; vacuum bottles; vanity cases (fitted -); vegetable dishes; vessels of metal for making ices and iced drinks; washing boards; washtubs; waste paper baskets; water apparatus for cleaning teeth and gums; watering cans; watering devices; wax-polishing appliances, non-electric, for shoes; whisks, non-electric, for household purposes; window-boxes; wine tasters [siphons]; wool (steel -) for cleaning; wool waste for cleaning; works of art, of porcelain, terra-cotta or glass; all included in class 21.</p>



ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
		<p>Class 7 - Registration No.: 2017050521- Expiry Date: 11.01.2027</p> <p>Cutters [machines]; cutting machines; drilling machines; drives (pedal -) for sewing machines; driving chains other than for land vehicles; driving motors other than for land vehicles; electric hand drills; electric hammers; electric welding apparatus; embossing machines; finishing machines; fruit pressers, electric, for household purposes; galvanizing machines; grinders/crushers, electric, for household purposes; grinding machines; guns (glue -), electric; guns (spray -) for paint; guns [tools using explosives]; hair clipping machines for animals; handling apparatus for loading and unloading; handling machines, automatic [manipulators]; kitchen machines, electric; knitting machines; knives, electric; knives for mowing machines; lubricating pumps; machine tools; milling machines; mowing and reaping machines; mud catchers and collectors [machines]; pneumatic hammers; pneumatic transporters; pneumatic tube conveyors; polishing [machines and apparatus for -] [electric]; rams [machines]; reapers; riveting machines; saw benches [parts of machines]; saw blades [parts of machines]; saws [machines]; saws [machines]; scissiors, electric; sealing joints [parts of engines]; sealing machines for industrial purposes; sealing plastics (electrical apparatus for -) [packaging]; spraying machines; straw [chaff] cutters; swaging machines; taps [parts of machines, engines or motors]; tilt hammers; hand-held tools, other than hand-operated; tools (holding devices for machine -); tools [parts of machines]; torque converters other than for land vehicles; transmission chains other than for land vehicles; transmission for machines; trimming machines; vacuum cleaner hoses; vacuum cleaner attachments for disseminating perfumes and disinfectants; vacuum cleaner bags; vacuum cleaner hoses; vacuum cleaners; vacuum pumps [machines]; washing machines; washing machines (coin-operated); washing machines [laundry]; wax-polishing (machines and apparatus -), electric; weeding machines; welding apparatus (electric -); welding apparatus (electric arc -); welding apparatus, gas-operated; welding machines; welding machines, electric; all included in class 7.</p>
		<p>Class 6 - Registration No.: 2017050589 - Expiry Date: 11.01.2027</p> <p>Bolts (door -) of metal; bolts, flat; bolts (lock -); bolts of metal; bottle caps of metal; cable joints of metal, non-electric; cables and pipes (clips of metal for -); cables of metal, non-electric; door bells, non-electric; door cases of metal; door closers, non-electric; door fittings, of metal; door frames of metal; door handles of metal; door knockers; door openers, non-electric; door panels of metal; door springs, non-electric; drain pipes of metal; drain traps [valves] of metal; eye bolts; grilles of metal; handles (ferrules of metal for -); hardware of metal, small; hooks [metal hardware]; hooks of metal for clothes rails; hoop iron; hoop steel; hoops of metal (barrel -); hoppers of metal, non-mechanical; house numbers of metal, non-luminous; iron strip; iron wire; locks of metal for bags; locks and keys of metal; locks of metal for vehicles; locks of metal, other than electric; nails; numberplates, of metal; numerals (letters and -) of common metal, except type; nuts of metal; pipes of metal; pipes of metal, for central heating installations; plates (registration -) of metal; plugs of metal; plugs of metal (wall -); ropes of metal; safety cashboxes; safety chains of metal; screw rings; screws of metal; steel pipes; strip (steel -); switches (railway -); tubing of metal; tubes of metal; water-pipe valves of metal; water-pipes of metal; wire of common metal; wire of common metal alloys, except fuse wire; wire rope; all included in class 6.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
5.		<p>Class 11 - Registration No.: 2017050526 - Expiry Date: 11.01.2027 Automobile lights; bath fittings; bath installations (sauna -); bath linings; bath plumbing fixtures; bath tubs; bath tubs for sitz baths; baths (heaters for -); baths (spa -) [vessels]; electric lamps; fans (electric -) for personal use; flashlights [torches]; gas lighters; headlights for automobiles; lamp casings; lamp chimneys; lamp glasses; lamp globes; lamp mantles; lamp reflectors; lamp shades; lamps (burners for -); lamps for directional signals of automobiles; lamps (globes for -); lanterns for lighting; light bulbs; light bulbs, electric; light bulbs for directional signals for vehicles; light diffusers; light-emitting diodes [led] lighting apparatus; lighters; lighting apparatus and installations; lighting apparatus for vehicles; lighting installations for air vehicles; lights (diving -); lights, electric, for christmas trees; lights for automobiles; lights for vehicles; sockets for electric lights; taps [cocks, spigots] [faucets (am.)] for pipes; taps [faucets]; torches for lighting; torches (pocket -), electric; tubes (discharge -), electric, for lighting; tubes (luminous -) for lighting; ultraviolet ray lamps, not for medical purposes; vehicle headlights; vehicles (lights for -); water closets; water conduits installations; water distribution installations; water filtering apparatus; water flushing installations; water-pipes for sanitary installations; all included in class 11.</p> <p>Class 35 - Registration No.: 2014006159 - Expiry Date: 03.06.2024 Retail services; discount services (retail, wholesale or sales promotion services); management of a retail enterprise for others; retail hardware store; all included in class 35.</p> <p>Class 21 - Registration No.: 2014006160 - Expiry Date: 03.06.2024 Baskets, for household use; brushes for household purposes; containers for storage purposes (household or kitchen use); cutting (chopping) boards for household use; gloves for household purposes; household containers; household gloves; household rubbish containers (bins); household utensils; paper holders for household use; plastic bowls (household containers); plastic household containers; kitchen utensils; all included in class 21.</p> <p>Class 9 - Registration No.: 2014006161 - Expiry Date: 03.06.2024 Batteries, electric; electric components; electric condensers; electric contact switches; electric control apparatus for lights; plug sockets (electric); plugs (electric); plugs for electric connection leads; starters for electric lamps; darkroom lights; all included in class 9.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
6.		<p>Class 8 - Registration No.: 2014006162 - Expiry Date: 03.06.2024 Adhesive spreaders (hand tools); adjustable screwdrivers (hand tools); adjustable spanners (hand tools); adjustable wrenches (hand tools); adzes (tools); agricultural tools (hand operated); atomisers (hand-operated tools) for spraying insecticides; auger bits for use with hand-operated tools; bolt cutters (hand-operated tools); box wrenches (hand tools); broaches (tools for hand-operated tools); centre punches (hand tools); cleaning tools (other than household instruments); cutters (hand operated tools); cutting discs (hand operated tools); cutting tools (hand tools); devices (handoperated) for sharpening tools; disposable blades for use with hand-operated tools; fastener setting tools (hand-operated tools); files (tools); floats (hand tools); forks (hand tools); fruit pickers (hand tools); garden tools (hand-operated); hammers (hand tools); hand drills (hand tools); impact drills (hand-operated tools); knife sharpeners (hand operated tools); non-electric gardening tools; packaging tools (hand operated); punches (hand tools); saws (hand tools); scrapers (hand tools); sockets (parts for hand operated tools); all included in class 8.</p> <p>Class 35 - Registration No.: 2016059469 - Expiry Date: 24.05.2026 Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; discount services (retail, wholesale or sales promotion services); management of a retail enterprise for others; all included in class 35.</p>
7.		<p>Class 35 - Registration No.: N/A - Expiry Date: N/A – Application Number: TM2019008421 (Pending) Retail store services and online retail store services; retail department store services; on-line retail department store services; retail store services and online retail store services relating to the purchase and retailing of products for babies, infants, toddlers, and children; advisory services relating to the purchase and retailing of products for babies, infants, toddlers, and children; gift registry services; all included in class 35.</p>


ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
8.		<p>Class 11 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019034831 (Pending) Automobile lights; bath fittings; bath installations (hot air -); bath installations; bath installations (sauna -); bath linings; bath plumbing fixtures; bath tubs; bath tubs for sitz baths; baths (heaters for -); baths (spa -) [vessels]; electric lamps; fans (electric -) for personal use; flashlights [torches]; gas lighters; headlights for automobiles; lamp casings; lamp chimneys; lamp glasses; lamp globes; lamp mantles; lamp reflectors; lamp shades; lamps; lamps (burners for -); lamps for directional signals of automobiles; lamps (globes for -); lanterns for lighting; light bulbs; light bulbs, electric; light bulbs for directional signals for vehicles; light diffusers; light-emitting diodes [led] lighting apparatus; lighters; lighting apparatus and installations; lighting apparatus for vehicles; lighting installations for air vehicles; lights (diving -); lights, electric, for Christmas trees; lights for automobiles; lights for vehicles; sockets for electric lights; taps [cocks, spigots] [faucets (am.)] for pipes; taps [faucets]; torches for lighting; torches (pocket -), electric; tubes (discharge -), electric, for lighting; tubes (luminous -) for lighting; ultraviolet ray lamps, not for medical purposes; vehicle headlights; vehicles (lights for -); water closets; water conduits installations; water distribution installations; water filtering apparatus; water flushing installations; water-pipes for sanitary installations; all included in Class 11.</p>
		<p>Class 7 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019044458 (Pending) Cutters [machines]; cutting machines; drilling machines; drives (pedal -) for sewing machines; driving chains other than for land vehicles; driving motors other than for land vehicles; electric hand drills; electric hammers; electric welding apparatus; embossing machines; finishing machines; fruit pressers, electric, for household purposes; galvanizing machines; grinders/crushers, electric, for household purposes; grinding machines; guns (glue -), electric; guns (spray -) for paint; guns [tools using explosives]; hair clipping machines for animals; handling apparatus for loading and unloading; handling machines, automatic [manipulators]; kitchen machines, electric; knitting machines; knives, electric; knives for mowing machines; lubricating pumps; machine tools; milling machines; mowing and reaping machines; mud catchers and collectors [machines]; pneumatic hammers; pneumatic transporters; pneumatic tube conveyors; polishing (machines and apparatus for -) [electric]; rams [machines]; reapers; riveting machines; saw benches [parts of machines]; saw blades [parts of machines]; saws [machines]; scissors, electric; sealing joints [parts of engines]; sealing machines for industrial purposes; sealing plastics (electrical apparatus for -) [packaging]; spraying machines; straw [chaff] cutters; swaging machines; taps [parts of machines, engines or motors]; tilt hammers; hand-held tools, other than hand-operated; tools (holding devices for machine -); tools [parts of machines]; torque converters other than for land vehicles; transmission chains other than for land vehicles; transmission for machines; trimming machines; vacuum cleaner attachments for disseminating perfumes and disinfectants; vacuum cleaner bags; vacuum cleaner hoses; vacuum cleaners; vacuum pumps [machines]; washing machines; washing machines (coin-operated); washing machines [laundry]; wax-polishing (machines and apparatus -), electric; weeding machines; welding apparatus (electric -); welding apparatus (electric arc-); welding apparatus, gas-operated; welding machines; welding machines, electric; electric blender; all included in Class 7.</p>

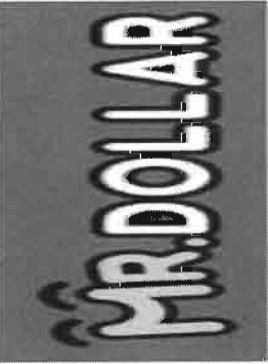

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
Class 8		<p>Registration No: N/A – Expiry Date: N/A – Application Number: TM2019044466 (Pending)</p> <p>Abrading instruments [hand instruments]; agricultural implements, hand-operated; atomizers (insecticide -) [hand tools]; awls; axes; bayonets; blades for planes; blades [hand tools]; blades [weapons]; border shears; bow saws; breast drills; can openers, non-electric; carpenters' augers; cattle marking tools; choppers [knives]; clamps for carpenters or cooper; cleavers; cuticle nippers; cuticle tweezers; cutlery; cutter bars; cutters; cutters (pizza -), non-electric; cutting bars; cutting tools [hand tools]; drill holders [hand tools]; drills; egg slicers, non-electric; fish tapes [hand tools]; fishing (harpoons for-); flat irons; fleshing knives [hand tools]; garden tools, hand-operated; gimlets [hand tools]; glazing irons; gouges [hand tools]; grafting tools [hand tools]; graving tools [hand tools]; grinding wheels (emery -); guns [hand tools]; guns, hand-operated, for the extrusion of mastics; hackles [hand tools]; hainault scythes; hair clippers for animals [hand instruments]; hair clippers for personal use, electric and non-electric; hair curling (hand implements for -); hair-removing tweezers; hammers [hand tools]; hand drills [hand tools]; hand pumps; hand tools, hand-operated; jig-saws; knife steels; knives; mallets [hand instruments]; manicure sets; manicure sets, electric; masons' hammers; milling cutters [hand tools]; mincing knives [hand tools]; mitre [miter (am.)] boxes [hand tools]; nail buffers, electric or non-electric; nail clippers, electric or non-electric; nail drawers [hand tools]; nail extractors; nail files; nail files, electric; nail nippers; nail punches; pedicure sets; pliers; punch pliers [hand tools]; punch rings [knuckle dusters]; punches [hand tools]; rakes [hand tools]; rakes (sand trap -); rammers (earth -) [hand tools]; rammers [hand tools]; rams [hand tools]; rasps [hand tools]; ratchets [hand tools]; razor blades; razor cases; razor strops; razors, electric or non-electric; riveters [hand tools]; riveting hammers [hand tools]; saw blades [parts of hand tools]; saw holders; saws [hand tools]; scissors; scrapers [hand tools]; scraping tools [hand tools]; screw stocks [hand tools]; screw taps (extension pieces for braces for -); screwdrivers; screw-thread cutters [hand tools]; scythe rings; scythe stones; scythes; secateurs; sharpening instruments; sharpening steels; sharpening stones; sharpening wheels [hand tools]; shearers [hand instruments]; shears; shovels [hand tools]; sickles; side arms, other than firearms; slicers (cheese -), non-electric; spades [hand tools]; spanners [hand tools]; spatulas [hand tools]; spoons; sprayers (insecticide -) [hand tools]; stainless steel table forks, spoons and knives; stone hammers; tap wrenches; taps [hand tools]; tin openers, non-electric; tongs; tool belts [holders]; tree pruners; trowels [gardening]; tube cutters [hand tools]; tube cutting instruments; tweezers; vegetable choppers; vegetable knives; vegetable shredders; weeding forks [hand tools]; wick trimmers [scissors]; wire stretchers [hand tools]; wire strippers [hand tools]; wrenches [hand tools]; electric iron; electric hair clipper; electric hair straightener; electric steam iron; all included in Class 8.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

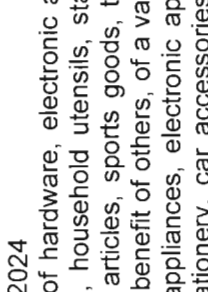
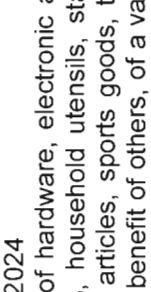
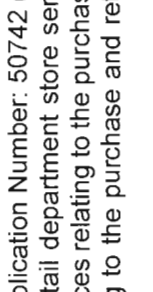
No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
9.		<p>Class 9 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019044471 (Pending) Accounting machines; accumulator jars; accumulators, electric, for vehicles; alarm bells, electric; alarms (fire -); anti-theft warning apparatus; asbestos gloves for protection against accidents; batteries, electric; batteries, electric, for vehicles; batteries for lighting; battery boxes; battery chargers; battery jars; bells (signal -); bells [warning devices]; binoculars; cables (coaxial -); cables, electric; cables (fiber [fiber (am.)] optic -); cables (junction sleeves for electric -); cameras (cinematographic -); cameras [photography]; detectors; detectors (metal -) for industrial or military purposes; discs (compact -) [audio-video]; discs (compact -) [read-only memory]; discs (optical -); electric door bells; electric installations for the remote control of industrial operations; flashing lights [luminous signals]; flashlights [photography]; fluorescent screens; galvanic batteries; galvanic cells; gloves for divers; gloves for protection against accidents; goggles for sports; holders adapted for mobile phones; lanterns (optical -); lasers, not for medical purposes; light dimmers [regulators], electric; traffic light apparatus [signalling devices]; light-emitting diodes [led]; light-emitting electronic pointers; lighting ballasts; lightning arresters; lightning conductors [rods]; locks, electric; magic lanterns; measuring devices, electric; measuring glassware; measuring instruments; measuring spoons; microphones; mouse [data processing equipment]; mouse pads; optical lamps; pens (electronic-)[visual display units]; plugs, sockets and other contacts (electric connections); remote control of signals (electro-dynamic apparatus for the -); scales; scales (lever-)[steelyards]; smoke detectors; solar batteries; temperature indicators; theft prevention installations, electric; time clocks [time recording devices]; time switches, automatic; travel adaptors for electric plugs; usb flash drives; weighing scales; wire connectors [electricity]; wires, electric; wires of metal alloys [fuse wire]; booster cables; battery jump starters; plugs [electric]; plug adaptors / adaptor [electric]; socket outlets (electric-); electric sockets; power bank; all included in Class 9.</p> <p>Class 11 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019034832 (Pending) Automobile lights; bath fittings; bath fittings (hot air -); bath installations; bath installations (sauna -); bath linings; bath plumbing fixtures; bath tubs; bath tubs for sitz baths; baths (heaters for -); baths (spa -) [vessels]; electric lamps; fans (electric -) for personal use; flashlights [torches]; gas lighters; headlights for automobiles; lamp casings; lamp chimneys; lamp glasses; lamp globes; lamp mantles; lamp reflectors; lamp shades; lamps; lamps (burners for -); lamps for directional signals of automobiles; lamps (globes for -); lanterns for lighting; light bulbs; light bulbs, electric; light bulbs for directional signals for vehicles; light diffusers; light-emitting diodes [led] lighting apparatus; lighters; lighting apparatus and installations; lighting apparatus for vehicles; lighting installations for air vehicles; lights (diving -); lights, electric, for Christmas trees; lights for automobiles; lights for vehicles; sockets for electric lights; taps [cocks, spigots] [faucets (am.)] for pipes; taps [faucets]; torches for lighting; torches (pocket -), electric; tubes (discharge -), electric, for lighting; tubes (luminous -) for lighting; ultraviolet ray lamps, not for medical purposes; vehicle headlights; vehicles (lights for -); water closets; water conduits installations; water distribution installations; water filtering apparatus; water flushing installations; water-pipes for sanitary installations; all included in Class 11.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

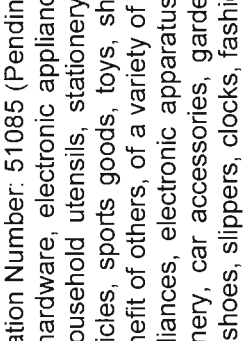
No.	Trademark	Class / Registration No. / Expiry Date / Description of trademark
10.		<p>Class 35 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019044464 (Pending) Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; all included in Class 35.</p>
11.		<p>Class 35 – Registration No: N/A – Expiry Date: N/A – Application Number: TM2019044462 (Pending) Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; all included in Class 35.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

The Bruneian trademark licences that we are materially dependent on are as follows:

No.	Trademark / Registration No. / Expiry Date	Class/Description of trademark
1.		<p>Class 35 – Registration No.: 45974 - Expiry Date: 10.10.2024 Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items.</p>
2.		<p>Class 35 – Registration No.: 45972 - Expiry Date: 10.10.2024 Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items.</p>
3.		<p>Class 35 - Registration No.: N/A - Expiry Date: N/A – Application Number: 50742 (Pending) Retail store services and online retail store services; retail department store services; on-line retail department store services; retail store services and online retail store services relating to the purchase and retailing of products for babies, infants, toddlers, and children; advisory services relating to the purchase and retailing of products for babies, infants, toddlers, and children; gift registry services.</p>

ANNEXURE C: DETAILS OF LICENCES, PATENTS, TRADEMARKS, BRAND NAMES, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS
(Cont'd)

No.	Trademark / Registration No. / Expiry Date	Class/Description of trademark
4.		<p>Class 35 - Registration No.: N/A - Expiry Date: N/A - Application Number: 51085 (Pending)</p> <p>Wholesale and retail services connected with the sale of hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase hardware, electronic appliances, electronic apparatus and instruments, household products, household apparatus, household utensils, stationery, car accessories, gardening articles, items for do-it-yourself purposes, bags, sports articles, sports goods, toys, shoes, slippers, clocks, fashion accessories and gift items.</p>

Furthermore, we have registered the marks of some of our suppliers with the Intellectual Property Corporation of Malaysia. As at the LPD, we have registrations for 31 such marks, of which three of such marks are being assigned to the respective suppliers. In addition, the applications for registrations of two marks are still pending.