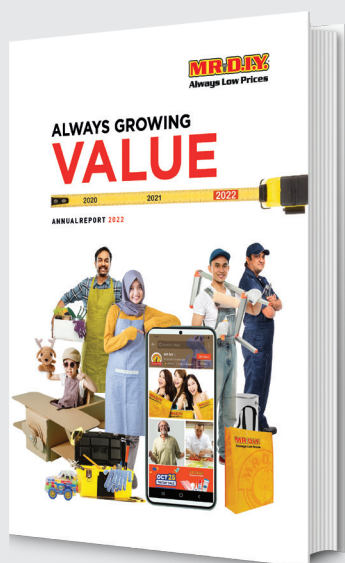


ALWAYS GROWING VALUE



ANNUAL REPORT 2022





OUR COVER

The vibrant cover design captures the diverse range of everyday essentials that MR. D.I.Y. carries at its stores nationwide. The measuring tape underscores our commitment to continuous growth, whilst symbolising the original DIY focus of the Group. Both customers and employees are represented to demonstrate the Group's commitment to all stakeholders. The rich red and yellow colours emphasise our strong brand presence and standing as Malaysia's largest home improvement retailer.

12th

ANNUAL GENERAL MEETING

Live streaming:
<https://tiih.online>

Thursday,
 8 June 2023
 2.00 p.m.

INSIDE THIS REPORT

ABOUT MR. D.I.Y.

| | |
|---------------------------|----|
| Corporate Information | 04 |
| Group Corporate Structure | 05 |
| 2022 Highlights | 06 |
| Financial Highlights | 07 |
| Growing Accolades | 08 |

STRATEGIC REPORT

| | |
|----------------------------------|----|
| Chairman's Statement | 10 |
| CEO's Statement | 14 |
| Management Discussion & Analysis | 19 |

THE WAY WE ARE GOVERNED

| | |
|---|----|
| Profile of Board of Directors | 28 |
| Key Senior Management | 30 |
| Corporate Governance Overview Statement | 32 |
| Statement on Risk Management and Internal Control | 49 |
| Audit and Risk Management Committee Report | 54 |
| Nomination and Remuneration Committee Report | 58 |
| Additional Compliance Information | 65 |
| Directors' Responsibility Statement | 67 |

FINANCIAL STATEMENTS

| | |
|---|----|
| Directors' Report | 69 |
| Statement by Directors | 76 |
| Statutory Declaration | 76 |
| Independent Auditors' Report | 77 |
| Statements of Financial Position | 81 |
| Statements of Profit or Loss and Other Comprehensive Income | 82 |
| Statements of Changes in Equity | 83 |
| Statements of Cash Flows | 85 |
| Notes to the Financial Statements | 87 |

OTHER INFORMATION

| | |
|--|-----|
| List of Properties | 143 |
| Analysis of Shareholdings | 145 |
| Notice of Annual General Meeting | 148 |
| Statement Accompanying Notice of 12 th Annual General Meeting | 151 |
| Administrative Details | 152 |

Form of Proxy

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

We have used forward-looking statements in this report which may discuss our future plans, strategies, objectives and performance. Such forward-looking statements involve known and unknown risks, uncertainties, as well as other factors that may cause our actual results, performance, achievements, or industry results to be materially different from any results that are expressed or implied by these statements.

Such statements are based on numerous assumptions regarding our present and future business strategies, and the environment which we may operate in the future. Such statements reflect our current view with respect to future events and do not guarantee future performance. Such statements can be identified by the use of words such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions.

The inclusion of such terms should not be regarded as a representation or guarantee by us that such plans and objectives will be achieved.

WE APPRECIATE YOUR FEEDBACK

We truly value feedback and comments on this report. Please contact our Investor Relations team at: investor.query@mrdiy.com

REPORTING STRUCTURE AND FRAMEWORKS

As a responsible and value-driven organisation, we have endeavoured to present a comprehensive and transparent assessment of our business, our strategies and our efforts to incorporate sustainability into everything we do. In line with best practices, we have also presented our report in alignment with the Malaysian Code on Corporate Governance 2021 (“MCCG”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Companies Act 2016 (“the Act”) and the Malaysian Financial Reporting Standards.

SCOPE AND BOUNDARY

The report discusses the Group’s financial and non-financial performance for the period 1 January 2022 to 31 December 2022. With regards to our reporting boundaries, we have considered all business operations of the Group in Malaysia and Brunei, which consist of subsidiaries as well as associate operations. In this report references to “MR. D.I.Y.”, “MR. D.I.Y. Group”, “the Group”, “the Company” and “we” refer to Mr D.I.Y. Group (M) Berhad and its subsidiaries and associate operations. We aim to report on the impact both internal and external factors have on our business performance, material developments, as well as risks or opportunities that could affect our operations.

NAVIGATION ICONS



Tells you where you can find more information within this report.



Tells you where you can find more information online.



Scan here to view our Annual Report online



OUR GROWING FAMILY

From a single store in 2005, MR. D.I.Y. has evolved to become a household name associated with everyday essentials, home improvements and more. We aim to offer everyone convenience, accessibility and affordability to meet their everyday needs. Our strong value proposition resonates with customers while our growing family of brands continues to drive sustainable growth.

Our Brands:



MR. D.I.Y. stores provide a wide variety of everyday home improvement essentials, at “Always Low Prices”, at convenient locations to meet our customers’ needs.



MR. D.I.Y. Express’ smaller store formats allow us to meet the everyday needs of customers in smaller towns and high-density locations.



MR. D.I.Y. PLUS houses — MR. D.I.Y., MR.TOY and MR. DOLLAR brands in one space, offering great value and one-stop convenience, with a fun and interactive shopping experience.



MR. TOY offers a diverse range of value-for-money good quality toys for children of all ages.



MR. DOLLAR offers food & beverages (“F&B”) and other household products at fixed prices – always RM2 or RM5, giving customers a worry-free shopping experience.

Y PLUS



**Always
Low Prices**



**Wide
Product Range**



**Convenient
Locations Nationwide**

MR. D.I.Y. Group (M) Berhad (“MR. D.I.Y.,” “the Group” or “the Company”) is Malaysia’s largest home improvement retailer. The homegrown brand aims to make a positive impact on the lives of the communities it operates in by offering over 20,000 everyday essentials at “Always Low Prices” across 1,080 convenient locations nationwide and on its e-commerce platform, www.mrdiy.com.my.

MR. D.I.Y. stores offer a wide selection of products across five major categories, namely hardware, household and furnishings, electrical, stationery, and sports equipment, as well as others like toys, car accessories, jewellery, cosmetics, and food and beverages.

The Company strives to put its customers first by operating an innovative and flexible business model, with a wide variety of good quality products that offer excellent value for money, in exciting store formats.

All MR. D.I.Y. stores are managed directly, with the retailer working in collaboration with owners of shopfronts and malls.

For more information on MR. D.I.Y., please log on to www.mrdiy.com.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | |
|---|---|
| <p>1. DATO' AZLAM SHAH BIN ALIAS <i>Independent Non-Executive Chairman</i></p> <p>2. TAN YU YEH <i>Non-Independent Executive Director/ Executive Vice Chairman</i></p> <p>3. ONG CHU JIN ADRIAN <i>Non-Independent Executive Director/ Chief Executive Officer</i></p> | <p>4. NG ING PENG <i>Independent Non-Executive Director</i></p> <p>5. LENG CHOO YIN <i>Independent Non-Executive Director</i></p> <p>6. DATO' HAMIDAH BINTI NAZIADIN <i>Independent Non-Executive Director</i></p> |
|---|---|

AUDIT AND RISK MANAGEMENT COMMITTEE

1. Ng Ing Peng
Chairman
2. Leng Choo Yin
Member
3. Dato' Hamidah Binti Naziadin
Member

NOMINATION AND REMUNERATION COMMITTEE

1. Leng Choo Yin
Chairman
2. Ng Ing Peng
Member
3. Dato' Hamidah Binti Naziadin
Member

CORPORATE RESPONSIBILITY COMMITTEE

1. Dato' Azlam Shah Bin Alias
Chairman
2. Ng Ing Peng
Member
3. Ong Chu Jin Adrian
Member

COMPANY SECRETARY

Wong Mun Sin
(License No.: MAICSA 7025509)
(SSM PC No.: 202008000876)

REGISTERED OFFICE

Lot 1907, Jalan KP B 11
Kawasan Perindustrian Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel. No. : +603 8961 1338
Fax. No. : +603 8964 0930

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. No. : +603 2783 9299
Fax. No. : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

BDO PLT
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia
Tel. No. : +603 2616 2888
Fax. No. : +603 2616 3190/3191

PRINCIPAL BANKERS

- CIMB Bank Berhad
- Malayan Banking Berhad

STOCK EXCHANGE

Listed on Main Market of Bursa
Malaysia Securities Berhad on
26 October 2020
Stock Name : MRDIY
Stock Code : 5296
Sector: Consumer Products & Services

WEBSITE

www.mrdiy.com

INVESTOR RELATIONS

Contact person: Jason Teh
Tel. No. : +603 8961 1338
Email : investor.query@mrdiy.com

GROUP CORPORATE STRUCTURE



MR D.I.Y. GROUP (M) BERHAD



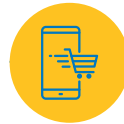
RETAILING

| | |
|------------------------------|-------------|
| Mr D.I.Y. Sdn. Bhd. | 100% |
| Mr. D.I.Y. (EM) Sdn. Bhd. | 100% |
| Mr. D.I.Y. (H) Sdn. Bhd. | 100% |
| Mr D.I.Y. (Johor) Sdn. Bhd. | 100% |
| Mr D.I.Y. (KK) Sdn. Bhd. | 100% |
| Mr D.I.Y. (Kuchai) Sdn. Bhd. | 100% |
| Mr. D.I.Y. (M) Sdn. Bhd. | 100% |
| Mr D.I.Y. Kids Sdn. Bhd. | 100% |
| Mr. D.I.Y. Pro Sdn. Bhd. | 100% |
| MRD (Central) Sdn. Bhd. | 100% |
| MRD (East Coast) Sdn. Bhd. | 100% |
| MRD (EM) Sdn. Bhd. | 100% |
| MRD (Northern) Sdn. Bhd. | 100% |
| MRD (Southern) Sdn. Bhd. | 100% |
| Mr. D.I.Y. (B) Sdn. Bhd. | 100% |



TRADING ARM

| | |
|------------------------------|-------------|
| Mr. D.I.Y. Trading Sdn. Bhd. | 100% |
|------------------------------|-------------|



E-COMMERCE

| | |
|-----------------------------------|-------------|
| Mr D.I.Y. Ecommerce (M) Sdn. Bhd. | 100% |
|-----------------------------------|-------------|



PROPERTY INVESTMENT

| | |
|------------------------------------|-------------|
| Mr D.I.Y. Management Sdn. Bhd. | 95%* |
| Mr D.I.Y. Management Two Sdn. Bhd. | 100% |



IT SERVICES

| | |
|-------------------------------|------------|
| Qube Apps Solutions Sdn. Bhd. | 30% |
|-------------------------------|------------|

Note:

* The shareholders representing the remaining 5% equity interest in Mr D.I.Y. Management Sdn. Bhd. ("MDM") have waived all their present and future rights, title, interest in and to all dividends declared, distributed or paid by MDM. Consequently, the Group has consolidated MDM based on 100% ownership.

2022 HIGHLIGHTS



VISION

To be the most valued retailer



MISSION

To offer everyone everything, everyday, at always low prices



“MOST OUTSTANDING COMPANY IN MALAYSIA

- Consumer Discretionary Sector™ in the Asiamoney “Asia’s Outstanding Companies Poll 2022”



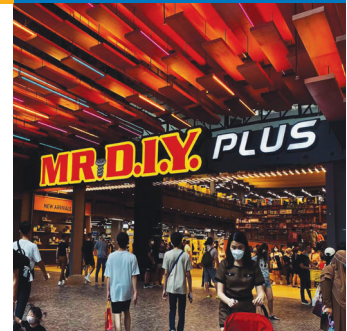
We are the **LARGEST** home improvement retailer in Malaysia with a **41.8%** share of the home improvement retail market as at 31 December 2022



1,080 STORES across every state in Malaysia, the Federal Territories, and Brunei



Opened the first **30,000 sq. ft. MR. D.I.Y. PLUS** store in May 2022



Strong footfall generation with **>142 MILLION** transactions in FY2022



Total cumulative declared dividend of **RM204.3 MILLION** in FY2022



Opened **180 net NEW STORES** in **FY2022**

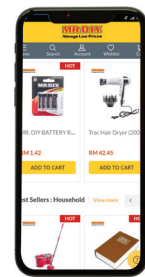
More than **16,500 EMPLOYEES** of which **84.9%** are **MALYSIAN**



Market Capitalisation of **RM18.9 BILLION** as at 31 December 2022

7,200 SKU'S* available on www.mrdiy.com.my, making shopping available 24/7 to everyone, anywhere, anytime

* Stock Keeping Units



A **11.9%** y-o-y increase in normalised Profit After Tax in FY2022 to **RM483.1 MILLION**, driven by higher revenue.

HIGHEST EARNINGS since our listing in 2020

Invested a total of **RM2.3 MILLION** that benefitted more than **126,000 BENEFICIARIES** #MRDIYCARES



FINANCIAL HIGHLIGHTS



REVENUE

RM4.0 Billion

FY2021: RM3.4 BILLION



GROSS PROFIT ("GP")

RM1.6 Billion

FY2021: RM1.4 BILLION



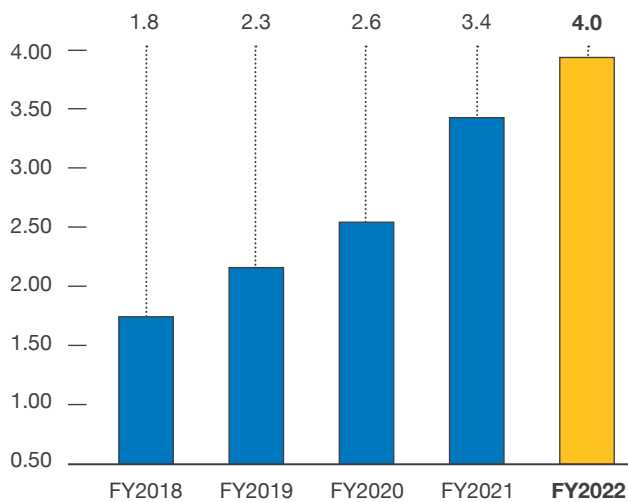
NORMALISED PROFIT AFTER TAX

RM483.1 Million

FY2021: RM431.8 MILLION

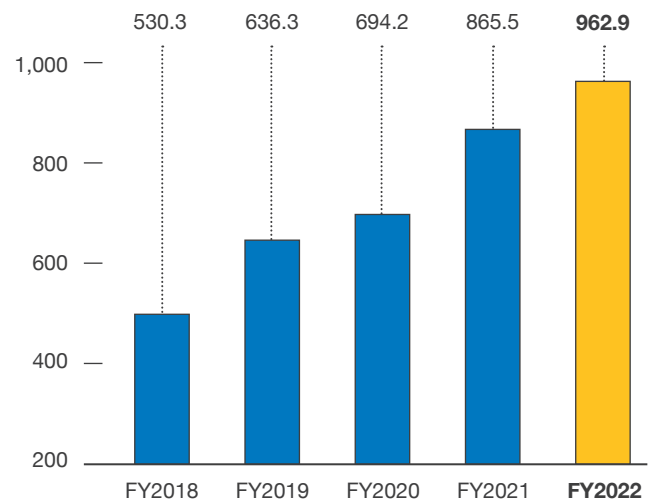
REVENUE

(RM billion)



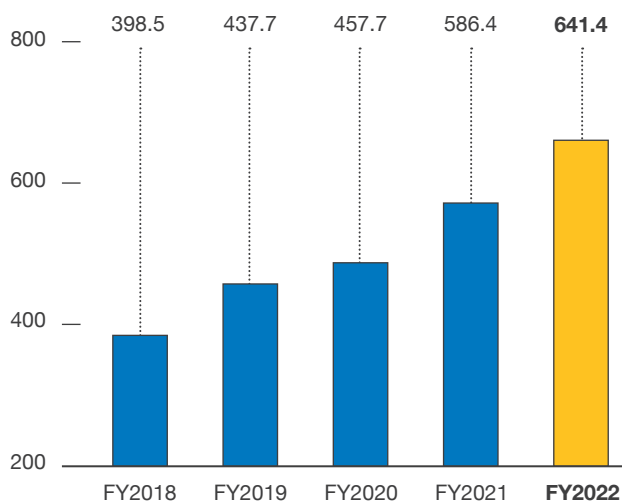
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION ("EBITDA")

(RM million)



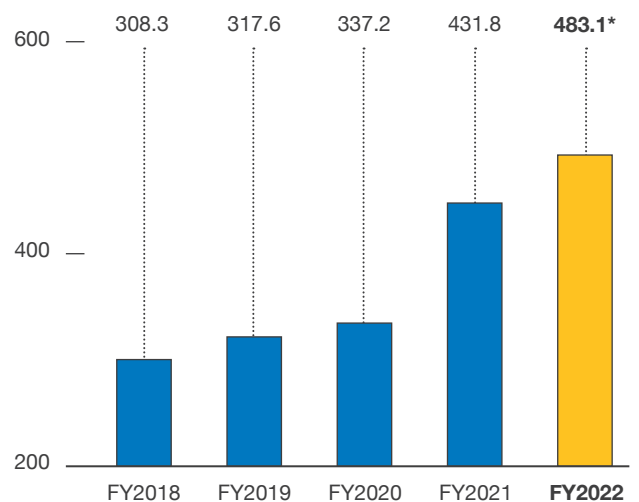
PROFIT BEFORE TAX ("PBT")

(RM million)



PROFIT AFTER TAX ("PAT")

(RM million)



Note: * Normalised Profit After Tax

GROWING ACCOLADES

In FY2022, MR. D.I.Y. was recognised by a myriad of industry leaders and organisations for its steadfast commitment to making a positive impact on the communities it operates in. Here are highlights of some of the awards and accolades we received over the course of the year.

2022 AWARDS AND ACCOLADES

1. Putra Enterprising Brand of the Year 2022

Launched in 2010, the Putra Brand Awards recognises brand building as an integral business investment. The Putra Brand Awards are unique in that they are based on the people's choice -- the awards invite members of the public to cast their votes for their favourite brands in various categories. In 2022, over 6,000 consumers submitted 25,000 responses to ascertain which brands emerged leaders in their respective categories.

The Putra Enterprising Brand of the Year 2022 award, one of the most coveted of the programme, reflects MR. D.I.Y.'s outstanding achievements in developing a brand that has made strong inroads into the international market through product or service innovation, comprehensive marketing, and communications programmes, as well as through strong Corporate Social Responsibility ("CSR") commitments.

This is the second year running that MR. D.I.Y. has been accorded a Putra Brand Award; in 2021, the retailer took Gold in the award's retail category.

2. World Branding Awards 2022

Regional Award, Top Home Improvement Retail Brand

MR. D.I.Y. took home the Regional Award as the 'Top Home Improvement Retail Brand' at the World Branding Awards 2022 in London.

This is MR. D.I.Y.'s fifth World Branding Award and its second Regional Award, with the first being in 2021. The World Branding Awards is an annual event organised by the World Branding Forum, a global non-profit organisation dedicated to advancing branding principles for the benefit of customers and the branding community. Now in its 15th edition, the 2022 award saw representation from 1.3 million consumers and 765 brands from 66 countries. The Regional Award is presented to brands that are leaders in several countries in a particular geographical region.

The World Branding Awards sees brands recognised for their work and achievements based on brand valuation, the results of consumer market research, and public online voting. Awards like these signal that customers continue to find MR. D.I.Y.'s promise of "Always Low Prices" relevant to their everyday lives.

3. The Edge ESG Awards

Best Newcomer In The Equities Category

The Edge's inaugural ESG Awards 2022 set out to recognise those that have truly adopted the mantra of 'business for good' and have made positive contributions to business, society and the environment. The award aims to recognise public-listed companies (PLCs) that it deems are leaders in environmental, social, and governance standards in Malaysia.

MR. D.I.Y. was awarded the Edge ESG Newcomer Award for most improved sustainability practices in a new public-listed company (PLC). The award acknowledges MR. D.I.Y.'s commitment to sustainably growing our business and creating shared value for all our stakeholders.

4. Frost & Sullivan Best Practices Award 2022

Malaysia Home Improvement Retail Company Of The Year

In FY2022, Frost & Sullivan again named MR. D.I.Y. the Company of the Year in the Malaysia Home Improvement Retail Industry. In 2020, MR. D.I.Y. was awarded the Market Leadership Award, and in 2021, for the very first time, the Company of the Year Award.

Frost & Sullivan takes a meticulous and stringent approach when selecting the nominees in each award category, making a detailed evaluation across two key dimensions – visionary innovation & performance, and customer impact. The Company of the Year Award is its top honour that recognises visionary innovation, market-leading performance, and unmatched customer care through its Best Practices Award analysis. The award demonstrates MR. D.I.Y.'s continued relevance to Malaysians with its promise of “Always Low Prices”.

5. Deloitte Malaysia

Best Managed Companies Awards 2022

MR. D.I.Y. Group was named one of “Malaysia’s Best Managed Companies” by Deloitte Malaysia, a global provider of consulting and financial advisory services.

Deloitte’s “Malaysia’s Best Managed Companies” award recognises companies with annual revenues exceeding US\$25 million (RM104.81 million) for their organisational excellence, as well as contributions to their respective industries and the economy. The programme provides a framework for companies to challenge themselves and benchmark against some of the best companies in the world.

Our 16,500-strong team remains committed to creating innovative retail experiences that capture the imagination of Malaysians, delivering outstanding value, and serving communities to positively impact lives. This award represents the passion, commitment, and loyalty of the Group’s employees and business partners.



CHAIRMAN'S STATEMENT



Dear Fellow Shareholders,

Our vision to build a sustainable business is being realised with the continued trust, support and confidence of our stakeholders worldwide. On behalf of the Board, I am honoured to present MR. D.I.Y.'s Annual Report for the financial year ended 31 December 2022 ("FY2022"), which details our efforts over the past year to build sustainable value across the Group, whilst positively impacting the communities in which we operate.

Our Group Chief Executive Officer, in his statement and the Management Discussion & Analysis, will cover the facts of our financial and operational performance in greater detail. Suffice to say here that I am very proud of the fact that despite a myriad of local and global challenges, MR. D.I.Y. Group has continued to steadily deliver growth and results.

FY2022 continued to be a challenging year for the country as a whole and the retail industry in particular. Economic activity in the first quarter of the year was muted, marked by a spike in COVID-19 cases.

In 2QFY2022, we started to see an improvement in the country's circumstances on the back of an aggressive nationwide vaccination programme to mitigate the spread of the COVID-19 pandemic. This allowed the country and its

people to embark on the road to recovery, with the opening of the education, hospitality and tourism sectors in particular paving the way for more positive sentiment.

This sentiment spurred the return of customers to our stores, delivering over 142 million transactions nationwide, against the 115 million transactions in FY2021. Recognising that we are what we are today because of our loyal customers and their commitment to our brand, we in turn stepped up our community outreach activities, delivering more than 90 community impact programmes that reached approximately 126,000 people during the year. The result was a strong business performance underpinned by excellent customer sentiment; in FY2022, customer satisfaction scores provided by our e-rating and customer feedback system stood at 94.0%.

The challenges of the pandemic are by no means over. Global economies are tumultuous and for the everyman on the street - our core customer - the daily challenge of managing rising costs on the back of stagnant or uncertain incomes is a constant.

It is this very customer that we are committed to serving - by offering a diverse range of retail experiences that cater to different customer segments, by being highly accessible at convenient locations nationwide, and most importantly, by providing a breadth of everyday essentials at **Always Low Prices**.

Mindful of this responsibility and our critical role in a global ecosystem that extends across multiple geographies and stakeholder groups, we focused on three key tenets to cement our leadership position as Malaysia's largest home improvement retailer and a homegrown retail icon.

GROWING TALENT

MR. D.I.Y. is primarily a brick-and-mortar business, therefore committed and skilled people are critical to our operations. We firmly believe that by investing in the growth of our people and being mindful of their needs and of their families, we set the stage for strong, sustainable growth.

At the close of 2021, our employee count stood at over 12,500; this number grew by 32.0% to over 16,500 as at

31 December 2022. Staff strength at our stores aside, we also conscientiously invested in growing our staff strength in key areas like warehousing & logistics, management & administration, and in talent development training, to ensure the needs of our growing operations were met and supported effectively. Our hiring strategies continued to be Malaysian-first, and we are proud, as one of Malaysia's largest employers, to report that over 84.9% of our employee base is local.

We invested more than 193,600 hours in internal and external training and engagement programmes for all levels of the organisation last year, focusing on the development of skills and knowledge, safety awareness as well as building awareness and understanding of Environmental, Social and Governance ("ESG") principles. This was a 24.9% increase on the 155,000 invested the year before. We reviewed internal processes and invested in automation to improve workloads, tracked wages to ensure they stayed ahead of inflation and invested in programmes that ensured the physical and mental wellness of our employees.

These investments continue to positively impact our employees, as can be seen from the results of the FY2022 annual employee satisfaction survey, which is conducted to gauge employees' satisfaction with their current roles and gain their feedback on matters such as workplace conditions,



Walk With Style – SK. Seri Gelugor

CHAIRMAN'S STATEMENT



Gutta Percha Tree Planting project: our volunteer Muhammad Addin bin Zul Hendry

career development opportunities, and compensation and benefits. Despite the constraints due to the COVID-19 pandemic, we are pleased to report that over 90.0% of our employees said they were happy to be working at MR. D.I.Y.. This clearly demonstrates the capabilities of our leadership team, in particular retail operations and human resource management.

The survey also provides us valuable insights into areas that we should be focusing on in the coming months; our FY2023 business plan covers this. The results of our efforts have not gone unnoticed. In FY2022, we garnered a number of reputable awards, including the Putra Enterprising Brand of the Year, World Branding Awards - Regional Tier, Deloitte Malaysia's Best Managed Companies Awards and Frost & Sullivan's Best Practices Award.

POSITIVELY IMPACTING COMMUNITIES

Our success in no small measure stems from the fact that we see ourselves as integral to the communities in which we operate. From the time we enter a new geography, our priority is to become a valued member of that community. We hire locals as far as possible, recognising that local hires have a knock-on effect on the prosperity of local communities.

Our wide-ranging corporate social responsibility and community impact programmes, under the "DIY4Malaysia" banner, cover many areas. In FY2022, we offered aid in cash

and kind to communities impacted by natural disasters, and also households affected by the COVID-19 pandemic. Our teams took part in community capacity-building efforts around the country, including helping in the repair and maintenance of schools, charitable homes, tourism hotspots and public spaces. We also helped to keep Malaysians safe by continuing to press the pedal on pandemic-related initiatives, in particular programmes to minimise the spread of the infection. In FY2022, we played particular attention to the needs of university students returning to campuses nationwide, and the residents of elderly and children's homes across the country.

With an eye towards ensuring a sustainable future for all Malaysians, we continued with our *DIY Made Simple* annual national competition in partnership with University Malaya, which is designed to inspire awareness of sustainable lifestyle choices and inspire new ideas on ways to reuse, recycle, regenerate, and upcycle. The competition has benefitted over 3,000 students since inception. Earlier this year, we committed to extending our support of this competition for another three years in 2023-2025. *DIY Made Simple* is an excellent example of a thriving and long-standing partnership that grows bigger and better each year, with an impact that extends far beyond two organisations. We will strive to do more such programmes in coming years.

Our community impact programmes would not have been possible without the outstanding effort of our *DIY Cares* Team -- my heartfelt thanks, on behalf of the entire company, for your selfless commitment to making lives better.

For more information on our CSR and community outreach efforts, please refer to our FY2022 MR. D.I.Y. Group Sustainability Report.

EMBEDDING ESG PRINCIPLES

In today's world, a commitment to upholding ESG standards is fundamental to business success. Through the concerted efforts of our leadership team, ESG practices have been integrated into many aspects of our operations, and underpin our efforts to drive sustainable business growth.

We are committed to practising the principles and best practices of good corporate governance, which are central to ensuring effective operations and the highest standards of accountability and transparency.

We are guided by the best practices as prescribed by the MCGG and Bursa Securities' Corporate Governance

Guide, which not only promote the building of sustainable businesses but also protect stakeholders' interests and create more value. Our teams have worked hard to put in place policies to guide and dictate how we conduct our business. When seen holistically, these policies demonstrate our strong commitment to upholding the highest standards of good governance and integrity.

Our efforts to protect the environment are wide-ranging and manifold. With our extensive store network as well as warehouses and distribution facilities, we are mindful of our impact on the environment. Our efforts in this area centre around managing energy consumption efficiently, and ensuring responsible waste management. Our journey in this area is in its infancy, but I am proud to say that we have made good progress in the areas we have promised to deliver.

We have successfully established a comprehensive and forward-looking ESG framework to ensure the long-term sustainability of our business, earning the Group its first ESG-related award -- the **Best Newcomer in the Equities Category** at the inaugural The Edge ESG Awards 2022. Kudos to the team behind this effort; it is indeed an amazing achievement on the back of our elevation to the globally-renowned FTSE4Good Index in December 2021. The award recognises that our business doesn't just adhere to the highest standards of sustainability, but continues to have a positive impact on our communities. Well done!

OUTLOOK

The global economic outlook remains challenging, but there are some bright lights. The global supply chain, which bowed under the onslaught of the pandemic for much of 2021 and 2022, looks set for recovery. And the collective global effort to vaccinate and immunise the population against the COVID-19 pandemic looks to be yielding results as borders reopen and cross-border trade grows.

The World Bank in its report released on 10 January 2023 sees growth in Malaysia, the Philippines and Vietnam moderating as the growth of major markets slows. On the back of this, the Malaysian economy is expected to register a gross domestic product ("GDP") growth of 4.0% in FY2023.

The cost of living continues to be a primary cause for concern amongst Malaysians, and this is an area where we can and are bringing significant value to consumers. Our wide range of everyday essentials and our extensive network across

the country means we can support consumers in their quest to stretch their ringgit and find more value. The stability of our business, the strength and scale of the relationships we enjoy with manufacturers globally, and the efficiency of our operations mean we can continue to be a sustainable and supportive business. We are and will always be there to help consumers.

ACKNOWLEDGEMENTS

While FY2023 will no doubt have its own challenges, our performance over the last two years continues to demonstrate the resonance and resilience of our business model, and we are confident of being able to stay on track for steady growth. This would not have been possible without the support and dedication of many.

To my fellow Board members, thank you for the steady hands and wise counsel that guided us through the most challenging of times.

To our Leadership Team, you have demonstrated that nothing can match the collective strength and determination of a united team -- thank you for consistently delivering above and beyond the call of duty.

To our over 16,500 employees nationwide, thank you for your passion, commendable performance and unflinching bravery in the face of challenges. And thank you to your families for supporting the work you do for MR. D.I.Y..

To our founders, shareholders, and business partners - we have journeyed for 18 years together, and we look forward to sharing many more milestones with you.

And to our most valued customers - thank you for trusting us to meet the everyday needs of your families and loved ones.

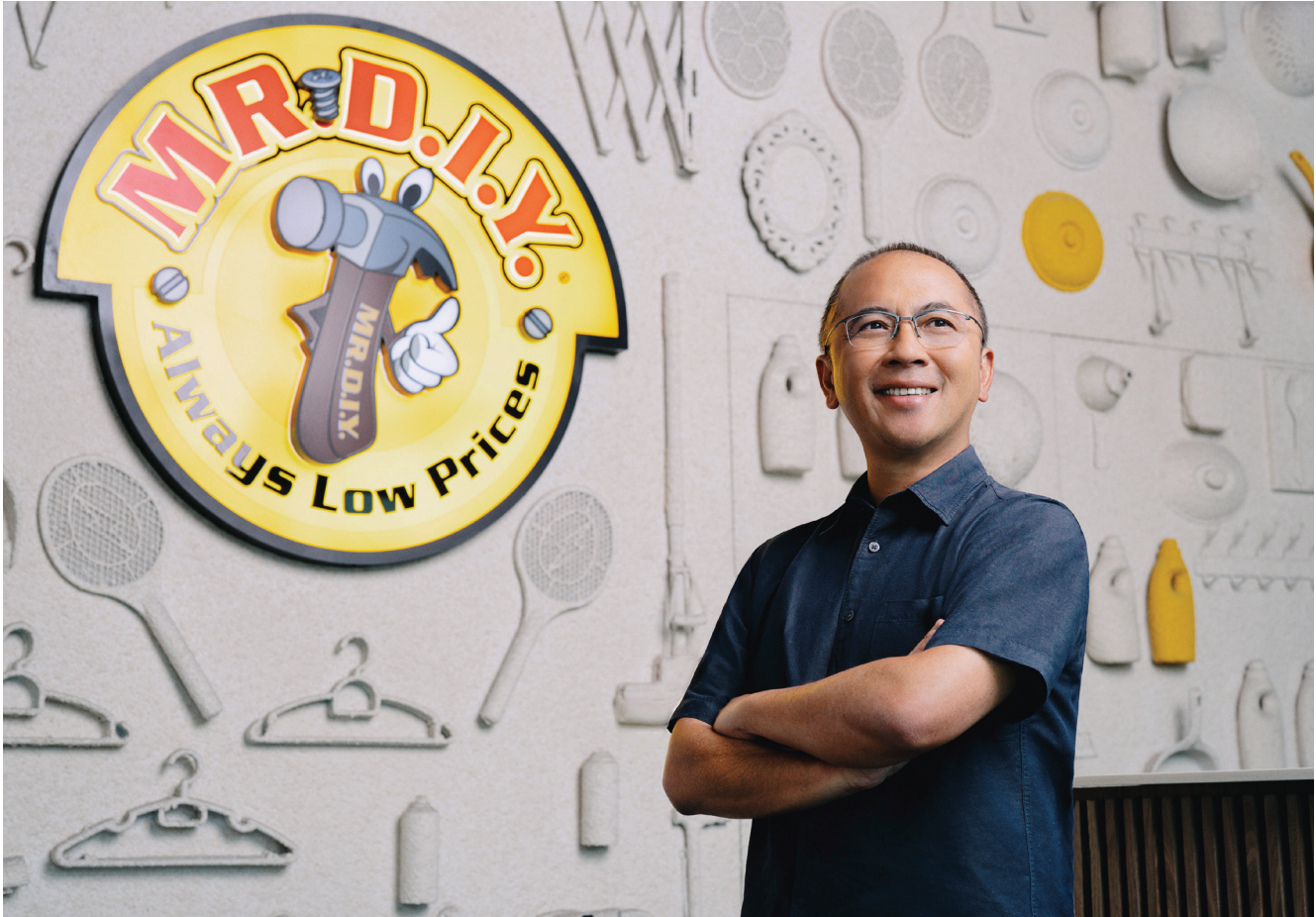
We would also like to record our gratitude to the many regulatory bodies and government agencies who have facilitated our continued business expansion, and who have worked closely with us through these challenging times.

Terima kasih from all of us.

DATO' AZLAM SHAH BIN ALIAS

30 March 2023

CEO'S STATEMENT



Dear Valued Shareholders,

Since its inception in 2005, MR. D.I.Y. has set out to build a sustainable business that positively impacts lives. In FY2022, we stayed true to this ambition through the toughest of times as the world battled the COVID-19 pandemic and its wide-ranging effect on economies and societies, delivering everyday essentials at always low prices to communities nationwide, and in the process delivering sustainable value to you, our shareholders. I am very pleased therefore to present MR. D.I.Y.'s Annual Report for FY2022, which details our efforts in the past year.

FY2022 IN REVIEW

We closed the year having made steady progress on our two strategic goals - to drive business growth through a strategic and disciplined expansion of our store network, and to improve operational efficiencies.

We weathered prevailing challenges to deliver a solid set of financial results. Group revenue was RM4.0 billion for the FY2022, an increase of 18.2% year-on-year ("y-o-y") compared to the financial year ended 31 December 2021 ("FY2021"). The revenue growth was primarily driven by an increase in the number of stores, and same-store sales growth ("SSSG") of 1.0%. In tandem, EBITDA for the year improved by 11.3% to RM962.9 million. PAT for FY2022 increased by 9.5% y-o-y to RM472.9 million, impacted by the one-off prosperity corporate tax of RM10.2 million on companies with chargeable income above RM100 million at a tax rate of 33% for FY2022, instead of the standard rate of 24%.



Photo credit: Muhammad Zulhusni Razak, MR. D.I.Y. Sentral Triang, Pahang

Our research showed that post-pandemic, customers still wanted the assurance of low prices, but to shop in fun, interesting and interactive ways.

Our store network grew from 900 at the close of FY2021 to 1,080 at the close of last year, meeting our target of 180 new stores in FY2022. The majority of these were standalone MR. D.I.Y. stores in key towns, including Lanchang in Pahang, Inanam in Sabah, Bemban in Melaka and Kampung Koh in Perak amongst others, which demonstrates the breadth of our reach.

In May 2022, we launched a new variant to our flagship MR. D.I.Y. brand - **MR. D.I.Y. PLUS**, a 30,000 sq. ft. store that collectively showcases approximately 20,000 types of products from the MR. D.I.Y., MR. TOY and MR. DOLLAR range. Our research showed that post-pandemic, customers still wanted the assurance of low prices, but to shop in fun, interesting and interactive ways. MR. D.I.Y. PLUS brings these facets together in one exciting space – it's no wonder then that over 200,000 visitors thronged the store in its first month alone. We have since opened another 27 across the country; some are new while others were converted from existing stores.

While many of the operational challenges of the pandemic era are starting to recede, FY2022 was by no means smooth sailing. The global supply chain continued to buck under the pressure of the prolonged pandemic, testing the financial, operational and organisational resilience of our business. We had to quickly adapt to close gaps and address concerns to remain on track.

The overall performance was impacted by lower than optimal inventory levels at our retail stores over the last three quarters of FY2022 due to the tight labour market and supply chain disruptions. Ex-China freight costs peaked around early FY2022 and eased very significantly since June 2022 to close to pre-pandemic levels. The full impact of the easing of freight costs, if sustained, should be felt from 1HFY2023 onwards. We maintained prices in 1QFY2022, but to mitigate the pressure of increasing costs, we implemented a selective price increase across various product segments in 2QFY2022 and 3QFY2022 in line with general

CEO'S STATEMENT

increases across the retail industry. These measures enabled us to achieve gross profit margins at levels comparable to that of the previous year.

For much of FY2022, customers had to deal with higher prices, a corresponding tightening of family wallets, and in some cases, doing without familiar products. Thanks to the determination and commitment of our purchasing and marketing teams, and the direct relationships we enjoy with manufacturers worldwide, we helped customers to adapt to prevailing conditions and when necessary, reset expectations.

Customers are also demanding greater convenience and faster fulfilment, putting pressure on supply chains to transform. One of the ways we are doing this is by automating key areas of our business - our plans for FY2023 in this area are detailed further on in this document.

Workforce and labour shortages in 1HFY2022 further complicated the post-pandemic recovery. We had to carefully balance the needs of our growing store network with managing operational efficiencies while ensuring we hired the right talent, upskilled them, and kept them safe. Our workforce grew 32.0% across the board last year, from over 12,500 in FY2021 to over 16,500 in FY2022.

All in all, FY2022 was a challenging but ultimately fulfilling year; our efforts have clearly put us on solid footing for steady, sustainable growth.

FY2023: A ROADMAP FOR SUSTAINABLE GROWTH

Building a sustainable business in a fast-changing world is not easy task and one we would not have been able to do without establishing some core fundamentals.

A measured store expansion plan

Our roadmap for sustainable growth is underpinned by our lower-cost, highly scalable and profitable, strong cash-generative business model, further supported by a measured and data-reliant new store opening programme. Our stores continue to enjoy a good payback model, consistently within two years, allowing for an attractive return on capital.

In FY2023, we have a store expansion target of 180 stores, which will comprise of at least 125 MR. D.I.Y. and MR. D.I.Y. PLUS stores, 35 MR. D.I.Y. Express stores, as well as 20 MR. DOLLAR and MR. TOY stores. Shifting consumer

buying patterns favouring value brands, better economics and the positive reception to our different retail concepts continue to support our expansion plans.

Retail concepts customised to market needs

We continue to innovate and improve on our current offering while exploring new iterations.

Our standard **MR. D.I.Y.** stores continue to be the backbone of our network and are the primary platform on which we will drive growth. The **MR. D.I.Y. PLUS** variant has been very successful in bringing our three core brands -- MR. D.I.Y., MR. TOY and MR. DOLLAR under one roof, and will be a brand experience flagship in cities and major market centres.

MR. D.I.Y. Express, designed to meet demand for our proven retail concept in smaller markets and high-density neighbourhoods, continues to grow from strength to strength. This retail format allows us to take our brand further and deeper into the marketplace, and deliver on our ambition of being the store at every corner. The average MR. D.I.Y. Express store is about 4,000 sq. ft., which is consistently smaller than the average size of the standard MR. D.I.Y. store format, which is around 9,000 sq. ft..

MR. TOY made a significant comeback into profitability in FY2022 after facing pandemic-related lockdowns in FY2021, indicating that a niche for a trusted toy store brand that offers a wide range of good quality toys at affordable prices resonates with our relatively young population, 23.2%* of which are below the age of 14 years. (*Current Population Estimates 2022 by Department of Statistics Malaysia.)

By comparison, **MR. DOLLAR** is still in gestation. Given prevailing consumer sentiment, there is definitely room in the market for a value retailer with a nationwide reach in this format, but with just 49 stores now, the network will need to build brand recognition, achieve scale and carry a more curated product mix to achieve more tangible success. Part of our plans involves evolving MR. DOLLAR from a fixed price format to a "one plus" price format, which is part of our FY2023 business plan.

Data-driven product portfolio management to meet market demand

Data discipline is something we have always relied on to ensure we have the right products, at the right time, at the right stores. Managing our more than 20,000-SKU portfolio continues to be a key priority. In FY2022, we achieved

several wins with the launch of the market's most affordable COVID-19 rapid test kits. Other bestsellers, apart from test kits, face masks, storage boxes, light bulbs, spray paints, gift wrappers and batteries, reflecting the breadth of our product range. This breadth across categories demonstrates our relevance to customers and our ability to stay ahead of changing trends.

MR. D.I.Y.'s range of white-label and in-house products continue to enjoy strong growth in tandem with the market's shift to value-driven products. Our highly successful range now includes 11,000 SKUs, making up 43.5% of total sales in FY2022 compared to 38.7% in FY2021 - a clear reflection of our ability to delight customers with great value-for-money products.

Investing in automation for growth

We are building an automated warehouse on a 9-acre plot, featuring an Automated Storage and Retrieval System, conveyors and sorters, as well as an autonomous mobile robot mini load with a Pick-to-Light system. All these facilities will be housed within a warehouse and office complex comprising three separate buildings linked by conveyors, with a built-up area of over 600,000 sq. ft. - the equivalent of ten football fields!

The warehouse, which also features an improved Warehouse Management System, will allow us to better control and track inventory, process orders faster and more accurately, and ultimately deliver our products more efficiently to customers.

This investment amounting to approximately RM100 million will have an estimated payback period of 5 years. The warehouse is expected to be completed in 1QFY2024 and will further support business growth while optimising operational efficiencies.

Building a professional, skilled and empowered talent pool

Of all our achievements in FY2022, I am proudest of that of our people, who refused to bow to the challenges of the pandemic, and instead united in their efforts to overcome challenges.

In FY2023, we will continue to invest heavily in people - recruiting new talent to support our growth, introducing automation to reduce repetitive work, emphasising safety awareness, upskilling promising talent to take on new responsibilities and positions, all the while rewarding them fairly and ensuring their physical, mental and financial wellness.

Strengthening and diversifying our global supply chain

Our ability to continue to deliver everyday essentials to Malaysians through the pandemic has been very much due to our long-standing relationships with partners and associates across our global supply chain. Our focus in FY2023 will be to cement these long-standing relationships and find new, like-minded companies that share our vision and values, to ensure we continue to meet the growing needs of the population.

OUTLOOK

Early reports place Malaysia's GDP growth in FY2023 at 4.0% in a challenging global environment.

Indicators from major central banks at the end of 2022 signalled a continued willingness to raise interest rates to bring down inflation, which will have a direct impact on everyman's wallet and overall spending power. The Russia-Ukraine conflict and US-China tensions over Taiwan both have an impact on commodity and food prices globally. What we know for sure is that governments and policymakers around the world are keeping a close eye on emerging events, and will react. We in turn will have to be responsive, agile and flexible.

Nevertheless, we remain optimistic about growth prospects in FY2023 given the well-diversified nature of the Malaysian economy and its proven track record of withstanding shocks. The country's well-developed infrastructure, competitive manufacturing and services sectors, substantial natural resources and young population are expected to support growth and keep the economy resilient. The expectation is that broad retail sales and specifically the home improvement sector in Malaysia are expected to recover post-COVID. Frost & Sullivan remains bullish on the sector and anticipates that it will grow at 8.6% per annum over the next five years, almost back to pre-pandemic levels of 12.7% per annum. Our market share in the sector has grown considerably over the years and in FY2022, it has further improved from 38.5% in FY2021 to 41.8%.

Globally, there are positive indicators. The tight global container shipping market, which severely impacted freight costs, resulted in inventory delays and put pressure on overall input costs, has eased. This will eventually bring costs down, and we expect to see the full benefit of this in FY2023.

CEO'S STATEMENT

The ringgit is slowly but surely strengthening against the benchmark US dollar and Chinese Renminbi, which will help us manage input costs.

What we do expect is a change in buying patterns, as customers adjust to the combination of rising inflation, burgeoning costs and increasing interest rates. Value and white-label brands will become a significant part of household spending, creating an opportunity for us to cement our relationship with consumers. We will be focusing on year-round bargain-driven promotions, festive promotions around major festivals like Chinese New Year, Hari Raya, Deepavali and Christmas, as well as volume purchasing and repeat-buying incentives to keep customers coming back for more. Moving forward, as gross profit margins have recovered, we will also have the flexibility to drive more out of cyclical promotional campaigns.

Changes in generational demographics are also coming into play, and we have to rethink our approach to recruiting and engaging millennials and Gen Zs, who are forming a significant part of the workforce. Our human resource, marketing and sales teams are focused on ensuring we understand this change in behaviour and adapt accordingly so that we stay relevant to this important base.

The combination of local and global challenges will keep us on our toes, but I am confident we have the brand stature, financial stability, operational know-how and management expertise to achieve sustainable growth, in turn continuing our strong track record for generating and distributing value to our stakeholders.

In FY2023, we will continue to invest heavily in people - recruiting talent to support our growth, introducing automation to reduce repetitive work, emphasising safety awareness, and upskilling promising talent.

This table below demonstrates our strong trajectory in delivering on this promise.

| (RM million) | FY2020 | FY2021 | FY2022 |
|--|-----------|-----------|-----------|
| Economic Value Generated | 2,559.3 | 3,373.4 | 3,985.8 |
| Economic Value Distributed | (2,567.8) | (2,772.3) | (3,313.7) |
| Total monetary value / spend on procurement | (1,467.8) | (1,981.5) | (2,338.6) |
| Total payout to employees in salaries and benefits | (291.7) | (382.4) | (484.8) |
| Taxes paid to government | (120.8) | (138.8) | (171.3) |
| Repayments to Financiers | (591.7) | (97.0) | (114.8) |
| Dividend Returns to Shareholders | (95.8)* | (172.6) | (204.2) |
| Economic Value Retained | (8.5) | 601.1 | 672.1 |

Note : * Economic Value Retained in FY2020 was negative due to repayments made to financiers from the Initial Public Offering proceeds. Repayments were not made from the Group's revenues.

My heartfelt thanks to our over 16,500-strong team of MR. D.I.Y.-ers nationwide for your continued passion and performance - you have been pivotal to our success. I am indeed proud to link arms with you to deliver to our fellow Malaysians our promise of everyday essentials at "Always Low Prices", in innovative, exciting retail formats at convenient and accessible locations nationwide.

My appreciation to our very supportive Board of Directors, for their wisdom and guidance through these turbulent times.

Most of all, thank you to all our customers for your continued loyalty and patronage -- it is the rakyat who have made us very much a fabric of Malaysian society.

ONG CHU JIN ADRIAN

30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS



Group revenue was **RM4.0 billion**, an **18.2%** y-o-y increase on the RM3.4 billion recorded in FY2021.



Normalised PAT improved **11.9%** y-o-y to **RM483.1 million**. Reported PAT were RM472.9 million, impacted by the one-off prosperity corporate tax detailed in this report.



The number of stores at the end of FY2022 stood at **1,080**, up 20.0% from 900 in FY2021.



The Group's talent pool grew **32.0%** from over 12,500 to more than **16,500** in FY2022.



We invested more than **193,600 hours** in internal and external training in FY2022.



The Group declared a total cumulative dividend of **RM204.3 million** in FY2022.



We carried out > **90 community programmes** in FY2022 reaching approximately **126,000 people nationwide**.

EXECUTIVE SUMMARY

In FY2022, we prioritised the strategic and disciplined expansion of our store network whilst improving operational efficiencies as a means of driving business growth, keeping us firmly on the trajectory of building a strong and sustainable company. By staying focused on our goals and continuing to innovate, we consistently positioned MR. D.I.Y. Group for long-term success.

Our promise of “Always Low Prices” on everyday essentials resonated even more strongly with our customers, who were facing the challenges of the post-pandemic era including rising costs of everyday household items, shrinking household wallets and job insecurities. Our attractive price-to-quality ratio, which essentially means the best quality you can get at a given price or vice versa, continues to appeal to the value-seeking public, as does our range of more than 20,000 SKUs. The demand for our in-house brands has grown significantly; in FY2022 this segment consisted of 11,000 items and accounted for 43.5% of total sales.

Our brand preference and loyalty amongst the public remained strong, cementing our position as the #1 home improvement retailer in the country, commanding a significant and growing 41.8% market share.

Our strict adherence to data discipline and analytics underpins our merchandising and store opening strategies, ensuring we continue to offer products that appeal to the entire spectrum of the population at convenient locations nationwide. We strive to the extent possible to be the store at every corner, for every Malaysian. This stringent reliance on data also ensures we curate the offering of each store to suit the demands of the local populace, whether it's a rural, suburban or urban store, and in different states across the country.

With these fundamentals firmly in place, Group revenue in FY2022 grew 18.2% y-o-y to RM4.0 billion, driven primarily by an increase in the number of stores and SSSG of 1.0%.

Gross store growth in FY2022 was 200, net of 20 closures which mainly comprised the MR. DOLLAR brand. Revenue from new stores opened during the year contributed 7.8% to overall sales. Total transactions for the year grew significantly by 23.4% to more than 142 million nationwide.

Our innovations in new store formats continued to serve us well. MR. D.I.Y. PLUS, a superstore variant we introduced in May 2022, incorporates over 20,000 products from our three brands - MR. D.I.Y., MR. DOLLAR and MR. TOY - and has proven to be very popular.

Global supply chain challenges resulted in lower inventory levels and impacted the availability of some products at stores in 3QFY2022. Thankfully, these supply chain challenges have now eased, which will have a positive impact on performance in 2HFY2023.

As a company, we continued to press the pedal on improving cost efficiencies, by leveraging our direct relationships with manufacturers to negotiate competitive pricing on goods purchased, ensuring the efficient management of our distribution and delivery networks, and investing in technology.

Talent optimisation and upskilling, as well as investments in technology to reduce labour and repetitive tasks continued to be a key focus areas, to ensure there was no compromise in our ability to support our store expansion strategy and the overall operations of the company. The Group added 4,000 people at all levels to its workforce in FY2022, bringing the total people-strength to over 16,500. We also invested 193,600 hours in training, upskilling and development, across all levels of the organisation.

MANAGEMENT DISCUSSION AND ANALYSIS

We remained cognizant of our role as a homegrown Malaysian brand, with a comprehensive year-round programme to support communities in need. In total, we carried out more than 90 community impact programmes in FY2022, bringing benefit to approximately 126,000 people and totalling more than RM2.3 million in value.

These programmes included, amongst others, the distribution of aid and healthcare essentials to communities impacted by the pandemic and natural disasters, cash aid to students returning to campus, education-based programmes for schoolchildren, festive programmes for marginalised communities and efforts to refurbish and improve national tourist hotspots with the reopening of tourism activities. These programmes were carried out nationwide.

BUSINESS OVERVIEW

Store network expansion continued to be a priority in FY2022. We opened net 180 new stores during the year, bringing the total to 1,080 stores at the close of the year, with 48 stores in the Central region, 46 in the Northern region, 52 in the Southern region, 19 in the East Coast, 13 in Sabah and Sarawak, and 2 in Brunei.

These new stores comprised 182 MR. D.I.Y./MR. D.I.Y. Express/MR. D.I.Y. PLUS stores, 2 MR. TOY stores and closure of 4 MR. DOLLAR stores with 90.6% of these net new stores being standalone stores and the balance in malls and shopping centres.

Total capital expenditure (“capex”) on new stores for the year was approximately RM125.8 million, which translated to an average of RM629,000 per store across the three brands, broadly in line with capex per store of prior years.

STORE NETWORK AS AT 31 DECEMBER 2022

North

Total Stores: 220
 195 MR. D.I.Y.
 12 MR. DOLLAR
 13 MR. TOY

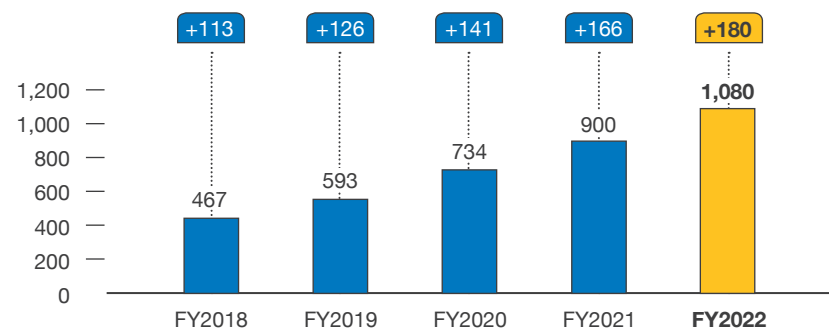
Central

Total Stores: 328
 289 MR. D.I.Y.
 19 MR. DOLLAR
 20 MR. TOY

MR. D.I.Y. opened its first store on Jalan Tuanku Abdul Rahman in July 2005 and has now grown to become the **largest home improvement retailer in the region** with stores across Malaysia.

STORE GROWTH

Net Store Opened





East Coast

Total Stores: 141

136 MR. D.I.Y.
3 MR. DOLLAR
2 MR. TOY



South

Total Stores: 257

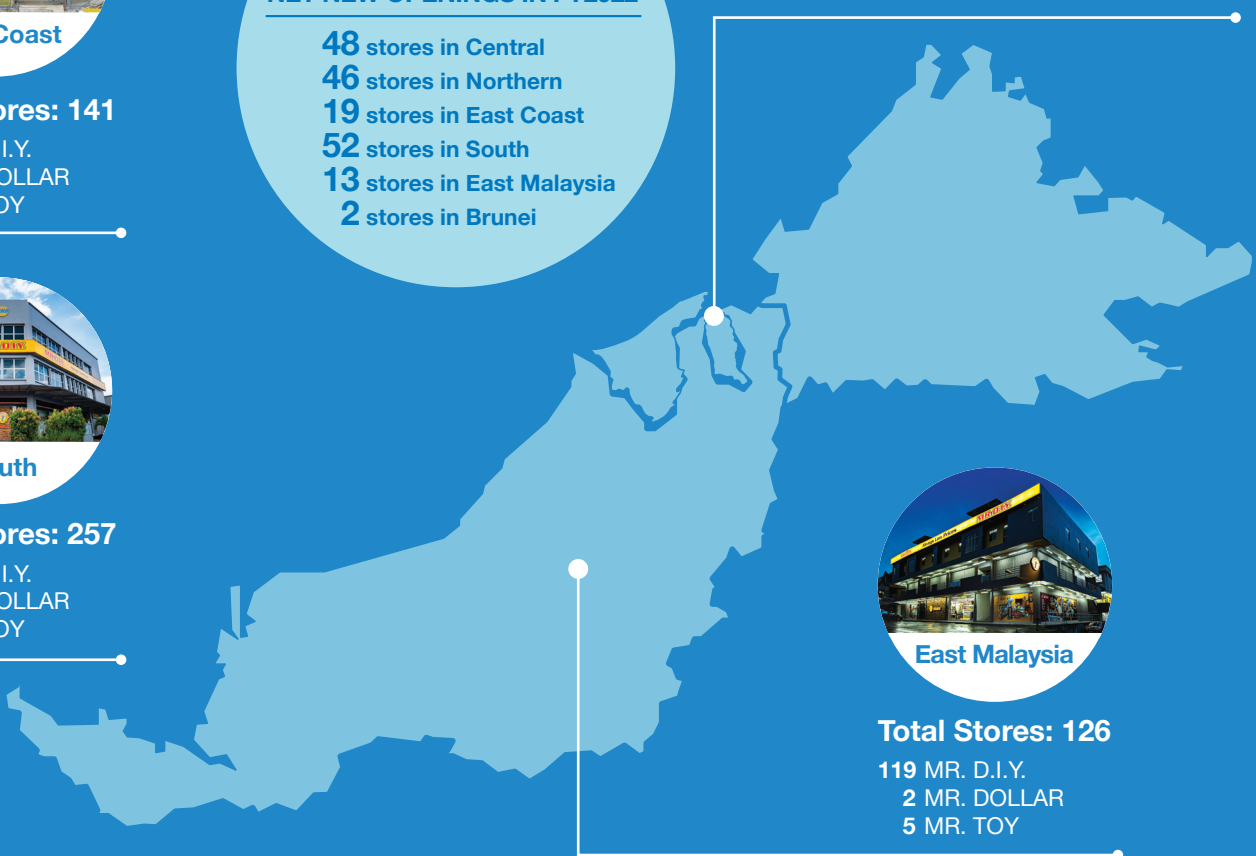
232 MR. D.I.Y.
13 MR. DOLLAR
12 MR. TOY



Brunei

Total Stores: 8

8 MR. D.I.Y.

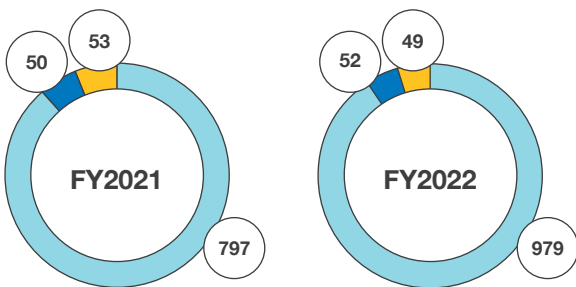


East Malaysia

Total Stores: 126

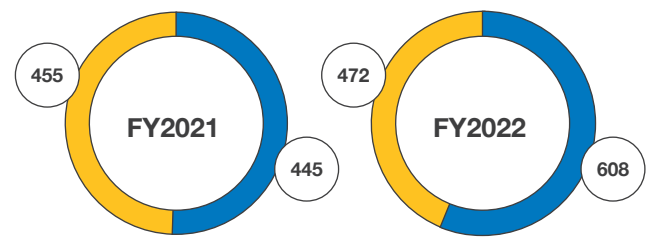
119 MR. D.I.Y.
2 MR. DOLLAR
5 MR. TOY

STORE BREAKDOWN BY BRAND



MR. D.I.Y./MR. D.I.Y. Express/ MR. D.I.Y. PLUS MR. TOY MR. DOLLAR

STORE BREAKDOWN BY FORMAT



Retail Mall-Based Stores Standalone Shopfront Store

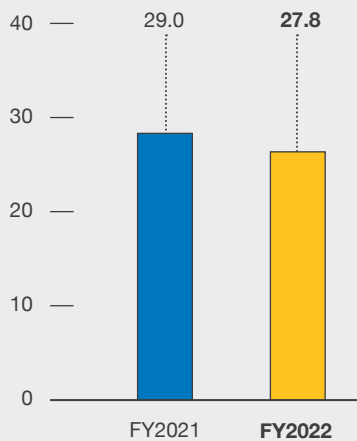
MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE OVERVIEW

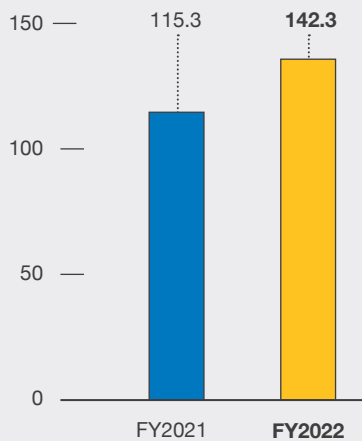
Despite the residual challenges of the pandemic and in particular its impact on the global supply chain and customers' spending power, we closed FY2022 with an 18.2% increase in revenue at RM4.0 billion, compared to RM3.4 billion for FY2021. The Group's performance was hampered in 1QFY2022 by pandemic-related restrictions but recovered once restrictions were relaxed in 2QFY2022. The return to work and school, as well as the lifting of travel sanctions, drove the rise in positive sentiment.

Total transactions grew significantly from 115 million transactions nationwide in FY2021 to more than 142 million transactions nationwide in FY2022, with SSSG staying steady at 1.0%. The average basket size reduced from RM29.0 in FY2021 to RM27.8 in FY2022, as a result of the tightening of household wallets amidst rising costs and inflationary pressures. The impact of this on revenue was offset by the marked rise in the total number of transactions.

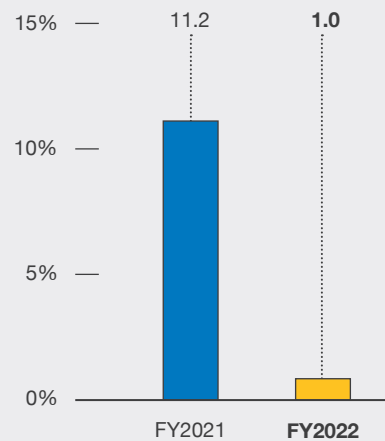
AVERAGE BASKET SIZE PERFORMANCE
(RM)



TOTAL TRANSACTION
(Million)

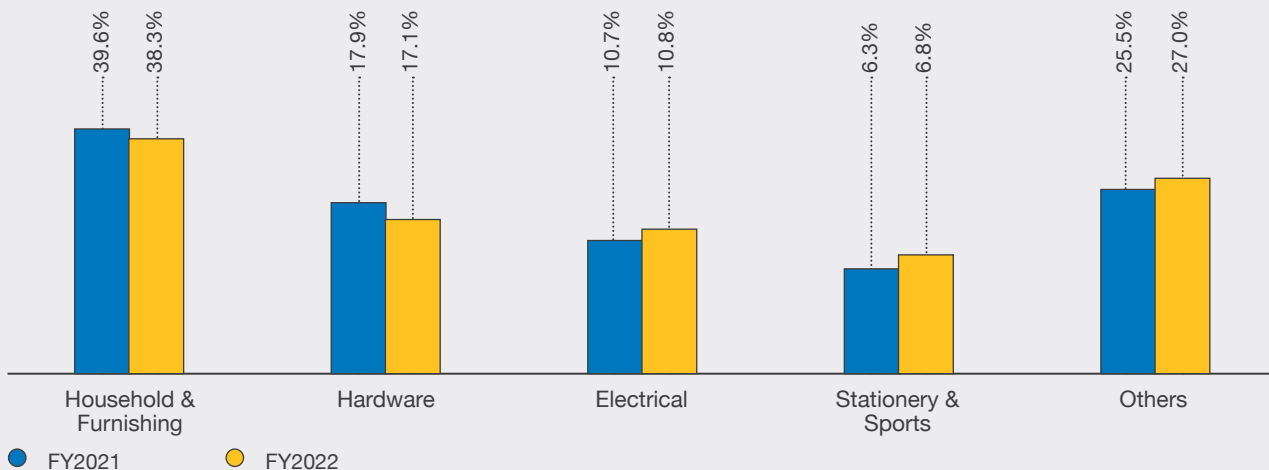


ANNUAL SSSG PERFORMANCE
(%)



In terms of products, the household & furnishing categories continued to be the mainstay at 38.3%, driven by higher sales of pandemic essentials and other household products. All other categories were relatively unchanged.

Our range of white label and in-house products continued to become more and more popular as customer shopping sentiment became more value-focused, and with MR. D.I.Y.-branded products increasingly known for their reliability, efficacy and accessible price points.





MR. D.I.Y. Express Store at Pusat Niaga Bukit Palah, Melaka

PRODUCT SELECTION AND MERCHANDISING MIX

The continued success of the MR. D.I.Y. Group and our ability to deliver on our promise of “Always Low Prices” rests primarily on the continued relevance of our products, and our reputation for reliability and quality at accessible prices.

We practice a stringent approach to managing our merchandising mix. All proposed new products are evaluated based on market trends, product quality, price, and manufacturers’ feedback. In addition, quarterly product reviews are held to assess product sales volumes, inventory turnover, and sales margins to determine each product’s optimal shelf space.

We carry a wide range of third-party branded products, including reputable brands like Faber-Castell, Philips, Energizer and WD-40, which draw in customers and keep them returning.

We have, in recent years, successfully partnered with global manufacturers to create white-label products that carry the ‘MR. D.I.Y.’ or ‘MR. D.I.Y. Premium’ brands. These white-label products offer customers a higher price-to-quality value proposition compared to third-party branded products and are becoming increasingly popular as market demands shift to being more value-driven. In FY2022, sales of MR. D.I.Y. white-label products made up 43.5% of total sales, up from 38.7% in FY2021, with third-party branded products making up the balance. We continue to explore introducing more white-label products to cater to market demand for products that offer exceptional value.

Our procurement activities consist primarily of sourcing inventory for our own stores. These are sourced mainly from end suppliers, manufacturers, and distributors in Malaysia and other countries. In line with our strategy to

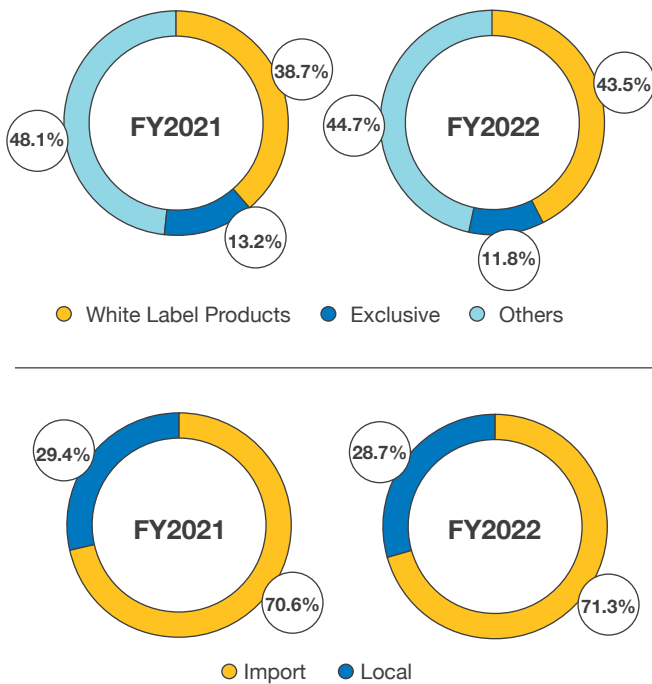
MANAGEMENT DISCUSSION AND ANALYSIS

support local entrepreneurs and businesses, our target is to have 30% of products locally sourced by 2025. While this number stood at 28.7% in FY2022, slightly lower than the 29.4% achieved in FY2021, the Group remains confident that it will be able to meet this 30% target in the medium to long term.

Whilst imported products remain an important aspect of the Group’s merchandising strategy, we are also mindful of the need to manage our reliance on this supply, given our experience with global supply chain challenges during the pandemic. A more balanced approach to sourcing inventory will be one of our priorities in the coming years.

In addition, all stores in Malaysia and Brunei source locally for goods and services required for daily business operations.

PRODUCT SELECTION AND MERCHANDISING MIX



KEY FINANCIAL METRICS

Our resilient business model and strong value-for-money premise allow us to deliver continuous growth y-o-y, despite the continued turbulence of global economies and muted consumer demand post-pandemic.

On the back of strong revenue results in FY2022, GP improved by 18.3%, EBITDA by 11.3% and PAT by 9.5% y-o-y. The latter was impacted by the one-off prosperity corporate tax of RM10.2 million on companies with chargeable income above RM100 million at a tax rate of 33% for FY2022, instead of the standard rate of 24%.

GP margin was unchanged at 41.3% in FY2022, mainly due to the meaningful price increase that the Group put through in 2QFY2022 and 3QFY2022, while significantly lower ex-China freight costs in the latter part of the year helped cushion the pressure on the GP margins. We will see the full benefits of the latter only in the upcoming quarters, mainly due to the lag effect of carrying 120-150 days of inventory.

EBITDA margins were 1.5 percentage points (“p.p.”) lower, mainly due to higher operating expenses which rose 1.1 p.p. or RM166.0 million, primarily attributed to a higher minimum wage in line with the Government’s minimum wage policy which came into effect on 1st May 2022. The PAT margin was 0.9 p.p. lower at 11.9% mainly due to higher operating cost.

The Group’s profit from operations rose by 8.6% to RM700.7 million, mainly attributed to higher GP. This was partially tempered by higher administrative and operating expenses, which increased by 29.1% and 25.4% y-o-y respectively, largely attributed to business expansion, the increase in staff costs due to the higher minimum wage, marketing and promotional activities, and the depreciation of right-of-use assets.

In FY2022, revenue from MR. D.I.Y. stores grew, primarily driven by an increase in the number of stores and SSSG of 1.0%. Revenue from MR. TOY stores also grew, with monthly average revenue per store increasing from approximately RM98,000 in 1QFY2022 to RM127,000 in 4QFY2022, demonstrating the attractiveness of a value toy retailer in the wake of post-pandemic recovery. We currently have 52 MR. TOY stores nationwide.

MR. DOLLAR still has some ways to go. There is definitely room in the market for a value retailer with a nationwide reach, but we will need to refine our plans for this brand to ensure it has the right product mix and an effective store opening plan to reach scale. Part of our strategy involves evolving MR. DOLLAR from a fixed price format to a “one plus” price format, which is part of our FY2023 business plan.

KEY BALANCE SHEET MATTERS

| | FY2021 (RM million) | FY2022 (RM million) | Variance (%) |
|----------------------------|---------------------------|---------------------------|-----------------|
| Total Assets | 2,700.6 | 3,323.6 | 23.1% |
| Total Liabilities | 1,551.4 | 1,890.7 | 21.9% |
| Total Equity | 1,149.2 | 1,432.9 | 24.7% |
| Total Liabilities & Equity | 2,700.6 | 3,323.6 | 23.1% |

For the financial year under review, the Group's total assets rose to approximately RM3.3 billion, mainly due to an increase in right-of-use assets (+RM174.2 million), property, plant and equipment (+RM151.1 million) and inventories (+RM350.8 million), in line with the increase in the total number of stores. Inventory turnover days were slightly higher towards the end of FY2022 mainly due to higher inventory pre-purchases ahead of the earlier-than-

usual Chinese New Year festive celebrations, and factory closures in China.

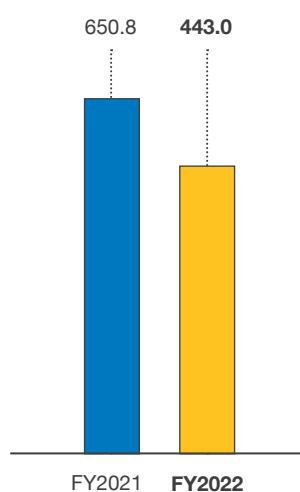
The Group's total liabilities rose to RM1.9 billion mainly attributed to higher lease liabilities and in line with our business expansion activities. Net gearing ratio rose to 0.13x versus 0.01x in the prior year but remained healthy. The higher net gearing ratio was mainly due to higher borrowings, and lower cash and bank balances. Total shareholder equity increased by 24.7% to RM1.4 billion.

| | FY2021 | FY2022 |
|--------------------------------|----------|----------|
| Trade Payable Turnover Days | 8 days | 8 days |
| Trade Receivable Turnover Days | 0 day* | 1 day |
| Inventory Turnover Days | 133 days | 144 days |

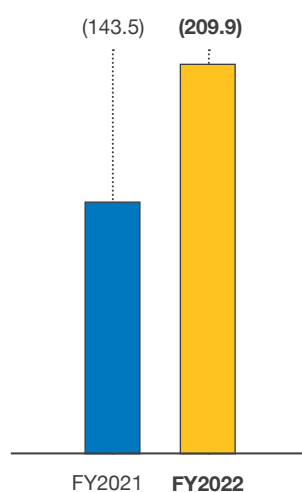
* less than a day

KEY CASH FLOW MATTERS

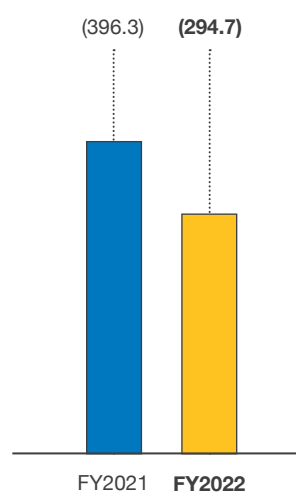
NET CASH FROM OPERATING ACTIVITIES (RM million)



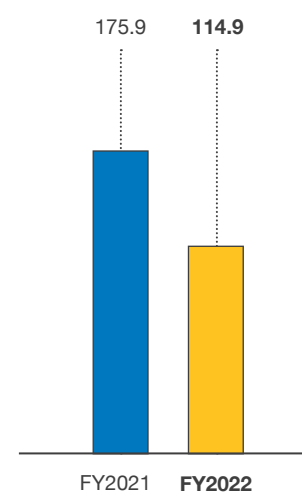
NET CASH USED IN INVESTING ACTIVITIES (RM million)



NET CASH USED IN FINANCING ACTIVITIES (RM million)



CASH & CASH EQUIVALENTS (RM million)



Cash flow remained strong in FY2022 - a positive indication of the resilience of our business and operating efficiencies. Net operating cash flow dropped to RM443.0 million, while interest expense on borrowings decreased y-o-y primarily due to the repayment of borrowings.

Other factors impacting cash flow included higher inventories and taxes paid. Cash and cash equivalents as of FY2022 were lower in line with an increase in inventory.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER OPERATIONAL UPDATES

More than 16,500-strong talent pool

The Group's workforce stood at over 16,500 at the close of FY2022, up 32.0% from the over 12,500 we had at end of FY2021. The net increase of 4,000 people over the course of the year further cemented our position as one of the largest employers in the country.

In line with our stated policy of hiring locals first, we are proud to report that 84.9% of our employees consist of Malaysians, while the remaining are foreign. As an inclusive employer, we do not discriminate between nationalities, according to all employees the same pay scale, benefits, rewards and privileges.

Our solid reputation as a fair and responsible employer, backed by our strong and visible brand, has made us an employer of choice in market centres and smaller towns, offering locals steady employment, comprehensive benefits, good working conditions, and excellent career prospects.

We continue to attract talent by staying ahead of inflation and ensuring our employees are offered competitive compensation. We have also improved our employee value proposition this year, much of it due to the operational improvements and efficiencies we have initiated across the organisation, which has resulted in better working conditions.

We invested more than 193,600 hours in training across all levels of the organisation in FY2022, benefiting more than 13,000 employees. This is a 25% increase from the 155,000 hours we invested in FY2021, and reflects our continued commitment to developing a skilled, knowledgeable and experienced workforce.

To ensure the continued sustainability and stability of our operations, we have clear succession plans in place for a majority of the key managerial positions. We conduct annual employee satisfaction surveys to gauge our employees' satisfaction with their current roles and gain their feedback on matters such as workplace conditions, career development opportunities, as well as compensation and benefits packages. In FY2022, we found that 90.0% of our employees are happy to be working at MR. D.I.Y..

Optimising Resource Consumption

As a proud member of the global FTSE4Good Index, we are committed to consistently making progress in this area and sustainably managing our business.

With our extensive store network and distribution facilities, we are mindful of our impact on the environment. Our strategies to address our environmental impact are centred on energy efficiency, decarbonisation through renewable

energy and a 3R (reduce, reuse and recycle) approach to resource consumption and waste management.

In FY2022, we achieved reductions in emissions, energy consumption, water, and waste as measured against our FY2021 baseline. Key achievements include doubling the use of solar energy for electricity at our distribution facilities.

We remain well on track towards our 2030 targets and through existing and new strategies, will make continued progress y-o-y.

For more information on our initiatives in this area, please refer to our 2022 Sustainability Report issued with this 2022 Annual Report, or click on the link: https://mrdiy.listedcompany.com/misc/sustainability/MRDIY-Sustainability_Report_2022.pdf.

Investing in our distribution systems

We continued with the building of our new automated warehouse complex in Seri Kembangan, Selangor, which is located on a 9-acre plot with a built-up area of 600,000 sq. ft.. Scheduled for completion in 1QFY2024, it features state-of-the-art warehousing systems that will improve our storing, picking and fulfilment processes, while reducing our dependency on manpower. This new complex will complement our existing central distribution centre, comprising 17 closely-located facilities totalling over 1 million sq. ft. in Balakong, Seri Kembangan and Port Klang, Selangor.

RISKS

As a Group, we have taken steps to mitigate risks, which in our case are mainly in four key areas -- strategic risk, operational risk, financial risk and compliance risk. We recognise that these risk management and internal control systems are designed to manage or mitigate risks rather than eliminate the risks that may interfere with our business objectives.

To support this, we have an Enterprise Risk Management ("ERM") Framework which outlines our risks and the process of identifying, assessing, managing, monitoring and communicating them. Additional efforts are continuously being undertaken to enhance this framework to reflect a more comprehensive and integrated approach to the Group's overall risk management.

However, there may still be unforeseen events or circumstances that could negatively impact the business. To mitigate any possible impact, we continue to monitor and assess potential risks, develop contingency plans, and take proactive measures to ensure business continuity.

This includes, amongst others, diversifying our supply chains and investing in technology to enhance efficiency and resilience.

By staying vigilant and adaptable, we can and have continued to thrive in what has been a dynamic and unpredictable market.

FY2023 & BEYOND

The Group remains committed to delivering long-term sustainable growth driven by the inherent strength of the business, an effective strategy to manage new store growth, improving operating efficiencies, and most importantly, staying relevant to our customers.

While the global economic outlook remains challenging, we note some key positives -- the consistent recovery of the global supply chain from the impact of the pandemic, the reopening of international borders post-pandemic and the resulting surge in global trade, and the successful global vaccination effort that has slowed down the spread of the COVID-19 virus.

As a value retailer, we are playing a more significant role in meeting the needs of Malaysian families for good quality everyday essentials at always low prices, in turn cementing our position as the retail brand that Malaysians know, trust and depend on.

With these perspectives in mind, our key priorities in FY2023 include:



A strategic and disciplined expansion of our store network, with 180 new stores planned in FY2023 across our three brands - **MR. D.I.Y./MR. D.I.Y. Express/MR. D.I.Y. PLUS, MR. TOY and MR. DOLLAR**



Driving earnings through **store network expansion, revenue per store and other operating efficiencies**



Leveraging on scale to negotiate for **competitive pricing** from our suppliers while ensuring **efficient management of warehouse and transport systems**



Enhancing the continued relevance of our products via **stringent data discipline**



Focusing on **ESG** matters, in particular where they impact our people, the communities in which we operate, the environment and the long-term sustainability of our business



Investing in technology eg. warehouse automation, to reduce our dependence on labour for repetitive tasks

These six strategies are by no means new -- they have been an inherent part of our business plans in recent years, and have contributed significantly to our success as a stable and sustainable business that has become a force to be reckoned with in the Malaysian and regional retail sector.

Their proven success, and our continued focus on building on the solid foundations we have laid, put us on track for steady, sustainable and predictable growth, and ensure our ability to continue to deliver value to all stakeholders as Malaysia's leading home improvement retailer.



PROFILE OF BOARD OF DIRECTORS



DATO' AZLAM SHAH BIN ALIAS

Independent
Non-Executive Chairman

62 | Male | Malaysian

DATE OF APPOINTMENT: 1 January 2019

TENURE OF OFFICE: 4 years and 3 months

BOARD COMMITTEE MEMBERSHIP:

- Chairman of the Corporate Responsibility Committee

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor of Business Administration from Eastern Michigan University, United States

WORKING EXPERIENCE:

- Senior Adviser to the President and member of the advisory board of Lotuss Stores (Malaysia) Sdn. Bhd. (formerly known as Tesco Stores (Malaysia) Sdn. Bhd.) ["Tesco"]
- Key member of Senior Leadership Board and Regional Property Director of Tesco
- Committee Member of Pusat Perubatan Universiti Malaya Care Fund and Advisor of UMCares, a Community and Sustainability Centre under the auspices of the University of Malaya
- Industry Advocacy Representative of Malaysian International Chambers of Commerce and Industry, and Malaysian Retailers Association
- Regional Real Estate Outsourcing Manager of ExxonMobil Asia Pacific Private Limited
- Various roles in retail development of Esso Malaysia Berhad
- Retail Development Representative of Mobil Oil Malaysia Sdn. Bhd.

PRESENT DIRECTORSHIP:

- K-One Technology Berhad, *Independent Non-Executive Director*



TAN YU YEH

Non-Independent
Executive Director/
Executive Vice Chairman

51 | Male | Malaysian

DATE OF APPOINTMENT: 1 June 2016

TENURE OF OFFICE: 6 years and 10 months

BOARD COMMITTEE MEMBERSHIP:

- NIL

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor of Science in Physics from University of Malaya

CURRENT ROLES :

He is the founder of the business and has supported the growth of the Group's business since 2005 as a director, shareholder and adviser. Since 2014, he has led the Management of the Group.

He together with Ong Chu Jin Adrian, the Chief Executive Officer, are jointly responsible for the day-to-day operations with specific responsibilities in the overall management of the Group's operations and sets the business strategy.

WORKING EXPERIENCE:

- Remisier with Inter-Pacific Securities Sdn. Bhd.
- Engineer with Komag USA (Malaysia) Sdn. Bhd.

PRESENT DIRECTORSHIP:

- NIL



ONG CHU JIN ADRIAN

Non-Independent
Executive Director/
Chief Executive Officer

52 | Male | Malaysian

DATE OF APPOINTMENT: 11 February 2019

TENURE OF OFFICE: 4 years and 2 months

BOARD COMMITTEE MEMBERSHIP:

- Member of the Corporate Responsibility Committee

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Member of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Master in Business Administration ("MBA") from the Judge Business School, University of Cambridge, United Kingdom

CURRENT ROLES :

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

WORKING EXPERIENCE:

- Managing Director of Creador Sdn. Bhd. and Representative of Creador Funds in retail sector companies
- Various senior positions including Senior Managing Director of Investment Banking of CIMB Group
- Director of CIMB-Standard Strategic Asset Advisors Sdn. Bhd. (now known as Capital Advisors Asia Pte Ltd)
- Audit Supervisor of KPMG, Malaysia
- Auditor of Kingston Smith, London

PRESENT DIRECTORSHIP:

- NIL



NG ING PENG

Independent
Non-Executive Director

66 | Female | Malaysian

DATE OF APPOINTMENT: 1 January 2019

TENURE OF OFFICE: 4 years and 3 months

BOARD COMMITTEES MEMBERSHIP:

- Chairman of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee
- Member of the Corporate Responsibility Committee

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Accounting from University of Malaya
- Member of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

WORKING EXPERIENCE:

- Executive Director and Group Chief Financial Officer of Petra Energy Berhad
- Head of Group Finance of CIMB Investment Bank Berhad
- Head of Operations of PB Securities Sdn. Bhd.
- Financial Controller of RSH (Malaysia) Sdn. Bhd and Reebok (M) Sdn. Bhd.
- Manager of KPMG Management Consulting division
- Senior Auditor of Ernst & Whinney (now known as Ernst & Young)
- Audit Executive of Thornton Baker Chartered Accountants, London
- Financial Accountant of Penang Development Corporation

PRESENT DIRECTORSHIPS:

- Petra Energy Berhad, *Independent Non-Executive Director*
- Red Sena Berhad, *Independent Non-Executive Director (under Members' voluntary liquidation)*

**LENG CHOO YIN**

Independent
Non-Executive Director

51 | Female | Malaysian

DATE OF APPOINTMENT: 1 January 2019

TENURE OF OFFICE: 4 years and 3 months

BOARD COMMITTEES MEMBERSHIP:

- Chairman of the Nomination and Remuneration Committee
- Member of the Audit and Risk Management Committee

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Arts Degree (Hons) from University of Toronto, Canada
- Chartered Financial Planning, Trust and Estate Planning, and Investment-linked Life Insurance

WORKING EXPERIENCE:

- Managing Director of Bordier & Cie
- Head, Private Wealth Malaysia, Group Wealth Management, Community Financial Services, Malaysia of Malayan Banking Berhad
- Head of Private Banking and Regional Head of Sales of CIMB
- Regional Sales Manager of Commerce Trust Berhad (now forms part of Principal Asset Management Berhad)
- Regional Sales Manager of Templeton Management Limited, Canada

PRESENT DIRECTORSHIP:

- NIL

**DATO' HAMIDAH
BINTI NAZIADIN**

Independent
Non-Executive Director

59 | Female | Malaysian

DATE OF APPOINTMENT: 21 December 2021

TENURE OF OFFICE: 1 year and 3 months

BOARD COMMITTEES MEMBERSHIP:

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

BOARD MEETING ATTENDANCE IN 2022: 6/6

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Laws from University of Wolverhampton, United Kingdom.
- Certificate in Personnel Management from Malaysian Institute of Human Resource Management (previously known as the Malaysian Institute of Personnel Management)

WORKING EXPERIENCE:

- Board of Majlis Sukan Negara Malaysia
- Member of the Razak School of Government's Leadership Development Committee
- Group Chief People Officer of CIMB Group
- Chief Executive Officer of CIMB Foundation
- Member of both the Board of Commissioners and Nomination and Remuneration Committee of PT Bank Niaga Tbk, Indonesia
- Head of Group Corporate Resources of CIMB Group
- Personnel Officer with CIMB Securities Sdn. Bhd.
- Personnel Officer with Pacific Bank Berhad

PRESENT DIRECTORSHIPS:

- Maxis Berhad, *Independent Non-Executive Director*
- Nestle (Malaysia) Berhad, *Independent Non-Executive Director*
- Sime Darby Property Berhad, *Independent Non-Executive Director*

1) Family Relationship with any Director and/or Major Shareholder of the Company:

None of the Directors have any family relationship with any Director and/or major shareholder of the Company.

2) Disclosure of Conflict of Interest with the Company:

Tan Yu Yeh and Ong Chu Jin Adrian have interest in companies incorporated overseas which carry on a similar trade as that of the Group or which are the customers of the Company.

3) Conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the FY2022:

None of the Directors have any conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the FY2022.

4) Directorships in public companies

As disclosed in the Directors' profile.

KEY SENIOR MANAGEMENT

TAN YU WEI

Executive Vice President, Procurement

49 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor of Management (Honours) from Universiti Sains Malaysia

WORKING EXPERIENCE:

- Joined our Group in 2011 and has been a key senior member of our management, primarily leading our Group's procurement strategy and Group's logistics and procurement departments.
- Director of De Little Chinatown Sdn. Bhd.
- Production Supervisor of Solectron Corp, U.S. in Malaysia

PRESENT DIRECTORSHIP:

- NIL

LIM CHEN HWEE

Chief Financial Officer

43 | Female | Malaysian

Date of Appointment to Current Position:

28 January 2022

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Accountancy from Universiti Putra Malaysia
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

WORKING EXPERIENCE:

- Joined our Group as Financial Controller in 2017 and was promoted to Senior Vice President, Finance in January 2019 and was further promoted to her current position. She is primarily responsible for statutory reporting and internal management reporting functions for our Group as well as financial planning, treasury, tax and other finance operations.
- Senior Manager of TMF Administrative Services Malaysia Sdn. Bhd.
- Finance Manager of Time Zone Sdn. Bhd.
- Associate Director of BDO Consulting Sdn. Bhd.
- Audit Senior of BDO Binder

PRESENT DIRECTORSHIP:

- NIL

GAN SAU LIANG

Senior Vice President

35 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2023

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Master Degree in Mechanical Engineering from University of Nottingham

WORKING EXPERIENCE:

- Joined our group as Head of Department - Business Development Department in August 2017, and promoted to Vice President in January 2022 and further promoted to current position. He is primary responsible for strategising, executing, troubleshoot and optimisation of business development plan for MR. D.I.Y. and subsidiaries.
- Installation Engineer of TechnipFMC

PRESENT DIRECTORSHIP:

- NIL

TAN YEW HOCK

Director and Head, Business Development

50 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION:

- London Chamber of Commerce and Industry (LCCI) Certificate in Business Statistics and Management Accounting

WORKING EXPERIENCE:

- Joined our Group in 2006 as director in some of our subsidiaries. He is primarily responsible for leading new business opportunities and identifying strategic retail locations.
- Account Manager of Intertech Component Sdn. Bhd.
- Treasurer of Inter-Pacific Securities Sdn. Bhd.
- Accounts Clerk of Low & Tan Sdn. Bhd.

PRESENT DIRECTORSHIP:

- NIL

TAN YEW TEIK

Director and Head, Logistics

49 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor Degree in Public Management (Honours) from Universiti Utara Malaysia

WORKING EXPERIENCE:

- Joined our Group in 2013 in charge of overseeing store operations and was promoted to his current position. He is primarily responsible for developing our logistics including importation of our products from overseas to our distribution centre, as well as distribution of the products to our retail stores in East Malaysia and Brunei.
- Purchasing Manager of De Little Chinatown Sdn. Bhd.
- Customer Service Engineer of AE Technology Sdn. Bhd.
- Production Executive of Solelectron Technology Sdn. Bhd.

PRESENT DIRECTORSHIP:

- NIL

HOE LYE PENG

Vice President, Distribution Centre

57 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor of Arts (Honours) in Economics from Universiti Utara Malaysia

WORKING EXPERIENCE:

- Joined our Group as a Store Manager in 2013 and was promoted to his current position. He is primarily responsible for all warehouse activities.
- Warehouse and Logistics Manager of Solid Logic Sdn. Bhd.

PRESENT DIRECTORSHIP:

- NIL

LAU BOON TECK

Vice President, Retail Operations

43 | Male | Malaysian

Date of Appointment to Current Position:

1 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION:

- Bachelor in Science (Agribusiness) from Universiti Putra Malaysia

WORKING EXPERIENCE:

- Joined our Group as a Store Manager in 2010 and was promoted to his current position. He is primarily responsible for the overall operations of our stores including managing the staff and store inventory and in-store performance for all our stores in Malaysia and Brunei.
- Supervisor and Assistant Manager of De Little Chinatown Sdn. Bhd.

PRESENT DIRECTORSHIP:

- NIL

Other information in respect of the Key Senior Management ("KSM"):

1. Save for Tan Yu Wei who is the brother of Tan Yu Yeh, our Executive Vice Chairman and major shareholder, none of the other KSM have any family relationship with any Director and/or major shareholder of the Company.
2. Save for Tan Yu Wei and Gan Sau Liang who have interest in companies incorporated overseas which carry on a similar trade as that of the Group or which are the customers of the Company, none of the other KSM have any conflict of interest with the Company.
3. None of the KSM have any conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the FY2022.
4. None of the KSM have any directorship in listed or non-listed public companies.

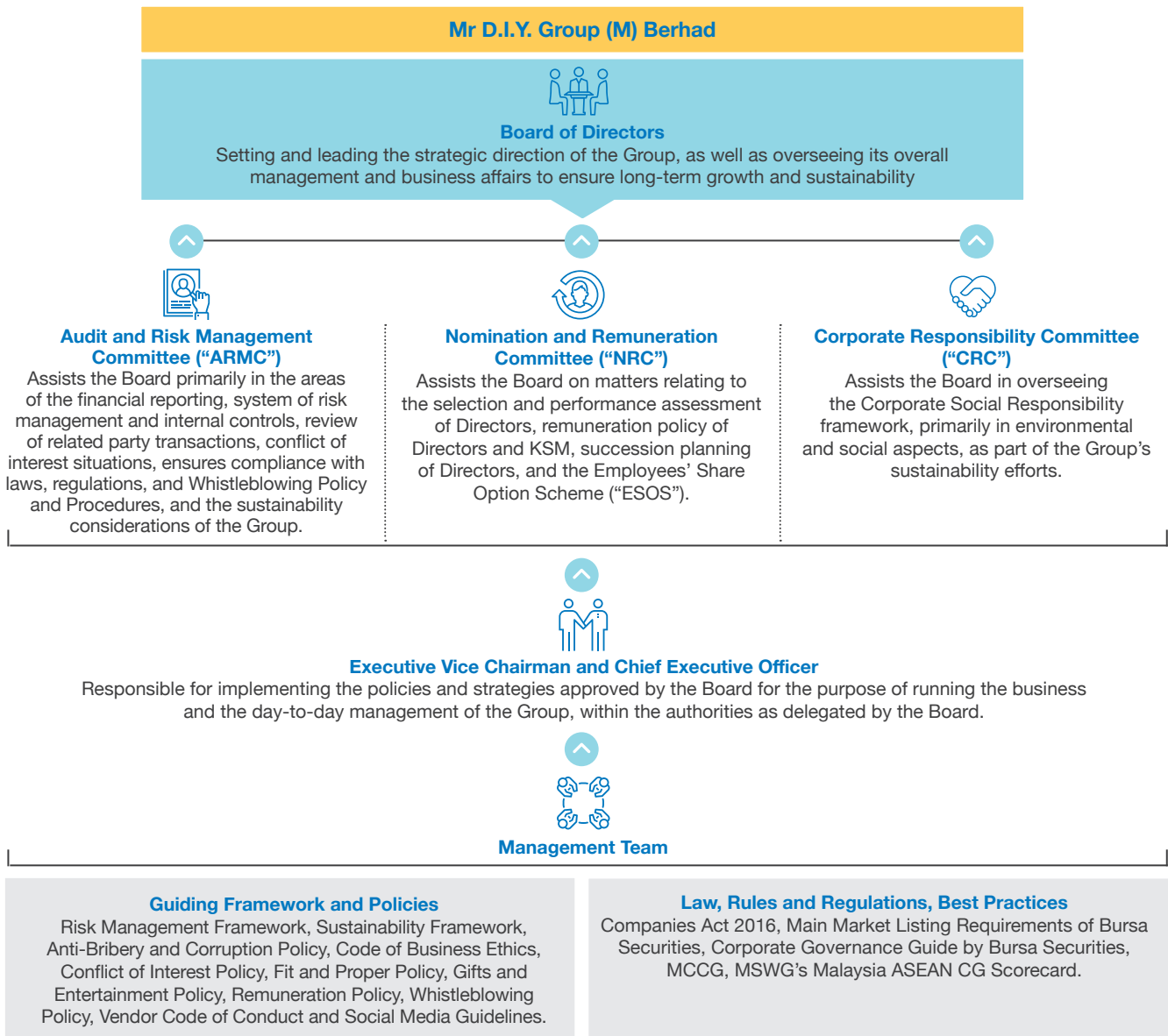
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Mr D.I.Y. Group (M) Berhad believe that a robust and transparent corporate governance framework is essential for sustainable long-term performance and value creation.

The Group maintains a comprehensive system of corporate governance practices designed to provide an appropriate level of governance, disclosure and accountability by adhering to the best practices as prescribed by the MCCG, Bursa Malaysia’s Corporate Governance Guide and Minority Shareholders Watch Group’s (“MSWG”) Malaysia ASEAN CG Scorecard. This includes the adoption of several policies within the Group, amongst others, the Anti-Bribery and Corruption Policy, Code of Business Ethics, Conflict of Interest Policy, Fit and Proper Policy, Gifts and Entertainment Policy, Remuneration Policy, Whistleblowing Policy, Vendor Code of Conduct and Social Media Guidelines.

CORPORATE GOVERNANCE FRAMEWORK

The Board firmly believes that the integrity and commitment of the Board and employees, guided and supported by a comprehensive framework of rules and regulations, best practices, policies, guidelines and internal controls, have strengthened the Group’s sustainability, effectiveness and high-performance culture, putting it on the path towards achieving sustainable growth, value creation and protection of interests of all stakeholders.



This Corporate Governance Overview Statement (“CG Overview”) outlines the key aspects of the Company’s corporate governance practices and approach during the FY2022 applying the following Principles and Best Practices of the MCGG:-



This statement is prepared in compliance with Paragraph 15.25 of the MMLR of Bursa Malaysia Securities Berhad (“Bursa Securities”). It is to be read together with the Corporate Governance Report 2022 (“CG Report”), accessible on the corporate website at www.mrdiy.com and Bursa’s website at www.bursamalaysia.com, which provides a detailed explanation of how the Company has applied each of the Practices as set out in the MCGG during the FY2022, and the explanation for departures including any alternative measures taken to achieve the intended outcome.

In its deliberation and review, the Board considers that the Company has complied with the Practices under the MCGG throughout the FY2022 except for one (1) Practice as disclosed in the CG Report, which will be the future priority of the Company.

The Board is pleased to share that during the FY2022, the Company received the following awards in recognition of our commitment to good corporate governance practices:-

- (i) Ranked 57 of the Top 100 Companies for CG Disclosure 2021 among 864 Malaysian public listed companies assessed for the MSWG-ASEAN Corporate Governance Award 2021; and
- (ii) ASEAN Asset Class Award of the 2021 ASEAN Corporate Governance Scorecard (“ACGS”), an initiative of the ASEAN Capital Markets Forum towards ASEAN integration based on international corporate governance recommended practices. The ACGS award recognises CG achievements of PLCs which score at least 97.5 points from six (6) participating ASEAN member countries.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

Board Leadership

The Board is collectively responsible for determining and leading the strategic direction, as well as overseeing the overall management and business affairs of the Group to achieve long-term growth and to build a sustainable business. The Board also provides effective oversight over the conduct of the Group’s businesses, ensures appropriate risk management and internal control systems are in place, and regularly reviews such systems to ensure their adequacy, integrity and effectiveness.

In performing its roles, the Board is committed to setting a high standard of corporate governance to drive sustainable performance and to meet good market practices and stakeholders’ expectations.

The Board assumes, amongst others, leadership, due care and fiduciary duties as governed by the Constitution of the Company, the Companies Act 2016 (“Act”), the MMLR of Bursa Securities, MCGG, Board Charter and other relevant laws, rules and regulatory guidelines in discharging its duties and responsibilities. The following are the principal responsibilities of the Board:-

- (a) Set the corporate values and promote the corporate governance culture of the Group, which reinforces ethical, prudent and professional behaviour and ensures that obligations to shareholders and other stakeholders are met;
- (b) Review, challenge and decide on proposals put forward by the Management for the Company, and monitor its implementation by Management;
- (c) Review and oversee the implementation of the strategic business plan of the Group to ensure that it supports long-term value creation and promotes sustainability, taking into consideration economic, environmental and social considerations;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (d) Oversee the conduct of the Group's business and operations to ensure that the business is being properly managed;
- (e) Review and ensure the adequacy and integrity of the internal controls and management systems of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (f) Identify the principal risks of the business of the Group and recognise that business decisions involve the taking of appropriate risks;
- (g) Set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (h) Ensure that all members of the Board and the Management team are of sufficient calibre, including having in place a process to provide for the orderly succession of the Board and the Management team;
- (i) Ensure that the Company has in place the appropriate corporate disclosure procedures to ensure effective communication with its shareholders and other stakeholders;
- (j) Ensure that all members of the Board are able to understand financial statements and form a view on the information presented; and
- (k) Ensure the integrity of the Company's financial and non-financial reporting.

Board Committees

The Board has established three (3) Board Committees and has delegated to each committee a number of duties as defined in their respective Terms of Reference ("TOR") and embedded in the Board Charter to assist the Board in fulfilling and discharging its duties and responsibilities. Together, these Board Committees play an important role in assisting the Board's oversight and governance of the Group's operations.

The roles and responsibilities and delegation of authority by the Board to the Board Committees are outlined in the respective TOR of the Committees and embedded in the Board Charter and published on the corporate website at www.mrdiy.com.

The respective Board Committees report to the Board with their proposals, deliberations and recommendations. However, the ultimate responsibility for decision-making lies with the Board. The Board is kept apprised of the activities of the Board Committees through the tabling of the minutes of the Board Committees' meetings to the Board on a quarterly basis. The Board is updated on matters requiring the attention and approval of the Board by the Board Committees.

Details of activities undertaken by the ARMC and NRC during the FY2022 are set out in the ARMC Report and NRC Report respectively on pages 54 to 64 of this Annual Report 2022.

Promoting Sustainability

The ARMC is delegated with the authority by the Board to provide oversight of sustainability reporting by ensuring effective identification, management and reporting of material sustainability matters affecting the economic, environmental, social and governance aspects of the Group's businesses towards the achievement of sustainability goal across the Group.

A Sustainability Committee has been established comprising 10 members from 10 key sustainability-related Departments to oversee the management processes, initiatives, targets and strategies designed to manage the impacts of the Group's operations on economic, environmental, social and governance factors to ensure business continuity.

A designated representative from the Sustainability Committee provides the ARMC and the Board with an update on the progress of sustainability initiatives and the achievements against set targets on a half-yearly basis.

A detailed report relating to the Group's sustainability strategies, priorities and targets as well as achievements against these targets is set out in the Sustainability Report 2022.

Separation of Roles between Chairman and Chief Executive Officer (“CEO”)

Separation of roles of the Chairman and the CEO promotes accountability and facilitates the division of responsibilities between them, thus ensuring balance of power and authority, such that no one individual has unfettered powers in Board discussions and decision-making. Dato’ Azlam Shah Bin Alias is the Chairman of the Board, while Ong Chu Jin Adrian holds the CEO position.

The Chairman of the Board is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role, including the good governance practices of the Group and the orderly conduct, function and effectiveness of the Board.

The key responsibilities of the Chairman of the Board include:-

- (a) Providing leadership to the Board, and overseeing the Board in the effective discharge of its fiduciary duties;
- (b) Setting the agenda for Board meetings, and ensuring efficient and effective conduct of Board meetings;
- (c) Ensuring that complete and accurate information is provided to Board members in a timely manner to facilitate decision-making;
- (d) Leading Board meetings, encouraging active participation and allowing dissenting views to be freely expressed;
- (e) Promoting constructive and respectful relations between Board members, and managing the interface between Board and Management;
- (f) Ensuring that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (g) Leading the Board in establishing and monitoring good corporate governance in the Company.

The CEO is responsible for spearheading the business through the effective implementation of the Group’s strategic plan and policies established and approved by the Board for running the business and the day-to-day management of the Group, within the authority delegated by the Board.

The primary roles of the CEO are strategy development, implementing, monitoring and tracking; business development; compliance with regulations; performance management; human resources management; risk management; and stakeholder management.

In executing the delegated authority from the Board, the CEO is supported by the Key Senior Management (“KSM”) and Management Team to ensure operational optimisation and efficiency.

Chairman of the Board is not a member of the ARMC and NRC

The Chairman of the Board, Dato’ Azlam Shah Bin Alias, is not a member of the of the ARMC or NRC and does not participate in any or all of these committees’ meetings, by way of invitation. This is to avoid the risk of self-review which may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the ARMC or NRC. This also ensures effective check and balance, as well as objective reviews by the Board.

Qualified Company Secretary

The Board is supported by our Company Secretary, Wong Mun Sin, who is a Chartered Secretary from The Institute of Chartered Secretaries and Administrators (ICSA), United Kingdom, and an Associate Member of the Chartered Secretary and Chartered Governance Professional of The Chartered Governance Institute of London, and the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). She is also qualified to act as a Company Secretary under Section 241 of the Act.

The Company Secretary plays an advisory role to the Board and supports the Board on governance-related matters, Board policy and procedures, ensures adherence to relevant statutory and regulatory requirements and advocates the adoption of corporate governance best practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company Secretary manages the processes and attends shareholders' meetings, Board, Board Committees' and shareholders' meetings, ensures the meetings are properly conducted according to applicable rules and regulations, and that all deliberations and decisions made in meetings are accurately minuted and recorded. The Company Secretary also manages the corporate secretarial affairs of the Group, ensures proper upkeep of all statutory records of the Group, and facilitates the communication of key decisions and policies between the Board, Board Committees and key management staff.

In addition to the above, the Company Secretary arranges and facilitates the induction training for new Directors and the continuous training and development of Directors.

The Company Secretary continuously attends relevant professional development and training programmes to keep herself abreast of regulatory changes and corporate governance developments.

The Board also has access to any form of independent professional advice, information and services of the Company Secretary, if and when required, in carrying out its functions.

Access to Information and Advice

The Board meets on a quarterly basis to review the business, operational and financial performance of the Group. Additional meetings are convened, as and when necessary, to deliberate on matters requiring decisions or approval by the Board. Directors may participate in meetings physically or via video conferencing as allowed under the Constitution of the Company.

Board and Board Committees' meetings for the whole year are scheduled in advance and the agenda for the meetings are planned and set before the commencement of each financial year.

Notices of the Board and Board Committees meetings are issued to Directors at least ten (10) days prior to the meetings via electronic mail or by any electronic means of telecommunication in permanent written form so that the Directors are provided with sufficient time to review and consider the matters to be deliberated, for an effective discussion and informed decision-making at the meetings.

The meeting materials are accessible online, through a paperless boardroom solution which allows the Directors to securely access and refer to the meeting materials electronically anytime and anywhere at their convenience. Meeting materials are reviewed and endorsed by the CEO prior to circulation to the Directors to ensure they contain comprehensive and accurate information required for Directors to make informed decisions in the best interests of the Company. Relevant key management staff are invited to attend meetings to brief the Board/Board Committees on the meeting materials.

The Board members have direct access to key management staff and have unrestricted access in a timely manner to all information pertaining to the Group to facilitate them in discharging their duties effectively. The Board is also entitled to obtain independent professional advice at the cost of the Company to assist them in carrying out their duties.

Draft minutes of meetings are produced and circulated in a timely manner to all members of the Board after the meetings. The minutes capture the meeting proceedings, the tabling of pertinent issues, the substance of deliberations, inquiry and response, as well as any significant concerns, relevant suggestions and decisions made, including abstention by any interested Director from deliberating and voting on a specific matter, as well as the rationale behind those decisions.

The final minutes of meetings are tabled for confirmation at the subsequent Board/Board Committees' meeting. The minutes of Board Committees' meetings are tabled for the Board's notation at quarterly Board meetings, so as to keep the Board abreast of the deliberations and decisions made by the Board Committees.

Decisions of the Board may also be sought by way of Directors' Written Resolutions for matters which are administrative in nature, where appropriate, and the same is tabled to the Board at the quarterly Board meetings for notation.

Board Charter

The Board has adopted a Board Charter which details the purpose, processes, authority, roles and responsibilities, and composition of the Board and Board Committees with the aim of enhancing corporate governance practices to ensure accountability, transparency, and sustainability and to enhance business integrity.

The Board Charter also sets out the roles and responsibilities of the Chairman, Executive Directors ("ED"), Independent Directors and Non-Independent Non-Executive Directors ("NINED").

The Board Charter was established pursuant to the provisions of the Act, the Constitution of the Company, the MMLR of Bursa Securities, MCCG and any other applicable law or regulatory requirements.

The Board reviews the Board Charter from time to time and makes amendments thereto, where necessary, to ensure that the Board Charter remains relevant and in line with the Board's objectives and business circumstances as well as changes to current laws and practices. The Board Charter was reviewed and last updated on 5 August 2021.

Code of Ethics

The Board is guided by the Directors' Code of Ethics which is embedded in the Board Charter to act in good faith and in the best interests of the Company and to observe the highest standards of corporate governance at all times by adhering to the general principles of integrity, objectivity, accountability, openness, honesty and leadership.

The Group also adopted a Code of Business Ethics ("COBE") which signifies the Group's commitment to the highest ethical standards and laws in its day-to-day business operations, and serves as a guide to appropriate conduct to be adhered to by the employees of the Group. Our business partners are also strongly encouraged to act consistently with the Code of Business Ethics when dealing on behalf of the Group and/or in collaboration with the Group.

The Code of Business Ethics defines the Group's standards and expectations related to ethical business and serves as a guide to appropriate conduct covering data protection and use of the Company's data, the confidentiality of information, protection and proper use of Company assets, insider trading and money laundering.

The success of the Group is dependent on the trust and confidence earned from its employees, customers and shareholders. The Group has gained credibility by upholding its commitments, displaying honesty and integrity, and achieving its goals solely through honourable conduct.

Whistleblowing Policy ("WB Policy")

In demonstrating its aspiration to create a culture of openness and responsibility as a commitment to the highest form of integrity and accountability in conducting its business, the Board adopted the WB Policy that sets out avenues for legitimate concerns to be disclosed and objectively investigated and assessed. All the employees, third parties and members of the public ("Whistleblowers") are able to raise concerns about illegal, unethical or questionable practices and misconducts involving the Group in confidence and without the risk of reprisal.

The WB Policy aims to facilitate all Whistleblowers in their disclosure of any misconduct through a proper channel. A Whistleblower may lodge his/her complaint/allegation on bribery, corruption or any misconduct by writing to the Whistleblowing Unit or by completing the Whistleblowing Form and emailing it to the Whistleblowing Unit at my.whistleblower@mrdiy.com.

All Whistleblowers, provided that the complaint/allegation is made in good faith and with reasonable belief, will be afforded the protection of confidentiality of identity to the extent practicable. Retaliation of any kind against any Whistleblower who makes a report in good faith and with reasonable belief and/or cooperates with any investigation will not be tolerated. Any staff engaging in retaliatory conduct may be subjected to disciplinary action which may include termination.

Anti-Bribery and Corruption Policy ("ABC Policy")

Our Group observes a zero-tolerance position against all forms of bribery and corruption, and is committed to conducting all its business dealings with the highest standards of ethics and integrity, avoiding practices of bribery and corruption of all forms in its daily operations. The Board expects the same commitment from the staff, business associates and any third parties that the Group has dealings with.

Following the implementation of the corporate liability provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which was enforced on 1 June 2020, the Group adopted the ABC Policy which elaborates and provides guidance to whom the policy applies on how to address improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The ABC Policy is intended to provide information and guidance on how the Group combats bribery and corruption, as well as the standards of behaviour that have to be adhered to in furthering the Group's commitment to lawful and ethical behaviour at all times.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conflict of Interest Policy (“COI Policy”)

The Board is committed to maintaining the highest ethical standards of governance. The Directors and all employees are expected to conduct themselves with integrity, impartiality and professionalism at all times, and to avoid any conflict of interest that may arise in the performance of their duties.

In order to protect the employees, shareholders and other stakeholders against conflict of interest, the Board has established and adopted the COI Policy and a declaration procedure aimed at managing actual, potential and perceived conflict of interest, clearly stating the principles with which the Group approaches any such situations.

All Directors and employees of the Group are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:-

- a) Comply with the COI Policy, and other applicable policies and guidelines relating to the identification, documentation, escalation and management of conflicts of interest;
- b) Act with objectivity, integrity and independence, and exercise sound judgement and discretion;
- c) Avoid, wherever possible, situations giving rise to conflicts of interest as described in the COI Policy; and
- d) Immediately declare the conflict of interest in accordance with the COI policy, abstaining from the decision-making process and not seeking to influence such decisions any further.

Vendor Code of Conduct (“VCC”)

The Group has adopted a Vendor Code of Conduct which aims to provide guidelines on how to conduct its business in an ethical and socially responsible manner, in compliance with applicable laws and regulations.

The VCC is applied to all vendors including suppliers, contractors, consultants, agents of the Group, and any person(s) appointed by them in any capacity to deliver the goods or perform any part of the services, including their employees, agents, suppliers and sub-contractors (“Vendors”). The Vendors are expected to comply with this VCC when engaging with the Group and throughout its conduct of business with the Group.

The VCC establishes a set of obligations and standards on business and ethical practices, as well as the professional conduct expected of all Vendors engaging or working with the Group, which covers the following:-

- (i) Quality and safety of products sold to the Group;
- (ii) Vendor workplace standards including Occupational Health and Safety, no forced labour, no child labour, fair treatment, no discrimination, working hours, wages, benefits and freedom of association and right to collective bargaining;
- (iii) Operate responsibly environmentally;
- (iv) Adherence to COI Policy;
- (v) Compliance with ABC Laws;
- (vi) Non-infringement of Intellectual Property rights; and
- (vii) Confidentiality of information.

The Board Charter, Directors’ Code of Conduct, COBE and all the above-mentioned policies are published and accessible on the corporate website at www.mrdiy.com. These policies may be reviewed from time to time and be amended thereto, where necessary, to ensure that they remain relevant and in line with changing business environments and applicable laws or regulations.

PART II: BOARD COMPOSITION

Strengthening the Board's composition

As at 31 December 2022, the Board comprises seven (7) Directors, led by an Independent Non-Executive Chairman, and supported by six (6) Directors, comprising three (3) Independent Non-Executive Directors ("INEDs"), two (2) Non-Independent Executive Directors and one (1) NINED. The profile of each Director is set out on pages 28 to 29 of this Annual Report 2022, save for Brahm A/L Vasudevan who had resigned as Director on 3 April 2023.

The Board is well represented by individuals with diverse backgrounds and experience in their relevant areas of expertise, including retail, accounting, finance, economics, corporate finance, banking and human capital management. The Board believes that the current Board composition provides an appropriate balance in terms of skills, qualifications, knowledge, expertise, and experience for effective stewardship and management of the Board.

The Board through the NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity, with independent and fit and proper elements that suit the Company's objectives and strategic goals. Board appointments are made based on merit, in the context of skills, experience, independence and relevant knowledge which are essential to the business growth and sustainability of the Company.

Independence of the Board

As at 31 December 2022, the Board comprises four (4) independent directors, representing 57% of the Board composition, more than what has been prescribed in the MCGG which requires Board composition for Large Companies to comprise a majority Independent Directors.

The Board undertakes an annual independent assessment of the INEDs as part of the annual Board Effectiveness Evaluation ("BEE") exercise to assess the ability of INEDs to continue to bring unbiased and objective judgement to the Board's deliberations.

The annual assessment on the independence of INEDs in respect of the FY2022 was conducted in March 2023 based on the criteria of independence as prescribed under Paragraph 1.01 and Practice Note 13 of the MMLR of Bursa Securities.

All the four (4) INEDs namely Dato' Azlam Shah bin Alias, Ng Ing Peng, Leng Choo Yin and Dato' Hamidah Binti Naziadin have complied with all the criteria of independence and confirmed that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement, and have the ability to act in the best interests of the Company.

Tenure of Independent Directors

The Board adopted the recommendation of Practice 5.3 of the MCGG which provides the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9)-year term, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Shareholders' approval will be sought with justification through a two-tier voting process should the Board intend to retain an Independent Director beyond nine years, but not more than twelve (12) years in accordance with the MMLR.

Even though the above policy is adopted in the Board Charter, the Board envisages to limiting the tenure of Independent Directors to nine (9) years without further extension.

None of the four (4) Independent Directors has exceeded the nine (9)-year term of independence with three (3) Independent Directors having served on the Board for four (4) years and one (1) Independent Director having joined the Board for a year.

Board Diversity Policy

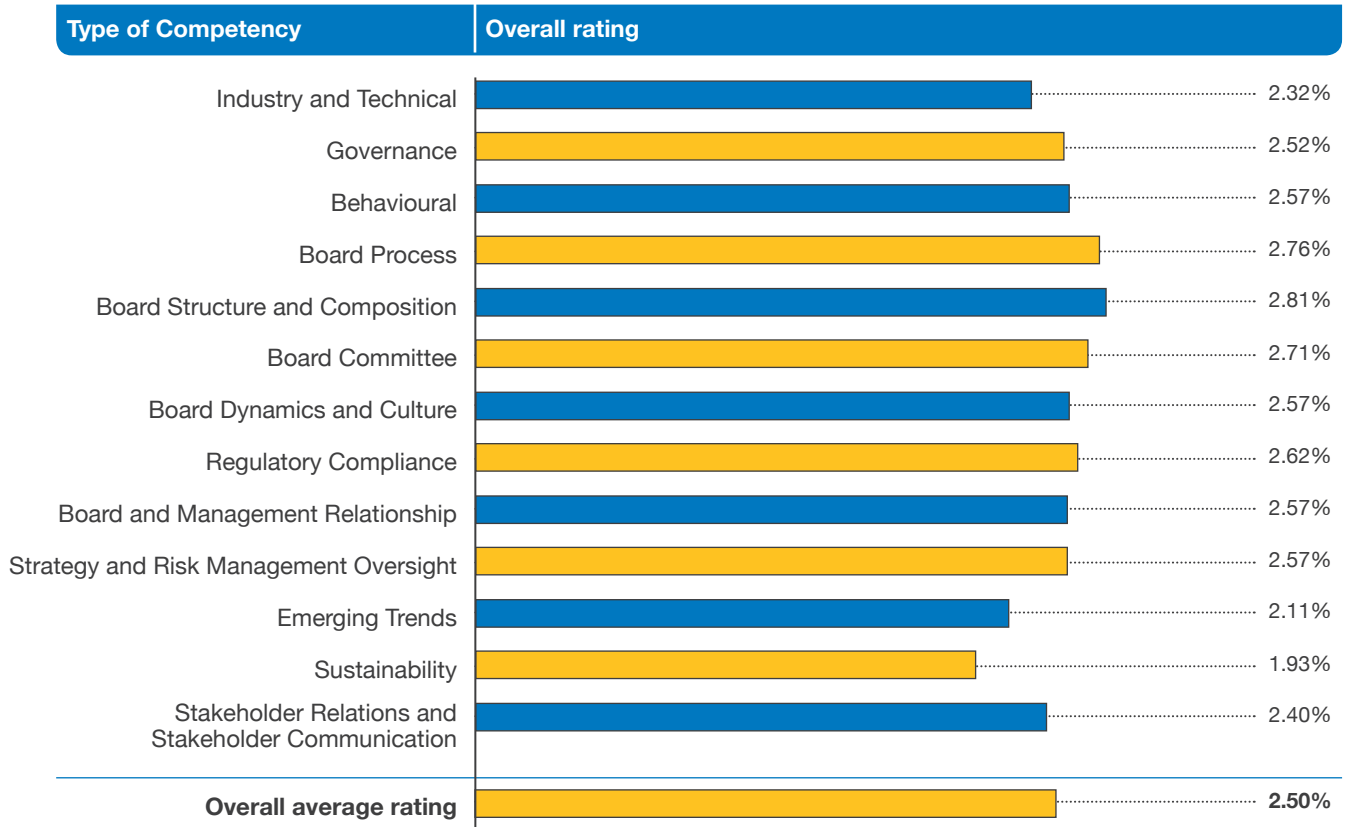
The Board seeks to maintain a diverse Board by having a mix of diversity in terms of age, ethnicity and gender, which will provide the necessary range of perspectives, skills, qualifications, knowledge, experience and expertise required to strengthen the Board composition to achieve the objectives and strategic goals of the Company.

The Board comprises three (3) women Directors, representing 43% of the Board composition, which is above the MCGG guideline that at least 30% of the Board are women directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

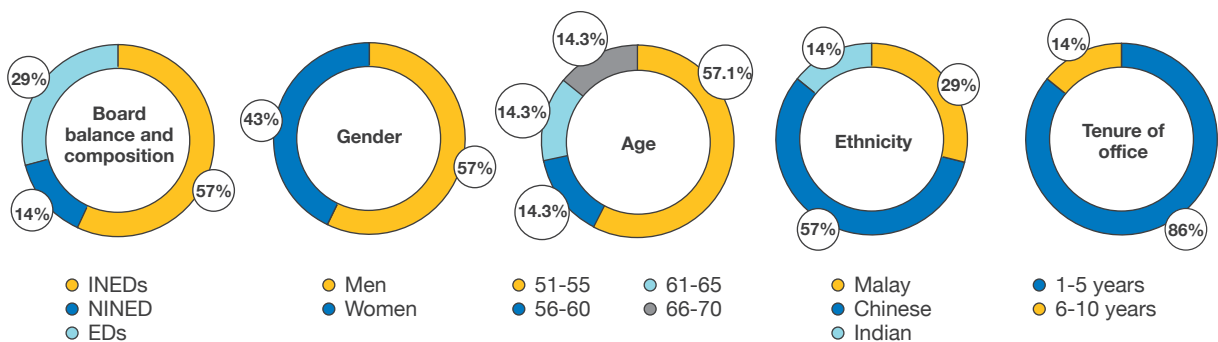
Board Diversity in the Board composition as at 31 December 2022 is depicted as follows:-

i) Technical Competency



| Rating | Description |
|-------------|---|
| 2.50 – 3.00 | <ul style="list-style-type: none"> Broad and in-depth proficiency in this competency. Able to contribute to the board specific expertise in the application of this capability. Able to assist, consult and lead others in the application of this competency. |
| 2.00 – 2.49 | <ul style="list-style-type: none"> Working or functional proficiency level in this competency. Have been exposed to this capability and experienced in decision making involving this competency for a certain period of time. |
| 1.00 – 1.99 | <ul style="list-style-type: none"> Limited exposure to and experience in this competency. Demonstrate minimal use of this competency and require development. |

ii) Board balance and composition



New Appointment and Reappointment of Director(s)

The NRC reviews and recommends to the Board for approval any proposed appointment of new Director(s) or proposed reappointment of Director(s) to the Board. In identifying potential candidates for nomination as Director(s), NRC undertakes the process of selection, nomination and appointment of Director, which involves a gap analysis of the composition of the Board and Board Committees to map the required skills set based on the Group's business requirements against the merits and capabilities of the proposed candidates, and a checklist of criteria including independence, and fit and proper for appointment of Director. New appointment of Director(s) also takes into consideration the relevant requirements and best practices for appointment of Directors pursuant to the Act, MMLR of Bursa Securities and the MCGG.

The NRC considers various sources of recommendation from existing Board members, Management, major shareholders, and business associates, as well as other independent sources such as professional corporate director recruitment agencies, where possible when sourcing suitable candidate(s) for appointment as new Director(s).

In reviewing the proposed reappointment of Director(s) to the Board, the NRC takes into consideration the annual Board Effectiveness Evaluation results to form the basis of the NRC's recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members.

Annual Board Effectiveness Evaluation ("BEE")

The NRC is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, fit and proper of Directors and the independence of the INEDs, annually. The assessment results, together with a report on the Board balance covering the required mix of skills, qualifications, experience and other qualities of Board members, are tabled to the Board for discussion.

The assessment results from the BEE form the basis of the NRC's recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members, as well as to facilitate further development of the Board, Board Committees and individual Directors.

During the financial year under review, the Board appointed an external independent consultant, Institute of Corporate Directors Malaysia ("ICDM"), to conduct the BEE to assess the soundness and robustness on the functions, oversight duties of the Board and Board Committees, and the competencies of each Director.

The BEE was conducted through a combination of online surveys, one-on-one confidential interviews with Board members and selected senior management, sighting of relevant corporate governance-related documents confidentially, and peer reviews and board-working facilitation.

The methodology and approach of BEE together with the results/findings of the BEE are set out in the NRC Report on pages 60 to 63 of this Annual Report 2022 and the CG Report.

Fostering Commitment

The Board meets at least four (4) times in a financial year, with additional meetings convened as and when necessary. The Board and Board Committees' meeting schedule for a new financial year is prepared and circulated in advance to the Board before the commencement of the new financial year to facilitate Directors' time planning.

Each Director is required to attend at least 50% of the total Board Meetings held during the year. Directors may attend Board meetings physically or via telephone, video, or other electronic communication facilities as allowed under the Constitution of the Company, which permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously, in which event such Director shall be deemed to be present at the meeting.

A total of six (6) Board meetings were held during the FY2022, via hybrid means. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The attendance of the Directors in Board and Board Committees' meetings, and general meetings during the financial year under review are as follows:

| Name of Directors | Board | ARMC | NRC | CRC | AGM | EGM |
|---|-------|------|-----|-----|-----|-----|
| DATO' AZLAM SHAH BIN ALIAS <i>Independent Non-Executive Chairman</i> | 6/6 | - | - | 4/4 | 1/1 | 1/1 |
| TAN YU YEH <i>Non-Independent Executive Director/ Executive Vice Chairman</i> | 6/6 | - | - | - | 1/1 | 1/1 |
| ONG CHU JIN ADRIAN <i>Non-Independent Executive Director/Chief Executive Officer</i> | 6/6 | - | - | 4/4 | 1/1 | 1/1 |
| BRAHMAL A/L VASUDEVAN <i>Non-Independent Non-Executive Director (Resigned as Director on 3 April 2023) (*Resigned as member of Audit and Risk Management Committee on 31 March 2022)</i> | 5/6 | 2/2 | 3/4 | - | 1/1 | 1/1 |
| NG ING PENG <i>Independent Non-Executive Director</i> | 6/6 | 5/5 | 4/4 | 4/4 | 1/1 | 1/1 |
| LENG CHOO YIN <i>Independent Non-Executive Director</i> | 6/6 | 5/5 | 4/4 | - | 1/1 | 1/1 |
| DATO' HAMIDAH BINTI NAZIADIN <i>Independent Non-Executive Director (*Appointed as member of Nomination and Remuneration Committee on 16 February 2022) (*Appointed as member of Audit and Risk Management Committee on 31 March 2022)</i> | 6/6 | 3/3 | 3/3 | - | 1/1 | 1/1 |

As stipulated in its Board Charter, each Director shall not hold more than five (5) directorships in listed companies or such other limit as prescribed by the MMLR of Bursa Securities. Before accepting any new directorship, Directors shall notify the Chairman of the Board, the notification of which shall include an indication of time that will be spent on the new appointment.

The Board is satisfied that the present directorships in external organisations held by our Directors do not give rise to any conflicts of interest nor impair their ability to discharge their responsibilities as Directors of the Company.

Directors' Training

In order to enhance the skills and knowledge of Directors to effectively discharge their duties and responsibilities, Directors continuously attend various seminars, workshops, conferences and other training programmes to keep themselves abreast of developments in the industry, market outlook, competitive landscape and changes to the regulatory requirements.

The training and development programmes conducted internally or externally, and participated by each of the Directors during the financial year under review are as follows:

| Director | Courses/Seminar/Training/Conference | Organiser | Date |
|---|--|---|-----------------------|
| DATO' AZLAM SHAH BIN ALIAS | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • TCFD Climate Disclosure Training Programme | Bursa Malaysia Securities Berhad | 2 & 9 March 2022 |
| | • 3rd Malaysia Competition Law Conference 2022 | Malaysia Competition Commission (“MyCC”) | 23 & 24 June 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| | • ICDM Emerging Trends Talk: ESG Oversight: Role of the Board | Institute of Corporate Directors Malaysia (“ICDM”) | 25 August 2022 |
| | • Chair Masterclass | ICDM | 1 September 2022 |
| | • Bursa Malaysia Immersive Experience: The Board “Agender” | Bursa Malaysia Securities Berhad | 30 November 2022 |
| TAN YU YEH | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| ONG CHU JIN ADRIAN | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| BRAHMAL A/L VASUDEVAN <i>(Resigned as Director on 3 April 2023)</i> | • Opportunities and Challenges in AML CFT Compliance | Belstar Training Centre | 15 & 16 November 2022 |
| NG ING PENG | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • TCFD Climate Disclosure Training Programme | Bursa Malaysia Securities Berhad | 2 & 9 March 2022 |
| | • Beyond Box-Ticking: Enhancing Effectiveness of Nominating Committees | Asia School of Business | 8 March 2022 |
| | • Beyond Box-Ticking: Essentials for Effective Remuneration Committees | Asia School of Business | 9 March 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| | • ICDM Emerging Trends Talk: ESG Oversight: Role of the Board | ICDM | 25 August 2022 |
| | • Corporate Reporting: Are You Telling Enough? | The Malaysian Institute of Certified Public Accountants | 10 November 2022 |
| | • Audit Oversight Board Conversation with Audit Committees | Securities Commission Malaysia’s Audit Oversight Board | 17 November 2022 |
| | • Bursa Malaysia Immersive Experience: The Board “Agender” | Bursa Malaysia Securities Berhad | 30 November 2022 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Director | Courses/Seminar/Training/Conference | Organiser | Date |
|-------------------------------------|--|--|-------------------|
| LENG CHOO YIN | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • Beyond Box-Ticking: Enhancing Effectiveness of Nominating Committees | Asia School of Business | 8 March 2022 |
| | • Beyond Box-Ticking: Essentials for Effective Remuneration Committees | Asia School of Business | 9 March 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| | • Audit Oversight Board Conversation with Audit Committees | Securities Commission Malaysia’s Audit Oversight Board | 6 December 2022 |
| DATO’ HAMIDAH BINTI NAZIADIN | • Environment, Social and Governance (“ESG”) Training | PwC Malaysia | 5 January 2022 |
| | • Talent Uprising: How Boards should rethink their talent strategy in this era of opportunity | ICDM | 19 May 2022 |
| | • FCD Series Module D: Financial Essentials for Non-Finance Directors | ICDM | 15 & 16 June 2022 |
| | • Share Buy-Back: A Regulatory Perspective | CKM Advisory Sdn. Bhd. | 30 June 2022 |
| | • Khazanah Megatrends Forum 2022 (KMF 2022) | Khazanah Nasional | 3 October 2022 |
| | • Navigating the New World of Work | INSEAD | 5 October 2022 |
| | • Climate Action powered by Diversity, Equity and Inclusion Conversation | 30%Club Malaysia | 20 October 2022 |
| | • Understanding the requirements in Bursa Malaysia’s enhanced sustainability reporting framework | KPMG | 2 November 2022 |
| | • Audit Oversight Board Conversation with Audit Committees | Securities Commission Malaysia’s Audit Oversight Board | 17 November 2022 |

All our Directors have attended the Mandatory Accreditation Programme as prescribed in the MMLR of Bursa Securities.

PART III: REMUNERATION

The Board is cognisant that a fair and competitive remuneration structure is aligned with the Group’s business strategy so as to link rewards with corporate and individual performance to attract and retain the right talent of appropriate calibre, skills, experience and quality needed in order to drive and achieve the Group’s long-term objectives of growth and sustainability, and create long-term value for shareholders.

To achieve this, the Board has established a formal and transparent remuneration policy and review process for approving the remuneration of Non-Executive Directors (“NEDs”), EDs and KSM.

The NRC is entrusted by the Board to review and recommend to the Board for approval the remuneration payable to the NEDs. In reviewing the same, the NRC considers various factors including the NEDs fiduciary duties, responsibilities, time commitment expected of them, and the Company’s performance.

The remuneration payable to the NEDs are also benchmarked against comparable peers of other public listed companies in the retail sector, government-linked companies (“GLC”), non-GLCs and the top 30 largest companies by market capitalisation on Bursa Malaysia, to ensure that the remuneration payable commensurates and is aligned to prevailing market rates.

The Board determines and decides the fees and remuneration payable to the NEDs as a whole, based on the recommendation of the NRC. None of the NEDs is involved in deciding his/her own remuneration.

The fees and benefits payable to the NEDs are subject to shareholders' approval at the annual general meeting, pursuant to Section 230(1) of the Act. The NEDs shall abstain from deliberating and voting in the Board meeting and/or general meeting, if he/she is also a shareholder, in respect of their own remuneration.

The NEDs remuneration is paid on a monthly basis in arrears and/or as and when incurred upon services rendered by the NEDs as members of the Board and Board Committee based on the following remuneration framework:-

| Type of Fees/Benefits | Amount (RM) Effective up to 31 December 2022 | Amount (RM) Effective 1 January 2023 |
|----------------------------|---|---|
| Board Chairman's Fee | 144,000 per annum | 159,000 per annum |
| Non-Executive Director Fee | 100,800 per annum | 115,800 per annum |
| Meeting Allowance | 1,000 per meeting | 1,000 per meeting |
| Chairman's Allowance | 60,000 per annum | 60,000 per annum |

The Chairman's allowance is accorded to the Board Chairman for his time commitment and involvement in corporate responsibilities activities undertaken by the Group.

At the 11th AGM of the Company held on 8 June 2022, the shareholders of the Company approved the payment of Directors' fees and benefits payable to the NEDs of up to RM700,000 for the period from 1 July 2022 until the next AGM to be held in 2023. A total amount of RM444,800 had been paid to the NEDs from 1 July 2022 to 31 March 2023 and RM156,600 is anticipated to be paid to NEDs based on the remuneration framework for NEDs and the scheduled meetings to be held from April 2023 to June 2023. Accordingly, the anticipated total amount paid/payable to NEDs from 1 July 2022 to June 2023 will be RM601,400, which is approximately 85.91% of the approved amount.

The Group's philosophy for total employee remuneration is to offer competitive market-based compensation. The overall compensation structure is designed to recognise contributions towards the achievement of organisational, divisional or departmental and individual objectives, where applicable, taking into account the demands, complexities and performance of the Group, as well as the roles, skills, responsibilities of the positions, and the overall performance of the individual EDs and KSM.

The remuneration of EDs and KSM comprises base compensation with allowances, variable bonuses, long-term equity ownership and option plans as well as other benefits. The base compensation is determined by the scope of duties and responsibilities, the Group and individual performance in meeting the strategic objectives of the Group against the key performance indicators set annually and the current market rate within the industry and in comparable companies and sectors.

The detailed disclosure on a named basis of the remuneration paid to individual NEDs, and the corresponding breakdown of the individual EDs' and KSM remuneration for the FY2022 are as follows:-

Received from the Company

| Name of Directors | Directors' Fee (RM'000) | Chairman Allowance (RM'000) | Meeting Allowance (RM'000) | Total (RM'000) |
|--|-------------------------|-----------------------------|----------------------------|----------------|
| Non-Executive Directors | | | | |
| Dato' Azlam Shah Bin Alias | 144 | 60 | 12 | 216 |
| Brahmal A/L Vasudevan ^(a) (Resigned on 3 April 2023) | - | - | - | - |
| Ng Ing Peng | 101 | - | 21 | 122 |
| Leng Choo Yin | 101 | - | 17 | 118 |
| Dato' Hamidah Binti Naziadin | 101 | - | 14 | 115 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Received from the Group

| Name of Directors | Salary (RM'000) | Allowance ^(b) (RM'000) | Bonus (RM'000) | Benefits in-kind (RM'000) | Other emolu- ments ^(c) (RM'000) | Total (RM'000) |
|----------------------------|--------------------|--------------------------------------|-------------------|---------------------------------|---|-------------------|
| Executive Directors | | | | | | |
| Tan Yu Yeh | 852 | 72 | 142 | - | 125 | 1,190 |
| Ong Chu Jin Adrian | 819 | 70 | 142 | - | 190 | 1,254 |

The breakdown of remuneration for the FY2022 of our top five (5) KSM comprising salary, allowance, bonus, benefits-in-kind and other emoluments in bands of RM50,000 are set out below:

| Key Senior Management | Total Remuneration (RM'000) |
|-----------------------|--------------------------------|
| Tan Yu Wei | 900-950 |
| Lim Chen Hwee | 750-800 |
| Hoe Lye Peng | 600-650 |
| Lau Boon Teck | 600-650 |
| Tan Yew Hock | 400-450 |

Notes:-

(a) Voluntarily offered to contribute his remuneration to a charitable organisation.

(b) Travelling allowance and car subsidies.

(c) Inclusive of statutory contributions, incentives and other allowances.

NEDs receive their remuneration from the Company, whilst the EDs and KSM receive their remuneration from the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I: AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is entrusted by the Board to assist and support the Board primarily in the areas of financial reporting in liaison with the External Auditors, the Group's system of risk management and internal controls in liaison with the Internal Auditors, compliance with applicable laws, rules and regulations, and review of related party transactions and conflict of interest situations.

The ARMC comprises three (3) INEDs and is chaired by Ng Ing Peng, who is distinct from the Chairman of the Board, and is a member of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants.

The performance of the ARMC and the individual ARMC members in respect of FY2022 and the tenure of office of the individual ARMC members were evaluated as part of the annual Board effectiveness evaluation. Based on the results of the evaluation, the Board is satisfied that the ARMC and the individual ARMC members have discharged their responsibilities according to the defined terms of reference, and have exercised objective and independent judgment. The Board also affirmed that the tenure of office of the individual ARMC members is reasonable. All members of the ARMC have also attended relevant professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, as well as the roles of the audit committee.

The ARMC also assessed the suitability, objectivity and independence of the External Auditors pursuant to the External Auditors' Evaluation Policy. The result of the evaluation on BDO PLT, the External Auditors in respect of FY2022, which was carried out in

March 2023 indicated that BDO PLT had satisfied the criteria of suitability, objectivity and independence of External Auditors.

Details of the activities carried out by the ARMC during FY2022 are set out in the ARMC Report on pages 55 to 57 of this Annual Report 2022.

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognises that risk management is the culture, processes and structures that are directed towards taking advantage of potential opportunities while managing potential adverse effects to deliver the Group's strategic objectives, continued growth and success.

A sound risk culture has been integral to the Group, evidenced by the establishment of an ERM Framework developed with the assistance of an Independent Risk Management Consultant ("Consultant"), where potential risks are identified, assessed and prioritised, with a line of sight to both financial and non-financial risks provided to appropriate levels across the Group, based on defined materiality threshold.

The Heads of Department ("HODs") are responsible for promoting and applying the ERM Framework including identifying the principal risks based on the risk likelihood of occurrence parameter, as well as monitoring and implementing the necessary action plan to manage and/or mitigate potential risks. The risk profiles are reviewed, updated and validated by the respective HODs, with the Consultant conducting a risk management review to evaluate the risk profiles and table a risk management review report to the ARMC half-yearly.

The ARMC is entrusted by the Board to review the risk profiles half-yearly to ensure adequacy and effectiveness of risk management and internal controls process, to manage and mitigate any potential risks to safeguard shareholders' investments and the Company's assets.

Our in-house Internal Audit Department ("IAD") reports directly to the ARMC. The IAD assists the ARMC to carry out analysis and independent evaluation of the adequacy, integrity and effectiveness of internal controls, monitors the compliance with policies and procedures through internal audit exercises, and reports to the ARMC on a quarterly basis.

The key features of the Group's risk management and internal control framework as well as their adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control on pages 49 to 53 of this Annual Report 2022.

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

PART I: ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Group to the investing public in an accurate, clear, complete and timely manner, as guided by the continuous disclosure requirements under the MMLR of Bursa Securities and the Corporate Disclosure Guide issued by Bursa Securities.

The Group engages its stakeholders through various platforms including announcements via Bursa LINK by Bursa Securities, its corporate website, investor relations channel, annual reports, general meetings, media releases, and briefings to investors, analysts and media.

The Company's corporate website www.mrdiy.com provides stakeholders and investors with access to information on the Group and also facilitates investor relations communication. The website is constantly updated with the latest developments of the Group. All disclosures, material information, and announcements, including Annual Reports made to Bursa Securities via Bursa LINK, are published on the corporate website.

In addition, the Company also announces the targeted date of release of the quarterly financial results of the Group two (2) weeks in advance of each Board meeting to approve the quarterly financial results, to keep shareholders or the investing public informed of the timing of the quarterly financial results announcement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company also maintains its communication channels with shareholders, potential investors, analysts, fund managers and the investment community, through its Investor Relations (“IR”) channel. Stakeholders are encouraged to channel their enquiries to the Group’s IR personnel whose name, contact number and e-mail address are as follows:-

| | | |
|---|---|---|
| IR CONTACT | | |
|  | JASON TEH <i>Head of Investor Relations</i> | Tel. No.: +603 8961 1338 |
| | | Email: investor.query@mrdiy.com |

PART II: CONDUCT OF GENERAL MEETINGS

General meetings are the principal forum for dialogue and engagement between the Board and the shareholders, to enable shareholders to enhance their understanding of the business and performance of the Group. It also provides for a two-way dialogue between the Board and the shareholders; a direct avenue for the former to understand the expectations of shareholders.

The Company had on 8 June 2022, conducted its 11th AGM virtually through live streaming from the Broadcast Venue and via the online meeting platform on the TIIH Online website provided by Tricor Investor & Issuing House Services Sdn. Bhd. as authorised by the Constitution of the Company and in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised with the latest version on 7 April 2022 and the MCCG, which allows and encourages companies to continue leveraging technology to conduct general meetings to facilitate remote shareholders participation and electronic voting at general meetings.

Shareholders’ participation at the 11th AGM was encouraging, with a total of 232 members, proxies and authorised representatives holding a total of 5,554,152,757 shares, representing 88.39% of the total issued shares of the Company, logging onto the remote participation and voting facilities through the TIIH Online website to attend the 11th AGM.

All the Directors, Chairs of the Board Committees, Chief Financial Officer and External Auditors were present at the 11th AGM to respond to any enquiries from the shareholders.

During the 11th AGM, the CEO, on behalf of the Board, presented a comprehensive overview of the Group’s business and financial performance in respect of FY2022. The shareholders, proxies, and authorised representatives were allowed to submit questions prior to the 11th AGM and were able to submit their questions during the 11th AGM via real-time submission of typed texts through the TIIH Online website. The minutes of the 11th AGM and the complete list of questions received by the Company prior to and during the 11th AGM together with the corresponding responses were published on the corporate website at www.mrdiy.com.

The Notice of 11th AGM was issued to the shareholders at least 28 days prior to the date of the 11th AGM held on 8 June 2022. The notice of the 11th AGM was made available on the corporate website at www.mrdiy.com and advertised in nationally-circulated English and Bahasa Malaysia daily newspapers.

The notice of the 11th AGM outlines the resolutions as tabled at the 11th AGM, together with explanatory notes providing the rationale and effect of the resolutions to enable the shareholders to make informed decisions when exercising their voting rights. Shareholders who were not able to attend the meeting were allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at the general meeting.

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions set out in the notice of the 11th AGM were put to vote by way of polls, and the poll results were independently verified by an Independent Scrutineer.

The Company will continue to facilitate greater shareholder participation and promote greater transparency, by leveraging technology to facilitate remote shareholder participation and electronic poll voting at general meetings.

[This Statement was endorsed by the Board on 30 March 2023.]

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In line with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors (“the Board”) of MR D.I.Y. Group (M) Berhad (“the Group”) is pleased to provide the Statement on Risk Management and Internal Control Statement, which outlines the nature and scope of risk management and internal control of the Group for the FY2022.

The disclosures in this statement exclude the risk management and internal control practices of the Group’s Associate.

BOARD RESPONSIBILITY

The Board is overall responsible in establishing a sound risk management and internal control system, and reviewing the system’s adequacy and effectiveness to safeguard shareholders’ interests and the Group’s assets. This includes an ongoing process of identifying, evaluating and managing significant risks faced by the company in its achievement of objectives and strategies. The Board confirms that this process has been in place for the year under review and up to date for inclusion in the Annual Report. The process is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers.

The Board recognises that the risk management and internal control system are designed to manage or mitigate risks rather than eliminate the risks that may impede upon the achievement of the Group’s business objectives. In view of the limitations inherent in any system of risk management and internal control, the system can only provide reasonable but not absolute assurance against material losses.

To effectively carry out its risk and control oversight responsibilities, the Board, through the Audit and Risk Management Committee (“ARMC”) provides oversight on matters regarding risk, compliance and controls management. The senior management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal controls including providing assurance to the Board through the ARMC that the processes have been effectively carried out.

MANAGEMENT RESPONSIBILITY

The senior management is responsible for implementing the risk management framework including providing assurance to the Board through ARMC that the risk management processes have been effectively carried out. Specifically, senior management’s responsibilities in respect of risk management include:

- Identify the risks relevant to the business of the company and the achievement of objectives and strategies;
- Design, implement and monitor the risk management framework in accordance with the company’s strategic vision and overall risk appetite; and
- Identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board through the ARMC.

KEY COMPONENTS OF RISK MANAGEMENT

Risk management plays an integral role in driving the achievement of the Group’s strategies by considering the appropriate levels of risks and returns. To support this, the Board has established an Enterprise Risk Management (“ERM”) Framework which outlines the Group’s risks and the process of identifying, assessing, managing, monitoring and communicating the risk. Additional efforts are continuously being undertaken to enhance the framework to reflect a more cohesive and integrated approach to the overall risk management for the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s ERM structure and processes are described as follows:

| Key Component | Description |
|--------------------------------|--|
| Risk Governance | <ul style="list-style-type: none"> The Group organisational structure established for effective risk management adopts the underlying principle of the Three Lines of Defence Model. This model indicates clear accountabilities in the management of risks and internal controls, and is reflected in the Group’s risk operating model as follows: <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>LEGEND</p> <ul style="list-style-type: none"> Risk reporting — Direct reporting 1st Line of Defence 2nd Line of Defence 3rd Line of Defence </div> <ul style="list-style-type: none"> i. Each Line of Defence represents a function that is involved in effectively managing risk. ii. The 1st Line of Defence represents the Group’s operational management which has the ownership, responsibility and accountability for assessing, controlling and mitigating risks, as well as implementing corrective actions to address process and control deficiencies. iii. The 2nd Line of Defence represents the Group’s Risk Management function which is responsible for the facilitation of risk management monitoring and reporting activities within the Group. iv. The 3rd Line of Defence represents the Group’s Internal Audit function which provides objective assurance to the ARMC and Board as well as senior management on the effectiveness of its risk management implementation. |
| Risk Management Process | <ul style="list-style-type: none"> The ERM approach and process to identify potential risks are carried out by the respective business functions based on relevant knowledge, publicly available information and subject matter experts. Subsequently, the identified risks are individually assessed either at Extreme, High, Medium or Low level. The rating process is guided by an approved risk rating matrix comprising of likelihood and impact parameters. Results of the risk identification and assessment are captured in the respective Risk Profiles (e.g., Group Strategic, Retail Operations, Procurement, Logistics, Warehouse, Marketing and eCommerce, and Information Technology). For high-risk areas, each risk owner is responsible to ensure that risk mitigation actions are developed and implemented to manage the risk to within the appropriate risk appetite level. The Risk Profiles are reviewed and assessed on a half-yearly basis or as the need arises due to the changing market condition. Reports summarizing the key risk areas and the status of their mitigation actions are presented to the senior management and ARMC accordingly. |

| Key Component | Description |
|-----------------|---|
| Risk Categories | <ul style="list-style-type: none"> • The Group maintains a database of risks through the risk categories summarised below: <ol style="list-style-type: none"> i. Strategic Risk Risks that affect the Department or the Company in meeting its overall vision, mission and strategic objectives. The Group is exposed to various strategic risks relating to its business of managing stores nationwide. The Group recognises the importance of the sustainability agenda and has established initiatives to manage the relevant risks and opportunities in the respective Environmental, Social and Governance (“ESG”) areas. ii. Operational Risk Risks that affect the effectiveness and efficiency of the Department or the Company in meeting its operating objectives. As the Group is primarily involved in the retail industry, it is exposed to various operational risks that potentially may impact its core operations such as supply chain, logistics, warehousing, manpower and information system management. These risks are closely monitored with strict compliance to the applicable internal Standard Operating Procedures (“SOPs”). In addition, the Group remains vigilant on the development of COVID-19 infection cases and will continue to enforce relevant SOPs across all retail stores and corporate offices, in accordance with government guidelines, as the health and safety of all employees and customers remains as one of the top priorities of the Group. iii. Financial Risk Risks that affect the financial position of the Department or the Company in meeting its financial objectives. The Group is exposed to a certain degree of risk relating to underlying foreign currency exchange rates arising from the imports of products for retail operations. This risk is being effectively managed and closely monitored by the Group. iv. Compliance Risk Risks that affect the Department or Company’s processes and efforts in ensuring all applicable regulatory requirements are complied with. The Group has taken the necessary steps and measures to put in place processes to ensure the required certifications, licenses and other applicable regulations are or will be complied with. |

INTERNAL CONTROL

The key elements of the Group’s system of internal controls are described below:

| Internal Control Element | Description |
|-------------------------------|--|
| Board of Directors’ Oversight | <ul style="list-style-type: none"> • The Board has the primary responsibility for the governance and management of the Group, and a fiduciary obligation to act in the best interests of its financial and organisational health. • To effectively discharge its duties, the Board has established three (3) Board Committees - ARMC, Nomination and Remuneration Committee (“NRC”), and Corporate Responsibility Committee (“CRC”). These Board Committees are guided by clear Terms of Reference outlining their fiduciary responsibilities and meet on a scheduled basis. |
| ARMC Oversight | <ul style="list-style-type: none"> • The ARMC has been delegated by the Board to assist, in financial reporting in coordination with the external auditors, and in the Group’s risk management and internal controls together with the risk management coordinator and internal auditors. • The ARMC is also responsible for reviewing related party transactions, conflict of interest situations and other material non-compliance matters within the Group. |

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

| Internal Control Element | Description |
|---|---|
| Financial Performance Review | <ul style="list-style-type: none"> The ARMC will review the quarterly financial results and make recommendations to the Board for deliberation and approval. Any significant variances in the financial results from the prior period will be addressed. |
| Organisation Structure | <ul style="list-style-type: none"> The Group has a clearly defined organisation structure in place with a defined line of responsibility and delegated authority. The day-to-day operations of the business are entrusted to the Executive Directors and senior management. The Heads of Departments are empowered with the responsibility of managing their respective operations. |
| Policies and Procedures | <ul style="list-style-type: none"> Internal operating procedures and policies are documented, reviewed and revised periodically to meet changing business and operational requirements as well as statutory reporting needs. |
| Limits of Authority | <ul style="list-style-type: none"> The Group has defined limits of authority which set out the approving limits that have been assigned and delegated to each approving authority within the Group. |
| Code of Business Ethics | <ul style="list-style-type: none"> The Code of Business Ethics in place ensures that all Directors and employees adhere to the Group's commitment to the highest ethical standards and laws in day-to-day operations. The Code defines the Group's standards and expectations in relation to ethical business and appropriate conduct. |
| Whistleblowing Policy | <ul style="list-style-type: none"> The whistleblowing policy is an avenue for all employees, third parties and members of the public, who have a genuine concern on detrimental actions or improper conduct involving the Group, to raise it using the confidential channels laid out in the policy. It helps the Group in monitoring and keeping track of any illegal, unethical or improper conduct. |
| Anti-Bribery and Corruption Policy | <ul style="list-style-type: none"> The Group has adopted an Anti-Bribery and Corruption Policy with a zero-tolerance position against all forms of bribery and corruption. The Bribery and Corruption Risk Assessment is performed annually. Any significant risks are escalated to the ARMC. |
| No Gift Policy | <ul style="list-style-type: none"> The Group has endorsed a strict "No Gift Policy" whereby only narrow exceptions are allowed which is clearly defined in its policy. The Group also prohibits its personnel from providing or offering to provide entertainment to business associates with a view to cause undue influence. The policy includes guidelines and clearly presents the appropriate channels to obtain approval for exceptional situations. |
| COVID-19 Policy and Response Plan | <ul style="list-style-type: none"> The Group has established COVID-19 SOPs to safeguard the health and safety of its employees by providing detailed guidance on disease containment, work safety measures, incident reporting procedures as well as a response plan. The Group also works closely with the relevant authorities to ensure that these COVID-19 guidelines and SOPs are up to date. |
| Occupational Safety and Health ("OSH") | <ul style="list-style-type: none"> The Group established a Management-level OSH Committee chaired by the Head of the Human Resource Department, with regular updates reported to the CRC. The OSH Committee is responsible to address issues relating to public health, implement health initiatives, and communicate to all employees on prevention actions. Group OSH Policy is established and trainings are provided regularly to the employees. |
| Sustainability Management | <ul style="list-style-type: none"> The Group has established a Sustainability Committee at Management-level, chaired by the Head of Group Strategy and consists of department representatives to oversee the management processes and strategies designed to manage the impacts of the Group's operations on ESG aspects. The Group is addressing material sustainability risks and opportunities matters on an ongoing basis in line with the Group's sustainability themes, strategies and targets established. |

| Internal Control Element | Description |
|--------------------------------|--|
| Vendor Code of Conduct ("VCC") | <ul style="list-style-type: none"> • The Group has established a VCC which sets out obligations and standards on business and ethical practices, as well as professional conduct expected of all Vendors engaging or working with the Group. • The VCC shall apply to all vendors when engaging with and throughout its conduct of business with the Group. This covers areas such as: <ol style="list-style-type: none"> i. Vendor workplace standards; ii. Quality and safety of products sold to the Group; iii. Compliance with ABC laws; iv. Confidentiality of information; and v. Management of Intellectual Property rights, among others. |

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is performed in-house and reports directly to the ARMC. The scope and responsibilities of the function include the evaluation of the adequacy and effectiveness of governance, risk management, and internal controls. All the internal audit team members are free from any relationship or conflict of interest that could impair their objectivity and independence as internal auditors.

Reviews are carried out based on the approved Internal Audit Plan for FY2022, which was developed using a risk-based approach and in line with the Group's direction. The Internal Audit Plan was assessed on a quarterly basis in alignment with the business and risk environment.

The principles of having an effective internal audit function are outlined in the Internal Audit Charter and Internal Audit Standard Operating Manual. The Internal Audit Charter sets out the purpose, authority, responsibilities and reporting of the Internal Audit function and maintaining independence and objectivity status. The Internal Audit Standard Operating Manual is intended to guide the internal auditors. For each audit, a systematic methodology is adopted, which primarily includes performing risk assessment, developing an audit planning memorandum, conducting an audit, convening exit meetings and finalising audit reports. The audit reports detail the objectives, scope of audit work, observations, management action plan and timeline and conclusion in an objective manner and are distributed to the relevant parties.

All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Summaries of the audit reports including summary of follow-up items were issued to the ARMC quarterly incorporating findings and Management's remediation actions.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

CONCLUSION

The Board through the ARMC has reviewed the adequacy and effectiveness of the risk management and internal control system for the financial year ended 31 December 2022 and is of the view that the controls are operating adequately and effectively in all material respects.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating effectively, in all material respects for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Board and Management are committed towards operating a sound system of internal control and will continue to take pertinent measures to sustain and, where required, to improve the Group's systems of risk management and internal control in meeting the Group's strategic objectives or updated in line with changes in the operating environment.

[This statement was endorsed by the Board on 30 March 2023.]

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC of MR D.I.Y. Group (M) Berhad is pleased to present the Audit and Risk Management Committee's report in respect of the FY2022.

The ARMC was established on 20 February 2019 in line with the MMLR of Bursa Securities.

This report provides insights into the manner in which ARMC has discharged its oversight functions.

| TERMS OF REFERENCE | | | | | | | |
|---------------------------|--|--|------------|---|----------------|--|----------------|
| ARMC | | | | Internal Audit Department (IAD) | | | |
| Chairman | Independent Director, who is not the Chairman of the Board | | | | | | |
| Composition | Comprise of all Non-Executive Directors, with a majority of them being Independent Directors | | | <ul style="list-style-type: none"> Financially literate No alternate Director | | | |
| Key Functions | Financial Reporting | Risk Management & Internal Control Systems | Compliance | Internal Audit Function | External Audit | Related Party transactions & Conflict of Interest situations | Whistleblowing |
| Performance Review | Annual Evaluation by the Board | | | Evaluation by the ARMC | | | |

TERMS OF REFERENCE ("TOR")

The roles and responsibilities of the ARMC are outlined in its Terms of Reference, which are published on the Company website at www.mrdiy.com.

COMPOSITION

The ARMC comprises three (3) members, all of who are Independent Non-Executive Directors.

| | | | |
|---|---|---|---|
| Ng Ing Peng <i>Chairman, Independent Non-Executive Director</i> | Leng Choo Yin <i>Member, Independent Non-Executive Director</i> | Dato' Hamidah Binti Naziadin <i>Member, Independent Non-Executive Director (Appointed with effect from 31 March 2022)</i> | Brahmal A/L Vasudevan <i>Member, Non-Independent Non-Executive Director (Resigned on 31 March 2022)</i> |
|---|---|---|---|

The composition of the ARMC complied with the MMLR of Bursa Securities as well as the principles and practices set out in the MCGG.

The ARMC is chaired by Ng Ing Peng who is an Independent Director, a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. She was appointed by the Board from its members and she is not the Chairman of the Board.

All members of the ARMC possess a wide range of necessary skills to discharge their duties. They are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. All members of the ARMC have undertaken continuous professional development programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The experience of each member of the ARMC is summarised on pages 28 to 29 of this 2022 Annual Report.

The Company has appointed the ICDM as an external independent consultant to undertake the BEE on Board, Board Committees and Directors in respect of the FY2022. The BEE results revealed that the ARMC had discharged their roles and responsibilities effectively in accordance with its TOR.

MEETINGS AND ATTENDANCE

During the financial year under review, the ARMC held five (5) meetings with the attendance record of the ARMC members shown below:

| Name | Designation in ARMC | Number of Meetings Attended |
|---|---------------------|-----------------------------|
| Ng Ing Peng <i>(Independent Non-executive Director)</i> | Chairman | 5/5 |
| Leng Choo Yin <i>(Independent Non-executive Director)</i> | Member | 5/5 |
| Dato' Hamidah Binti Naziadin <i>(Independent Non-executive Director)</i> <i>(Appointed on 31 March 2022)</i> | Member | 3/3 ¹ |
| Brahmal A/L Vasudevan <i>(Non-Independent Non-executive Director)</i> <i>(Resigned on 31 March 2022)</i> | Member | 2/2 ¹ |

¹ Two meetings of the ARMC were held on 16 February 2022 and 31 March 2022, prior to the joining of Dato' Hamidah Binti Naziadin and the resignation of Brahmal A/L Vasudevan.

The Company Secretary of the Group acts as the Secretary of the ARMC, attending and recording the proceedings of the meetings. Although not members of the ARMC, the Chief Financial Officer, Head of Internal Audit, the outsourced Risk Management consultant and the Company's external auditors are also invited to the meeting. As and when necessary, the ARMC may also extend meeting invites to relevant members of the Management Team for matters that require their input and clarification. The ARMC has access to any form of independent professional advice, if and when required, in carrying out its functions.

The minutes of each ARMC meeting are recorded and tabled for confirmation at the subsequent ARMC meetings. All minutes are then presented to the Board for purposes of notation. Any significant audit issues and action plans are highlighted at the immediate subsequent meeting.

ROLES AND RESPONSIBILITY

The ARMC is entrusted by the Board to execute its governance and oversight responsibilities to ensure transparent financial reporting within the Group, guided by the ARMC's Term of Reference. The fundamental responsibilities of the ARMC are as follows:

- Overseeing the financial reporting process to ensure accurate and timely financial reporting and compliance with applicable financial reporting standards;
- Evaluating the internal and external audit processes;
- Overseeing the risk management and internal control framework and policies of the Group, and assessing the processes related to the Group's risks and control environment;
- Overseeing the Group's compliance with applicable laws, rules and regulations, having in place an appropriate code of business conduct;
- Reviewing related party transactions and conflict of interest situations; and
- Overseeing the implementation and monitoring of the Whistleblowing Policy and Procedures of the Group, and ensuring effective administration thereof.

SUMMARY OF ACTIVITIES

In FY2022, the following activities took place at each Audit and Risk Management meeting:

| Area of focus | Matters considered/reviewed/deliberated/approved:- |
|----------------------------|--|
| Financial Reporting | <ul style="list-style-type: none"> • Cumulative full year results for the financial year ended 31 December 2021. • Directors' Report and Audited Financial Account for the financial year ended 31 December 2021. • Quarterly Results. • Proposal for dividend payments and solvency of the Company before recommending to the Board for approval. • Announcements of financial results before recommending to the Board for approval. • Recurrent Related Party Transactions ("RRPT") of the Group. • Methods and procedures in determining the terms of RRPT. |

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

| Area of focus | Matters considered/reviewed/deliberated/approved:- |
|---|--|
| Risk Management and Internal Control | <ul style="list-style-type: none"> • Reviewed the ERM Framework (including the risk matrix) so as to align the ERM Framework to the Company's business objectives and strategies as well as international best practices from ISO 31000 and COSO ERM. ESG considerations where applicable have been embedded into the ERM Framework. • Reviewed and approved the guideline for managing risk within the Group, as well as monitored and assessed the Group's risk appetite and risk tolerance. • Reviewed and deliberated on the Group's Enterprise Risk Management which identifies and monitors the development of potential major risks affecting the Group externally or internally. • Reviewed the principal risks to ensure the implementation of appropriate risk management systems to effectively identify, analyse, evaluate, manage, monitor, treat and mitigate the risks impacting the Group. • Assessed emerging risks and mitigating plans, covering among others, ESG risks and reputational risks. • Reviewed the Statement on Risk Management and Internal Control to be disclosed in the Annual Report. |
| Internal Audit | <ul style="list-style-type: none"> • Reviewed and approved the annual audit plan to ensure the scope and coverage is adequate and comprehensive. • Reviewed salient audit issues together with recommendations from Internal Audit. The ARMC considered the highlighted issues, taking into account Management's responses, upon which it approved the internal auditors' proposal for rectification and implementation of the remedial action. • Reviewed the progress of the corrective action for open status audit findings to ensure that all critical risks and control issues were resolved. • Evaluated the adequacy and competency of Internal Audit resources required to perform Internal Audit engagements, highlighting the need for more calibre people and introducing new auditing techniques. • Undertook the performance evaluation of the Internal Audit Function, reviewed the effectiveness of its audit processes, assessed the applicability of the existing audit rating, and evaluated the performance of the overall IAD. • Held separate meetings with the Head of IAD to discuss the results of the assessment and other areas of concern, without the presence of the Executive Directors and Management. • Reviewed the ARMC Report to be disclosed in the Annual Report. |
| External Audit | <ul style="list-style-type: none"> • Reviewed the audited financial statements with the external auditors and Management before recommending them to the Board for adoption. • Reviewed the external auditors' audit plan, which outlined the audit scope, areas of audit emphasis and the auditors' independence. • Held two (2) private meetings with External Auditors without presence of the Executive Directors and Management to discuss the areas of audit concern. • Discussed the results of the annual assessment on the suitability and the independence of the External Auditors. • Reviewed the audit services and non-audit services provided by the external auditors and their corresponding fees. • Reviewed and assessed the performance, suitability and independence of the statutory auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence and objectivity. The statutory auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. The ARMC was satisfied with the performance and the audit independence of the statutory auditors. • Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board. |
| Related Party Transactions | <ul style="list-style-type: none"> • Reviewed the proposed renewal of shareholders' mandate for recurrent related party transactions of revenue and/or trading in nature and recommended the same for tabling to shareholders for approval at the 11th AGM held on 8 June 2022. • Reviewed the related party transactions ("RPT") presented by Management to the Board for approval, to ensure that these transactions are undertaken in the Company's best interests, were not detrimental to minority shareholders' interest and were done under fair and reasonable grounds and normal commercial terms. • Reviewed procedures for RRPT. • Monitored the thresholds of the RPT and RRPT to ensure compliance with MMLR of Bursa Securities. |

| Area of focus | Matters considered/reviewed/deliberated/approved:- |
|--------------------------------------|--|
| Compliance and Whistleblowing | <ul style="list-style-type: none"> • Obtained updates from the Management and Legal Department representatives regarding regulatory compliance matters. • Reviewed and reported suspected frauds or irregularities which are of sufficient importance to warrant the attention of the Board. |
| Others | <ul style="list-style-type: none"> • Reviewed the financial performance of the Company and the Group. • Reviewed the proposed Revision of Treasury Policy. • Reviewed the proposed Share Buy-Back mandate and recommended the same for tabling to shareholders for approval at the 11th AGM held on 8 June 2022. • Reviewed the progress of the targets achieved for the Sustainability Themes • Reviewed the Sustainability Report 2021. • Verified and ensured the allocation under the ESOS complied with the criteria as stipulated in the By-Laws of ESOS. |

INTERNAL AUDIT FUNCTION

The Internal Audit Function is performed in-house and undertaken by the IAD. The mission of the IAD is to provide independent, objective assurance and consulting activity designed to add value and improve operations. The IAD helps the Group to achieve its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the risk management, internal controls and governance processes. The IAD reports administratively to the CEO and functionally to the ARMC. The IAD is guided by its Internal Audit Charter and Terms of Reference.

The Internal Audit Department is staffed by six (6) internal auditors, including the Head of IAD, all with relevant experience and qualifications. Some are Certified Internal Auditors. The Head of the IAD and the auditors have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in carrying out their audit assignments.

The IAD carried out its activities based on the risk-based annual audit plan approved by the ARMC. The Internal Audit Plan is assessed on a quarterly basis in alignment with the business and risk environments. The ARMC annually reviews the adequacy of the scope, function and resources of the IAD, to ensure that the responsibilities of IAD are fully discharged.

In the financial year under review, IAD completed a total of one hundred and eighteen (118) audit assignments on various departments of the Group, covering store audits, quality management processes, product certification compliance, account payable processes, Good Distribution Practice for Medical Devices (“GDPMD”) compliance review, ESOS verification, OSHA & Maintenance Management in warehouses, recruitment, termination & employee relation processes in Human Resource Management, back-up and disaster recovery management & vendor management processes in the Information Technology section, and RRPT.

The ARMC reviewed the results of the audit engagements carried out by the IAD at the ARMC meetings held on 16 February 2022, 13 May 2022, 4 August 2022 and 8 November 2022 as well as discussed the major findings and audit recommendations at each session. The IAD followed up on these reports to ensure the agreed action plans were implemented appropriately. The IAD updated the ARMC on the progress of the 2022 Audit Plan and results of ad-hoc assignments including audit investigations.

At the meeting held on 14 February 2023, the Internal Audit Function Evaluation Report was tabled to ARMC to assess the performance of the IAD. The ARMC had assessed the effectiveness of the Internal Audit Function in terms of scope of work and compliance. The ARMC also assessed the adequacy of resources of the IAD. The ARMC was satisfied with the independence, performance and effectiveness of the IAD.

All members of the IAD continue to develop their competencies by attending training programmes conducted by in-house personnel and external professional certification bodies, keeping abreast with developments in the profession as well as sharing their knowledge on relevant industry and regulations to effectively perform their roles.

The total cost incurred for the Internal Audit Function of the Group for FY2022 including payroll costs and overheads amounted to RM816,000 (FY2021: RM589,000).

[This ARMC Report was endorsed by the ARMC on 30 March 2023.]

NOMINATION AND REMUNERATION COMMITTEE REPORT

As at 31 December 2022, the NRC comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, in compliance with Paragraph 15.08A of the MMLR of Bursa Securities. Its members are: -

| No. | Name of Directors | Attendance in NRC meetings |
|-----|--|----------------------------|
| 1. | Leng Choo Yin - Chairman <i>(Independent Non-Executive Director)</i> | 4/4 |
| 2. | Ng Ing Peng <i>(Independent Non-Executive Director)</i> | 4/4 |
| 3. | Brahmal A/L Vasudevan <i>(Non-Independent Non-Executive Director)</i> <i>(Ceased as member following his resignation as Director on 3 April 2023)</i> | 3/4 |
| 4. | Dato' Hamidah Binti Naziadin <i>(Independent Non-executive Director)</i> <i>(*Appointed as member of NRC on 16 February 2022)</i> | 3/3 |

The NRC is chaired by an Independent Non-Executive Director, in compliance with Practice 5.8 of the MCGG.

The NRC is entrusted by the Board to assist the Board in discharging its oversight function relating to the following responsibilities: -

- (i) select, evaluate and nominate suitable candidates to the Board for appointment as Director as well as nominates Director for appointment as Chairman and member of Board Committees. In the selection for appointment, the NRC ensure that the Board and the Board Committees have an effective and balance composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background and gender to discharge their responsibilities effectively;
- (ii) conduct an annual assessment on the effectiveness of the Board and the Board Committees and the contribution of each individual Director and the independence of Independent Directors;
- (iii) assess the performance of the EDs against the key performance indicators ("KPI") set for them;
- (iv) ensure that the Group has in place a remuneration policy and framework consistent with the Group's business strategy, and a competitive remuneration structure so as to link rewards with corporate and individual performance to attract and retain the right talent of the appropriate calibre, skills, experience and quality needed in the Board (which includes the EDs) in order to drive and achieve the Group's long-term objectives;
- (v) ensure that a succession plan is in place for the Board and EDs of the Company; and
- (vi) ensure that the ESOS of the company is fairly and properly administered and implemented in accordance with the ESOS By-Laws.

The authority, duties and responsibilities of the NRC are set out in its written TOR embedded in the Board Charter, which can be accessed on the corporate website www.mrdiy.com.

During the financial year under review, a total of four (4) meetings of the NRC were held. Besides meeting physically or virtually as allowed under the TOR of the NRC, the Constitution of the Company and TOR also allow the NRC to make decisions via Circular Resolution when urgent decisions have to be made and meeting physically is not feasible.

During the financial year under review, the following activities were undertaken by the NRC: -

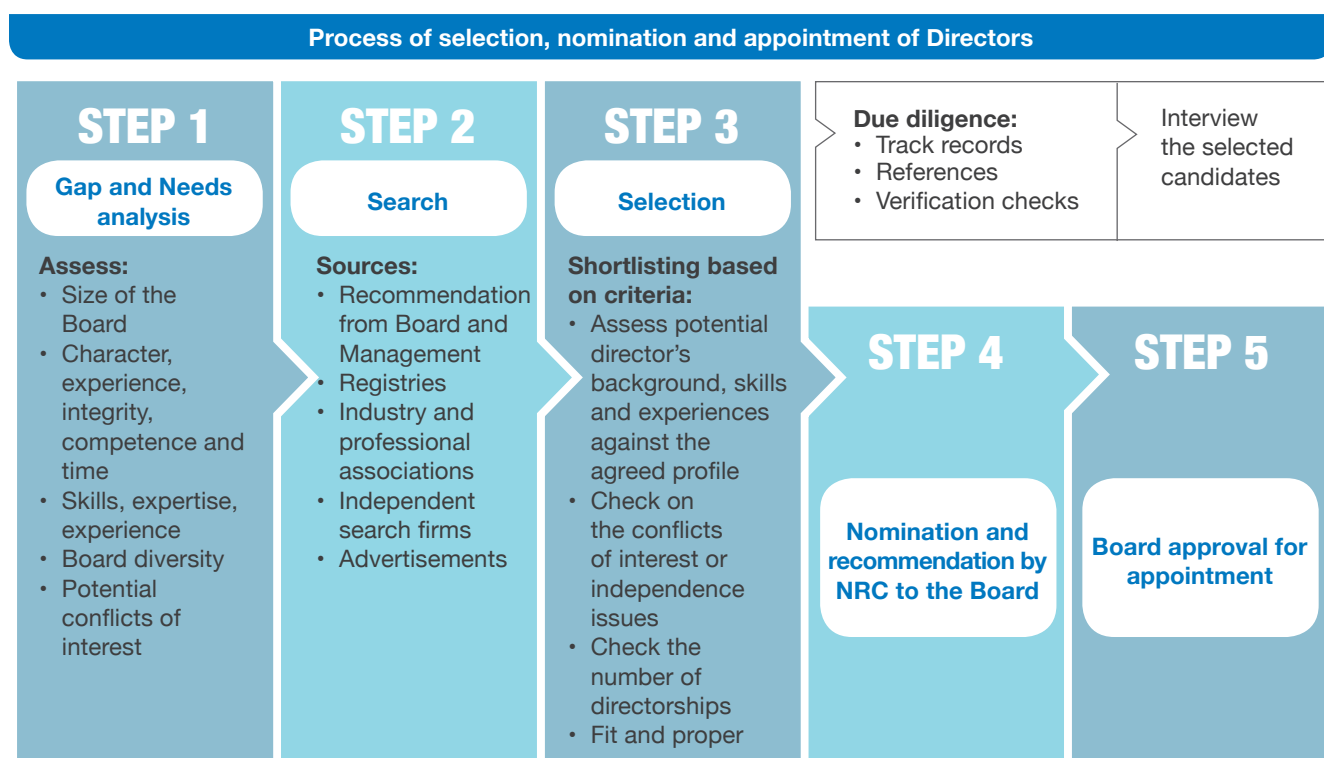
| Responsibilities | Matters deliberated/reviewed/recommended/approved |
|---|---|
| Selection and nomination of Board for new appointment and re-election of Director | <ul style="list-style-type: none"> • Reviewed and recommended to the Board for approval the Fit and Proper Policy for appointment and re-election of Director. • Reviewed and recommended to the Board the re-election of Leng Choo Yin, Adrian Ong Chu Jin and Dato' Hamidah binti Naziadin as Directors of the Company. |

| Responsibilities | Matters deliberated/reviewed/recommended/approved |
|---|---|
| Board effectiveness evaluation | <ul style="list-style-type: none"> Reviewed and recommended the annual performance and effectiveness assessment of the Board, Board Committees and individual Directors for the FY2021. |
| Setting of KPIs and performance evaluation of EDs | <ul style="list-style-type: none"> Reviewed and recommended the annual performance evaluation including the salary increment and bonus for EDs in respect of the FY2021. Reviewed and recommended the setting of KPIs for EDs for the FY2022. Reviewed and recommended the mid-year performance review of the EDs for the FY2022. Reviewed and recommended the Sustainability KPI for 2022 of EDs. Reviewed and recommended the setting of KPIs for EDs in respect of the financial year 31 December 2023. |
| Remuneration policy | <ul style="list-style-type: none"> Reviewed and recommended the revised remuneration framework for Non-Executive Directors. Reviewed and recommended the Directors’ fees and benefits payable to Non-Executive Directors from 1 July 2022 to the next Annual General Meeting in 2023. |
| Employees Share Option Scheme | <ul style="list-style-type: none"> Reviewed and approved the adjustment to the unexercised ESOS options and the exercise price for the unexercised ESOS options pursuant to the Bonus Issue exercise undertaken by the Company. |
| Other Disclosures | <ul style="list-style-type: none"> Reviewed and endorsed the Nomination and Remuneration Report for disclosure in the Annual Report 2021. |

SELECTION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

One of the primary functions of the NRC is to nominate and recommend to the Board for its consideration suitable candidate(s) for appointment as Director(s) of the Company and also recommend retiring Director(s) for re-election at the AGM.

The NRC is guided by the process of selection, nomination and appointment of Directors adopted by the Board for new appointment of Directors as depicted in the diagram below:-



NOMINATION AND REMUNERATION COMMITTEE REPORT

A gap and needs analysis shall be conducted on the Board and Board Committees' composition based on the areas to be strengthened in the current Board composition according to the business strategy and requirements of the Group, and the criteria set for appointment of Director. The NRC considers various sources of recommendation where needed, including existing Board members, members of the Management, major shareholders, business associates, as well as other independent sources such as professional corporate director recruitment agencies, when sourcing suitable candidates for appointment of Directors.

In assessing and recommending suitable candidates for appointment, the NRC considers the objective criteria, merit, and various diversity factors such as skills, knowledge, expertise, experience, professionalism, integrity and other relevant qualities, and the candidates' commitment (including time commitment) to effectively discharge his/her role as a Director and to strengthen the Board composition, so as to meet the objectives and strategic goals of the Company. Fit & Proper Policy was also adopted for the appointment and re-election of Directors, as required by the MMLR of Bursa Securities, with the aim of strengthening board independence, quality, and diversity.

In the case of the appointment of an Independent Director, the NRC considers the candidate's ability to discharge such responsibilities/functions as expected of an Independent Director to bring objectivity and independent judgment, and whether he/she meets the requirements of independence as defined in Paragraph 1.01 and Practice Note 13 in the MMLR of Bursa Securities.

The proposed suitable candidates are subject to background/reference checks performed via a Credit Reporting Agency ("CRA") and/or Central Credit Reference Information System ("CCRIS") as part of the assessment process, before the NRC recommends and nominates the proposed candidates to the Board for appointment as Directors.

Pursuant to Clause 130 of the Constitution of the Company, one-third of the Directors are subject to retirement by rotation at every AGM such that each Director shall retire from office once in every three (3) years and shall be eligible for re-election.

Dato' Azlam Shah bin Alias and Ng Ing Peng will be retiring by rotation and being eligible, have offered themselves for re-election as Directors of the Company at the forthcoming 12th AGM of the Company. As both the retiring Directors are also shareholders of the Company, besides abstaining from deliberations and voting at the NRC and/or Board Meetings, where applicable in respect to their re-election, both shall also abstain from deliberation and voting at the forthcoming 12th AGM of the Company in respect of their re-election.

In reviewing the re-election of Directors, the NRC took into consideration the results of the annual Board Effectiveness Evaluation conducted on the retiring Directors in March 2023, in which the NRC and Board (save for the retiring Directors) collectively agreed that both the retiring Directors had met the qualification of Directors vis-à-vis character, experience, integrity, competence, and time commitment as prescribed in Chapter 2.20A of the MMLR of Bursa Securities, and had the relevant qualities to effectively discharge their respective roles as Directors. As part of the BEE, both the retiring Directors had also undertaken and satisfied the fit and proper assessment pursuant to the Fit & Proper Policy adopted, via self-declaration and peer assessment. Both the retiring Directors had also met the requirements of independence as defined in the MMLR of Bursa Securities.

Based on the results of the assessment, the NRC and the Board have affirmed and endorsed the re-election of both the retiring Directors. The Board also agreed to recommend both the retiring Directors to the shareholders of the Company for re-election at the 12th AGM based on the justifications as set out in Explanatory Note (2) in the Notice of 12th AGM.

ANNUAL BEE

The NRC is entrusted with the task of reviewing the size, composition, and effectiveness of the Board, Board Committees and individual Directors to ensure that members of the Board and Board Committees possess the relevant knowledge, skills, qualifications, competencies, functional and management experience, characteristics and mindset to contribute effectively to the Board and to ensure an appropriate balance of skills, experience, qualifications and diversity.

During the financial year under review, the Board appointed an external independent consultant, the ICDM, to conduct the BEE in respect of the FY2022 to assess the soundness and robustness on the functions, oversight duties of the Board and Board Committees, and the competencies of each Director.

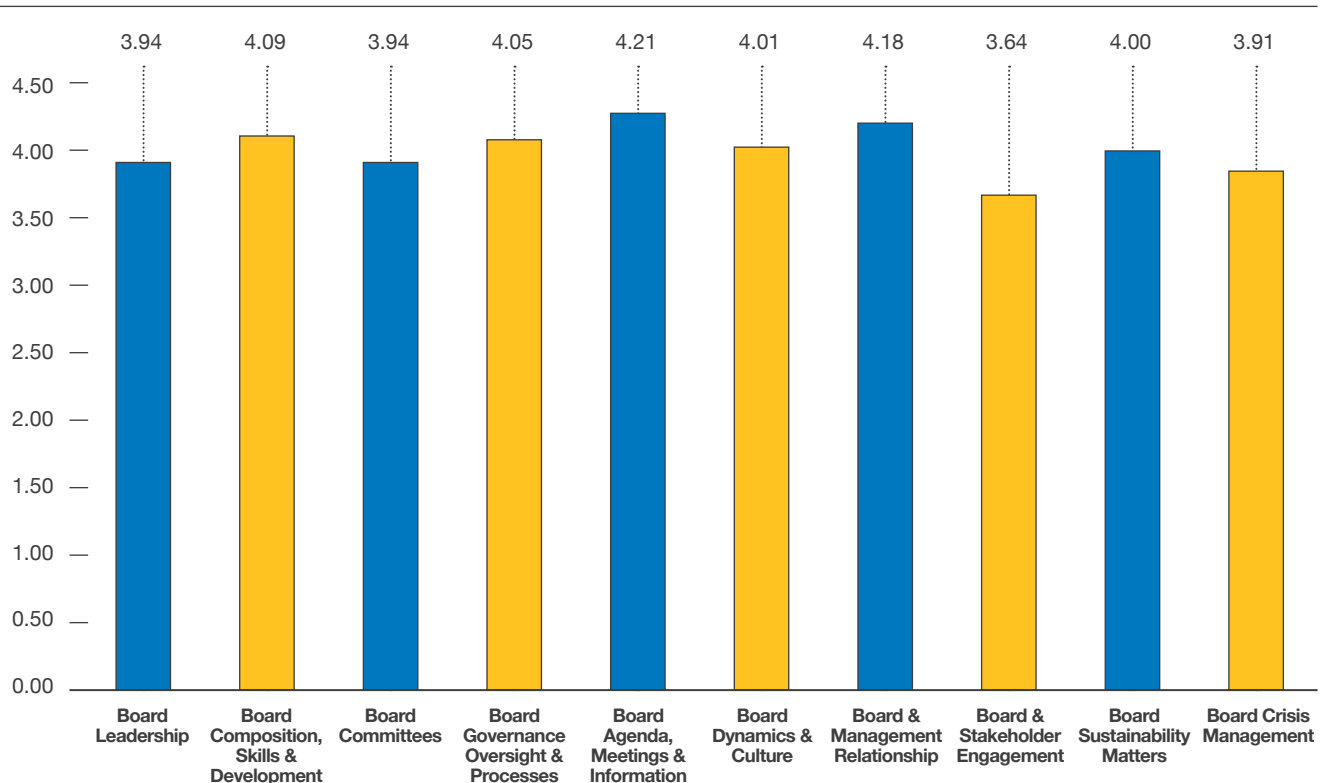
The BEE was conducted through a combination of online surveys, one-on-one confidential interviews with Board members and selected senior management, sighting of relevant corporate governance-related documents confidentially, peer reviews and board-working facilitation, based on the following review objectives:-

- Give insights to the Board, Board Committees and Individual Directors which can be used as a basis for the journey towards becoming a high-performing board;
- Identify areas that may improve current board oversight and board processes and discuss the best approach to addressing them;
- Evaluate the Boards’ decision-making role on the Group strategies and implementation plan for long-term shareholders’ value creation;
- Assess the culture and dynamics within the Board and its interaction with Senior Management; and
- Review the implementation of the action plan with supported set of recommendations benchmarked against MCCG 2021 and ICDM’s 10 Key Parameters as follows:

| | | | | |
|-------------------------------------|--|---|---|---|
| Board Leadership | Board Composition, Skills & Development | Board Committees | Board Governance Oversight & Processes | Board Agenda, Meetings & Information |
| Board Dynamics & Culture | Board & Management Relationship | Board & Stakeholder Engagement | Board Sustainability Matters | Board Crisis Management |

The BEE conducted revealed the overall effectiveness of the Board based on the ICDM’s 10 Key Parameters as follows:-

OVERALL AVERAGE RATING FOR ALL PARAMETERS



Source: Board Effectiveness Evaluation conducted by ICDM

NOMINATION AND REMUNERATION COMMITTEE REPORT

The proposed suggestions and improvement plans recommended by ICDM are in the areas related to Board and Senior Management succession plan, strategic stakeholder engagement, understanding and knowledge of sustainability issues, and crisis management and recovery plan. The Board envisaged to take the necessary actions to address these areas of improvement.

The Individual Director Evaluation (“IDE”) conducted on the individual Directors aims to identify those elements within their ‘Board Competency’ and ‘Technical Competency’ which require enhancements to further drive the success of the Board’s leadership and allow continuous development of the Board and individual Directors’ capabilities in areas of improvement identified. The components and the results of the IDE are as follows:-

| No. Component of IDE | Overall results |
|---|--|
| 1. Board Competency – Self vs Peer | There is a balanced view on how Directors assess themselves and that of their peers - being balanced and mostly competent |
| 2. Technical Competency – Directors Development Analysis <ul style="list-style-type: none"> • Industry and Technical • Governance • Behavioural • Board Process • Board Structure and Composition • Board Committee • Board Dynamics and Culture • Regulatory Compliance • Board & Management Relationship • Strategy and Risk Management Oversight • Emerging Trends • Sustainability • Stakeholder Relations and Communication | Generally, Directors have a working or functional proficiency level in all these technical competencies, save for the following areas for development:- 1) Sustainability; 2) Emerging Trends. |

The individual Directors had also undertaken and satisfied the fit and proper assessment pursuant to the Fit & Proper Policy adopted, via self-declaration and peer assessment. The Independent Directors had also fulfilled their independent role based on the criteria of independence as prescribed under Paragraph 1.01 and Practice Note 13 of the MMLR of Bursa Securities and by their objective participation in Board deliberations and exercised independent judgement during Board meetings.

In March 2023, ICDM presented the BEE Report, which entails the results/findings of the performance and effectiveness of the Board and Board Committees including the proposed suggestions and improvement plans, to the NRC and Board for deliberation and consideration. The IDE report was submitted to the Board Chairman and ICDM briefed the Board Chairman on the same recommending for necessary improvement actions to be taken. Generally, the NRC and Board agreed that the overall performance of the Board as a whole, Board Committees and individual Directors in respect of the FY2022 had performed satisfactorily and effectively.

All the assessments carried out are documented and maintained by ICDM for confidentiality purposes. The BEE Report and Individual Directors Evaluation Report are provided to the Company and being maintained by the Company Secretary.

The NRC and Board also reviewed the terms of office and performance of the ARMC and each of its members in accordance with Paragraph 15.20 of the MMLR of Bursa Securities. The NRC and Board were satisfied that the ARMC and its members had carried out their duties in accordance with the ARMC's Terms of Reference. The NRC and the Board also affirmed that the tenure of office of the individual ARMC members is reasonable.

The NRC also set KPIs for each year for the EDs to ensure alignment with corporate targets before the commencement of the new financial year, evaluated the performance of the EDs against their annual KPIs set, and proposed the remuneration package of the EDs for recommendation to the Board for consideration and endorsement.

SUCCESSION PLANNING

The NRC also reviews succession planning to ensure that there is a steady pool of talent with relevant calibre and qualities to fill vacancies in the Board and as EDs, to provide orderly succession and ensure continuity of leadership. Succession planning for critical management positions is delegated to the EDs as EDs are in a better position to identify successors for critical management positions as EDs manage the day-to-day business affairs of the Group. The EDs apprise and update the NRC on the progress of succession planning for these critical management positions.

The NRC and the Board acknowledged that succession planning is an exercise to be undertaken over time as it involves a long process, from sourcing and identifying qualified and suitable candidates either internally and/or externally, to formulating relevant training and development programmes, through nurturing the shortlisted candidates to prepare them to succeed the EDs and to step into critical management positions.

BOARD REMUNERATION

The NRC is also responsible for establishing and reviewing, as and when necessary, the remuneration policy and procedures for the Board, Board Committees, EDs and KSM for recommendation to the Board for approval. Independent professional advice may be obtained to determine the remuneration framework.

The NRC ensures that the remuneration policy and framework adopted is consistent with the Group's business strategy and forms a competitive remuneration structure. This links rewards to corporate and individual performance, and ensures the Group attracts and retains the right talent of the appropriate calibre, skills, experience and quality to drive and achieve the Group's long-term objectives, business sustainability and create long-term value for shareholders.

In reviewing the remuneration for Non-Executive Directors ("NEDs"), the NRC considers various factors including the NEDs' fiduciary duties, level of responsibilities, time commitment expected of them and the Company's performance. A remuneration review exercise for NEDs will also be undertaken involving salary benchmarking against comparable peers of other public listed companies in the retail sector, GLC, non-GLCs and the top 30 largest companies by market capitalisation, to ensure that the remuneration payable commensurates with and is aligned to prevailing market rates. The Board determines and decides the fees and remuneration payable to the NEDs as a whole based on the recommendation of the NRC. Directors' fees and any benefits payable to the NEDs are subject to shareholders' approval at the AGM, pursuant to Section 230(1) of the Act. The NEDs shall abstain from deliberating and voting during Board meetings and/or AGMs, if he/she is also a shareholder, in respect of their own remuneration.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The components of the remuneration packages for NEDs as approved by the shareholders of the Company at the 11th AGM of the Company held on 8 June 2022, being the effective date up to 30 June 2023, are as follows:-

| Type of remuneration | Amount (RM) |
|--------------------------|-------------------|
| Directors' Fees | |
| - Non-Executive Chairman | 159,000 per annum |
| - Other NEDs | 115,800 per annum |
| Meeting Allowance | 1,000 per meeting |
| Chairman's Allowance | 60,000 per annum |

The Chairman's Allowance of RM60,000 per annum payable to our Independent Non-Executive Chairman is for his time commitment and involvement in corporate responsibilities activities undertaken by the Group.

The remuneration payable to the NEDs is paid on a monthly basis in arrears upon services rendered by the NEDs. A total remuneration of RM570,000 was paid to the four (4) INEDs in respect of FY2022. Brahm A/L Vasudevan, our NINED, voluntarily offered his remuneration for contribution to a charitable organisation.

The Board adopted the market practice of reviewing the remuneration packages of NEDs every three (3) years. The last review of the remuneration package for NEDs was effective for a three (3) year period commencing January 2023. Accordingly, the next review period will be for a further three (3) years effective January 2026.

The remuneration policy for EDs and KSM and their corresponding remuneration package is structured based on their respective individual performance against their pre-determined KPIs and corporate performance. The components of the remuneration package for EDs include basic salaries, bonuses, travel allowances, benefits-in-kind, ESOS and other benefits. The NRC reviews and recommends to the Board for approval the remuneration package for EDs based on the achievement of their KPIs set and corporate performance, on an annual basis. The remuneration for KSM is delegated to the EDs, as the EDs are in a better position to evaluate their performance and align the remuneration with the performance of the KSM.

ESOS

The ESOS was established by the Company on 20 November 2019 with the aim to motivate, reward and retain its eligible EDs and employees with share options under the ESOS, as well as an opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of the Group, whilst at the same time giving them a greater sense of ownership.

As part of the responsibilities of the NRC, the NRC is also entrusted by the Board to review the ESOS to ensure fair and effective implementation and administration of the ESOS in accordance with the ESOS By-Laws.

The details of the vesting of options under the ESOS are set out on pages 65 to 66 of this Annual Report 2022 under Additional Compliance Information.

[The NRC Report was endorsed by the NRC on 30 March 2023.]

ADDITIONAL COMPLIANCE INFORMATION

STATUS OF UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposal during the financial year under review.

AUDIT & NON-AUDIT FEES

The amount of fees paid/payable to BDO PLT, External Auditors, and its member firm and affiliate for the audit and non-audit services rendered to the Group for the FY2022 are as follows:-

| | Group 2022 RM'000 | Company 2022 RM'000 |
|--|-------------------------|---------------------------|
| Statutory audit | | |
| - BDO PLT | 538 | 70 |
| - Member firm of BDO PLT | 29 | - |
| Non-statutory audit | | |
| - BDO PLT | 119 | 21 |
| - Affiliate and member firm of BDO PLT | 172 | 18 |

The nature of services rendered for non-statutory audit fees incurred include review of Statement on Risk Management and Internal Control and tax compliance services.

MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts involving the interests of the Directors, Chief Executive Officer and/or major shareholders during the FY2022 or still subsisting at the end of the FY2022:-

- (i) *Sale and Purchase Agreement dated 5 January 2023 in respect of the acquisition of 80 units of foreign workers quarter under the Centralised Labour Quarter/Pusat Asrama Pekerja Asing ("PAPA") project @ Balakong*

On 5 January 2023, Mr D.I.Y. Management Two Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into Sale and Purchase Agreements with Y5 Development Sdn. Bhd. ("Y5 Development") and U & Location Sdn. Bhd. ("U & Location") to acquire 80 units of foreign workers quarter under the PAPA project @ Balakong located at Lot PT 60812 (HSM 23176), Jalan Suria Park 1, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor for a total purchase consideration of RM13.2 million. The purchase consideration shall be satisfied via internal generated fund and/or bank borrowings.

Tan Yu Yeh being the Interested Director and Major Shareholder, is also a major shareholder in Y5 Development via U & Location, applying Section 8(4) of the Companies Act, and also a director and major shareholder in U & Location.

ESOS

The ESOS of the Company was established on 20 November 2019 and was implemented by the Company on 22 October 2020 where ESOS options were granted to the eligible Directors and employees of the Group, subject to the ESOS By-Laws governing the ESOS. The ESOS has a duration of five (5) years, which will expire on 21 October 2025.

Information in relation to ESOS are illustrated in the tables below:

| Total options granted under the ESOS | Since commencement of ESOS | During FY2022 |
|--|----------------------------|---------------|
| Total number of options granted | 47,090,000 | - |
| Total number of options granted, after adjustment following bonus issuance | 66,768,650 | 19,678,650 |
| Total number of options exercised | 12,473,150 | 8,420,250 |
| Total number of options outstanding | 54,295,500 | 54,295,500 |

| Options granted to Directors and Chief Executive | Since commencement of ESOS | During FY2022 |
|--|----------------------------|---------------|
| Aggregate options granted | 2,480,000 | - |
| Aggregate options granted, after adjustment following bonus issuance | 3,720,000 | 1,240,000 |
| Aggregate options exercised | - | - |
| Aggregate options outstanding | 3,720,000 | 3,720,000 |

ADDITIONAL COMPLIANCE INFORMATION

| Directors and Senior Management | Since commencement of ESOS | During FY2022 |
|---|----------------------------|---------------|
| Actual percentage granted, after adjustment following bonus issuance | 18.18% | 19.24% |
| There is no maximum allocation of ESOS options to the Directors and Senior Management prescribed in the ESOS By-Laws. | | |

There was no ESOS option offered to the Non-Executive Directors of the Company pursuant to the ESOS in respect of the FY2022.

RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the FY2022 pursuant to the shareholder mandate on recurrent related party transactions of a revenue or trading nature obtained at the 11th Annual General Meeting of the Company held on 8 June 2022 is RM28,941,049 representing 2.02% of the percentage ratio which is above the threshold prescribed under Paragraph 10.09 (1) of the MMLR of Bursa Securities are as follows:-

| Transacting Parties | Nature of Transaction | Name of Interested Related Parties | Actual Value Transacted for FY2022 |
|---|---|---|------------------------------------|
| MDGM Group and MDIH Group | Provision of consultancy and shared functions services by MDGM Group to MDIH Group: <ul style="list-style-type: none"> Merchandise and product procurement Financial reporting Consultancy services Ad-hoc services | Interested Directors <ul style="list-style-type: none"> Tan Yu Yeh ⁽¹⁾ Brahmal A/L Vasudevan ⁽²⁾ Interested Major Shareholders <ul style="list-style-type: none"> Tan Yu Yeh Tan Yu Wei ⁽³⁾ Interested person connected with Director and Major Shareholders <ul style="list-style-type: none"> Bee Family Limited ⁽⁴⁾ | RM6,996,303 |
| Mr. D.I.Y. Trading Sdn. Bhd. (“MDT”) and Mr D.I.Y. Trading (Singapore) Pte. Ltd. (“MDT(S)”) | Sale and supply of goods by MDT to MDT(S) for its retail operations in Singapore | Interested Director and Major Shareholder <ul style="list-style-type: none"> Tan Yu Yeh ⁽⁵⁾ Interested Major Shareholder <ul style="list-style-type: none"> Tan Yu Wei ⁽⁵⁾ Interested person connected with Director and Major Shareholders <ul style="list-style-type: none"> Bee Family Limited ⁽⁴⁾ | RM21,944,746 |
| Total | | | RM28,941,049 |

Notes:

- ⁽¹⁾ Tan Yu Yeh is a director and substantial shareholder of MDIH.
- ⁽²⁾ Brahmal A/L Vasudevan who resigned as Director on 3 April 2023 is a person connected with certain transacting parties of entities incorporated in Philippines, Indonesia, India and Spain of MDIH Group.
- ⁽³⁾ Tan Yu Wei is a substantial shareholder of MDIH.
- ⁽⁴⁾ Bee Family Limited, a Major Shareholder of MDGM in which Tan Yu Yeh and Tan Yu Wei are deemed interested by virtue of their interest in Bee Family Limited via Yeh Family (PTC) Ltd. and WEI Future Capital (PTC) Ltd., respectively, applying Section 8(4) of the Act.
- ⁽⁵⁾ Tan Yu Yeh and Tan Yu Wei are the substantial shareholders of MDIH, the holding company of MDT(S).

BUSINESS LICENCES AND FIRE CERTIFICATES

As at 13 April 2023, we have obtained business licenses for 1,006 stores or 89% of our total stores count of 1,130. In respect of fire certificates, our Group had managed to obtain fire certificates for 6 out of our 17 distribution centres in Malaysia.

Notwithstanding the above, applications have been submitted to the relevant authorities for the outstanding business licences and fire certificates.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Act and Paragraph 15.26(a) of the MMLR of Bursa Securities, the Directors are required to prepare the financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies in accordance with applicable approved accounting standards and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Act also requires the Directors to ensure that the Group and the Company keep such accounting and other records of the Group and of the Company with reasonable accuracy to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS



| | | | |
|----------------------------------|----|---|----|
| Directors' Report | 69 | Statements of Profit or Loss and Other Comprehensive Income | 82 |
| Statement by Directors | 76 | Statements of Changes in Equity | 83 |
| Statutory Declaration | 76 | Statements of Cash Flows | 85 |
| Independent Auditors' Report | 77 | Notes to the Financial Statements | 87 |
| Statements of Financial Position | 81 | | |

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are mainly retailing of home improvement products, mass merchandise, games, toys, groceries and related business and activities. The principal activities and details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

| | Group RM'000 | Company RM'000 |
|-------------------------------|-----------------|-------------------|
| Profit for the financial year | 472,949 | 224,119 |
| Attributable to: | | |
| Owners of the Company | 472,949 | 224,119 |

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

| | RM'000 |
|--|----------------|
| In respect of financial year ended 31 December 2021: | |
| Interim single tier dividend of RM0.009 per ordinary share on 6,282,567,900 ordinary shares, declared on 16 February 2022 and paid on 1 April 2022. | 56,543 |
| In respect of financial year ended 31 December 2022: | |
| Interim single tier dividend of RM0.007 per ordinary share on 6,284,156,800 ordinary shares, declared on 13 May 2022 and paid on 24 June 2022. | 43,989 |
| Interim single tier dividend of RM0.006 per ordinary share on 9,426,756,892 ordinary shares, declared on 4 August 2022 and paid on 21 September 2022. | 56,561 |
| Interim single tier dividend of RM0.005 per ordinary share on 9,429,369,592 ordinary shares, declared on 8 November 2022 and paid on 21 December 2022. | 47,147 |
| | 204,240 |

On 14 February 2023, the Company declared an interim single tier dividend of RM0.006 per ordinary share amounted to RM56,595,176 in respect of the financial year ended 31 December 2022, which was paid on 24 March 2023. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 6,280,460,100 ordinary shares to 9,430,982,742 ordinary shares by way of issuance of 3,150,522,642 new ordinary shares pursuant to the following:

- (a) 3,872,600 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM1.60 each for cash totalling RM6,196,160;
- (b) 4,483,750 options exercised under the ESOS at exercise price of RM1.07 each for cash totalling RM4,797,612; and
- (c) 3,142,166,292 ordinary shares pursuant to the bonus issue exercise undertaken by the Company on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of the Company.

The newly issued ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company. There were no other issuances of shares during the financial year.

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

EMPLOYEES' SHARE OPTION SCHEME

On 20 November 2019, the Company established an ESOS for the granting of ESOS to eligible Directors and employees of the Group. The ESOS was implemented on 22 October 2020.

The ESOS is administered by the Nomination and Remuneration Committee and governed by the By-Laws of the ESOS.

The salient features of the ESOS are as follows:

- (a) The total number of new ordinary shares in the Company, which may be made available under the ESOS shall not exceed in aggregate 5% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS;
- (b) The ESOS shall be in force for a period of five (5) years from the effective date and is renewable for a period of up to five (5) years immediately from the expiry of first five (5) years;
- (c) Subject to the discretion of the Nomination and Remuneration Committee, an employee or a Director of the Group who fulfils the relevant conditions of the By-Laws of the ESOS shall be eligible to participate in the ESOS ("Eligible Person");
- (d) The number of the options to be offered to an Eligible Person in accordance with the ESOS shall be determined based on, *inter alia*, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the relevant eligibility criteria, and/or such other matters as the Nomination and Remuneration Committee deems fit and the offer shall be valid for acceptance by an Eligible Person for a period of thirty (30) days from the date of offer;
- (e) Subject to any adjustments made under the By-Laws of the ESOS and pursuant to the listing requirements of Bursa Malaysia Securities Berhad, the exercise price shall be:
 - (i) In respect of any offer which is made in conjunction with the listing of the Company, the final price paid by investors for the ordinary shares issued by the Company under its retail offering pursuant to its initial public offering;
 - (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 volume weighted average market price of the ordinary shares of the Company immediately preceding the date of the offer, with a discount, if any, provided always that such discount is not more than ten percent (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities as amended from time to time during the option period; and
- (f) The aggregate number of ordinary shares in the Company, which a grantee can subscribe under his/her options in a particular year of the ESOS shall at times be subject to a maximum of twenty-five percent (25%) of the total number of ordinary shares in the Company comprising the options held by such grantee. Any remaining unexercised options for any particular year will be accumulated in the following year.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME (continued)

Details of the ESOS options granted are as follows:

| | Date of offer | [----- Number of options over ordinary shares -----] Movements during the financial year | | | | Outstanding as at 31.12.2022 | Exercisable as at 31.12.2022 |
|---------------|---------------|---|--|--------------------------|------------|------------------------------|------------------------------|
| | | Balance as at 1.1.2022 | Adjustments (Bonus Issue) [#] | Exercised | | | |
| First Grant* | 23.10.2020 | 42,744,600 | 19,532,400 | (8,274,000) [^] | 54,003,000 | 18,978,000 | |
| Second Grant* | 29.03.2021 | 292,500 | 146,250 | (146,250) ^{^^} | 292,500 | - | |

Adjustments made pursuant to the issuance of new ordinary shares in the Company ("Bonus Shares") following the bonus issue exercise undertaken by the Company on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of the Company ("Bonus Issue").

* Exercise price of the share options have been adjusted pursuant to the Bonus Issue. The details of the adjusted exercise prices are shown in the table below:

| Grant No. | Date of offer/ Before Bonus Shares | | After Bonus Shares | |
|-----------|---------------------------------------|--|--------------------|--|
| | (RM) | | (RM) | |
| First | 1.60 | | 1.07 | |
| Second | 3.47 | | 2.32 | |

[^] Including 110,450 ESOS options exercised but ordinary shares not allotted as at 31 December 2022.

^{^^} Solely represented by ESOS options exercised but ordinary shares not allotted as at 31 December 2022.

DIRECTORS

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

Mr D.I.Y. Group (M) Berhad

Dato' Azlam Shah Bin Alias

Tan Yu Yeh

Ong Chu Jin Adrian

Brahmal A/L Vasudevan

Ng Ing Peng

Leng Choo Yin

Dato' Hamidah Binti Naziadin

Subsidiaries of Mr D.I.Y. Group (M) Berhad

Tan Yew Teik

Tan Yew Hock

Hajah Wadiwana Binti Hj Serudin

Zaleha Binti Mohd Mydin

Long Foo Lum (Appointed on 25 April 2022)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| | [----- Number of ordinary shares -----] | | | | |
|------------------------------|---|--------------------------|-----------|--------------|-----------------------------|
| | Balance as at 1.1.2022 | Bonus Issue [®] | Bought | Sold | Balance as at 31.12.2022 |
| The Company | | | | | |
| <u>Direct interests:</u> | | | | | |
| Dato' Azlam Shah Bin Alias | 500,000 | 250,000 | - | - | 750,000 |
| Tan Yu Yeh | 590,000 | 545,000 | 500,000 | - | 1,635,000 |
| Ong Chu Jin Adrian | 36,892,106 | 18,496,053 | 200,000 | - | 55,588,159 |
| Ng Ing Peng | 200,000 | 100,000 | - | - | 300,000 |
| Leng Choo Yin | 305,000 | 112,500 | - | (80,000) | 337,500 |
| Brahmal A/L Vasudevan | 2,000,000 | 1,750,000 | 1,500,000 | - | 5,250,000 |
| Dato' Hamidah Binti Naziadin | 40,000 | 20,000 | - | - | 60,000 |
| <u>Deemed interests:</u> | | | | | |
| Tan Yu Yeh ^a | 3,202,225,000 | 1,595,948,050 | - | (10,328,900) | 4,787,844,150 |
| Leng Choo Yin ^b | 100,000 | 50,000 | - | - | 150,000 |

| | [----- Number of ordinary shares -----] | | | |
|----------------------------------|---|--------|------|-----------------------------|
| | Balance as at 1.1.2022 | Bought | Sold | Balance as at 31.12.2022 |
| Immediate holding company | | | | |
| Bee Family Limited | | | | |
| <u>Deemed interest:</u> | | | | |
| Tan Yu Yeh ^c | 54,237 | - | - | 54,237 |

| | [----- Number of ordinary shares -----] | | | |
|---------------------------------|---|--------|---------|-----------------------------|
| | Balance as at 1.1.2022 | Bought | Sold | Balance as at 31.12.2022 |
| Ultimate holding company | | | | |
| Yeh Family (PTC) Ltd. | | | | |
| <u>Direct interest:</u> | | | | |
| Tan Yu Yeh | 1,000 | - | (1,000) | - |
| <u>Deemed interest:</u> | | | | |
| Tan Yu Yeh ^d | - | 1,000 | - | 1,000 |

| | [----- Number of options over ordinary shares -----] | | | | |
|--------------------------|--|---|-----------|---------|-----------------------------|
| | Balance as at 1.1.2022 | Adjustments (Bonus Issue) ⁺ | Exercised | Expired | Balance as at 31.12.2022 |
| The Company | | | | | |
| <u>Direct interests:</u> | | | | | |
| Tan Yu Yeh | 1,650,000 | 825,000 | - | - | 2,475,000 |
| Ong Chu Jin Adrian | 830,000 | 415,000 | - | - | 1,245,000 |

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

- ® Issuance of new ordinary shares in the Company ("Bonus Shares") following the bonus issue exercise undertaken by the Company on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of the Company ("Bonus Issue").
- + Adjustments made pursuant to the Bonus Issue during the financial year.
- a Deemed interested by virtue of his interest in Bee Family Limited, through the shareholdings held by Managecorp Limited ("Managecorp") in Yeh Family (PTC) Ltd. ("YFL"), applying Section 8(4) of the Companies Act 2016 in Malaysia. Managecorp is acting as a trustee for a trust settled by him in respect of YFL.
- b Deemed interested by virtue of the shares held by her spouse, applying Section 59(11)(c) of the Companies Act 2016 in Malaysia.
- c Deemed interested by virtue of his interest in Yeh Family (PTC) Ltd., applying Section 8(4) of the Companies Act 2016 in Malaysia.
- d Deemed interested by virtue of his interest in Yeh Family (PTC) Ltd., through Managecorp Limited acting as trustee for a trust settled by him in respect of Yeh Family (PTC) Ltd., applying Section 8(4) of the Companies Act 2016 in Malaysia.

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Tan Yu Yeh is also deemed to be interested in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business as disclosed in Note 31 to the financial statements.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for financial year ended 31 December 2022 were as follows:

| | Group RM'000 | Company RM'000 |
|--|-----------------|-------------------|
| Directors of the Company: | | |
| Fees | 446 | 446 |
| Salaries and bonuses | 1,955 | - |
| Contributions to defined contribution plan | 309 | - |
| Share options under ESOS | 158 | - |
| Other employee benefits | 271 | 124 |
| | 3,139 | 570 |
| Directors of subsidiaries: | | |
| Fees | 92 | - |
| Salaries and bonuses | 945 | - |
| Contributions to defined contribution plan | 88 | - |
| Share options under ESOS | 87 | - |
| Other employee benefits | 143 | - |
| | 1,355 | - |
| | 4,494 | 570 |

The estimated money value of benefits-in-kind for the Directors of subsidiaries are RM4,800.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The amount of insurance premium bore by the Company for the financial year 2022 was RM42,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that provision need not be made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

DIRECTORS' REPORT

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company are Bee Family Limited and Yeh Family (PTC) Ltd. respectively, both of which are incorporated in British Virgin Islands.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) Acquisition of 80 units of foreign workers quarters under the Centralised Labour Quarter/Pusat Asrama Pekerja Asing ("PAPA") project

On 5 January 2023, Mr D.I.Y. Management Two Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into Sale and Purchase Agreements with Y5 Development Sdn. Bhd. and U & Location Sdn. Bhd., which are companies in which a Director has financial interests, to purchase 80 units of foreign workers quarters under the PAPA project for total purchase consideration of RM13.2 million for the purpose of accommodation for foreign workers. The above acquisition has yet to be completed as at the date of this report.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM'000 | Company RM'000 |
|--------------------------|-----------------|-------------------|
| Statutory audit | | |
| - BDO PLT | 538 | 70 |
| - Member firm of BDO PLT | 29 | - |
| | 567 | 70 |

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

Tan Yu Yeh
Director

Ong Chu Jin Adrian
Director

Kuala Lumpur
30 March 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 81 to 142 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tan Yu Yeh
Director

Ong Chu Jin Adrian
Director

Kuala Lumpur
30 March 2023

STATUTORY DECLARATION

I, Ong Chu Jin Adrian (CA 9971), being the Director primarily responsible for the financial management of Mr D.I.Y. Group (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 81 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
30 March 2023)

Ong Chu Jin Adrian

Before me:



SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MR D.I.Y. GROUP (M) BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mr D.I.Y. Group (M) Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition involving large volumes of low value transactions

We refer to Note 3.17(a) and Note 23 to the financial statements on the recognition of revenue in accordance with MFRS 15 *Revenue from Contracts with Customers*.

The Group utilises information technology system for the processing and recording of revenue involving large volumes of sales generated from its retail outlets, which predominantly consists of individually low value transactions.

We determined this to be a key audit matter as the revenue recognised from sales generated from retail outlets are material to the Group and poses a higher risk of material misstatement to the financial statements on the timing and amount of revenue recognised due to the magnitude of the sales transactions, which involves large volume of low value transactions.

Audit response

Our audit procedures included the following:

- (i) obtained an understanding of the design and implementation of key controls pertaining to the recording of sales and revenue recognition;
- (ii) tested the operating effectiveness of the key manual and automated controls over the processing and recording of revenue, including relevant information technology general controls through the involvement of our information technology specialists;
- (iii) tested the accuracy of data interface between the Point of Sales system and the general ledger;
- (iv) performed procedures by tracing samples of sales transactions against cash receipts deposited to financial institutions and the statements from financial institutions; and
- (v) performed cut-off procedures to determine that sales transactions were recorded in the appropriate accounting period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MR D.I.Y. GROUP (M) BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

(b) Recognition of right-of-use assets and lease liabilities

We refer to Note 4.2(a) and Note 8 to the financial statements on the recognition of right-of-use assets and lease liabilities. As at 31 December 2022, the Group had recognised right-of-use assets and lease liabilities for leases of Group with carrying amounts of RM1,231,459,000 and RM1,307,420,000 respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgements for specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

Audit response

Our audit procedures included the following:

- (i) obtained an understanding of the design and implementation of key controls pertaining to the recognition of leases;
- (ii) assessed the appropriateness of the discount rates applied in determining lease liabilities based on the lease contracts and relevant inputs, including the effect of increasing overnight policy rate ("OPR");
- (iii) assessed the appropriateness of the assumptions applied in determining the lease terms of the lease liabilities, including OPR, renewal and termination options of the leases;
- (iv) verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information; and
- (v) assessed the appropriateness of applying the requirements of Amendment to MFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MR D.I.Y. GROUP (M) BERHAD (INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (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 the internal control of the Group and of the Company.
- (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 and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MR D.I.Y. GROUP (M) BERHAD (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Tang Seng Choon
02011/12/2023 J
Chartered Accountant

Kuala Lumpur
30 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | Note | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 6 | 682,325 | 531,225 | - | - |
| Intangible assets | 7 | 6,959 | 6,202 | - | - |
| Right-of-use assets | 8 | 1,231,459 | 1,057,294 | - | - |
| Investments in subsidiaries | 9 | - | - | 184,345 | 181,051 |
| Investment in an associate | 10 | 9,867 | 7,893 | 1,620 | 1,620 |
| Other receivables | 13 | - | - | 102,061 | 90,041 |
| Deferred tax assets | 11 | 17,064 | 13,716 | - | - |
| | | 1,947,674 | 1,616,330 | 288,026 | 272,712 |
| Current assets | | | | | |
| Inventories | 12 | 1,099,725 | 748,938 | - | - |
| Trade and other receivables | 13 | 134,333 | 140,274 | 84,964 | 33,194 |
| Current tax assets | | 4,023 | 2,407 | - | - |
| Cash and bank balances | 14 | 137,843 | 192,650 | 41,540 | 74,896 |
| | | 1,375,924 | 1,084,269 | 126,504 | 108,090 |
| TOTAL ASSETS | | 3,323,598 | 2,700,599 | 414,530 | 380,802 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 15 | 316,689 | 303,412 | 316,689 | 303,412 |
| Reserves | 16 | 1,116,168 | 845,780 | 96,684 | 76,094 |
| TOTAL EQUITY | | 1,432,857 | 1,149,192 | 413,373 | 379,506 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 17 | 11,819 | 16,191 | - | - |
| Lease liabilities | 8 | 1,129,083 | 968,349 | - | - |
| Provision for restoration costs | 20 | 20,344 | 20,340 | - | - |
| Deferred tax liabilities | 11 | 8,839 | 8,148 | - | - |
| | | 1,170,085 | 1,013,028 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 173,488 | 149,839 | 869 | 1,007 |
| Borrowings | 17 | 318,470 | 192,155 | - | - |
| Lease liabilities | 8 | 178,337 | 147,269 | - | - |
| Provision for restoration costs | 20 | 437 | 644 | - | - |
| Current tax liabilities | | 49,924 | 48,472 | 288 | 289 |
| | | 720,656 | 538,379 | 1,157 | 1,296 |
| TOTAL LIABILITIES | | 1,890,741 | 1,551,407 | 1,157 | 1,296 |
| TOTAL EQUITY AND LIABILITIES | | 3,323,598 | 2,700,599 | 414,530 | 380,802 |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Revenue | 23 | 3,985,842 | 3,373,408 | 222,551 | 119,937 |
| Cost of sales | | (2,338,633) | (1,981,500) | - | - |
| Gross profit | | 1,647,209 | 1,391,908 | 222,551 | 119,937 |
| Other operating income | | 23,506 | 23,046 | 4,969 | 3,521 |
| Administrative expenses | | (151,161) | (117,102) | (2,314) | (3,504) |
| Other operating expenses | 24 | (818,895) | (652,931) | (4) | (6) |
| Profit from operations | | 700,659 | 644,921 | 225,202 | 119,948 |
| Finance costs | 25 | (63,319) | (60,631) | - | - |
| Share of profit of an associate, net of tax | | 4,025 | 2,117 | - | - |
| Profit before tax | 26 | 641,365 | 586,407 | 225,202 | 119,948 |
| Income tax expense | 28 | (168,416) | (154,580) | (1,083) | (854) |
| Profit for the financial year, attributable to the owners of the Company | | 472,949 | 431,827 | 224,119 | 119,094 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Gain on foreign currency translation | | 968 | 169 | - | - |
| Other comprehensive income, net of tax | | 968 | 169 | - | - |
| Total comprehensive income, attributable to the owners of the Company | | 473,917 | 431,996 | 224,119 | 119,094 |
| Earnings per share attributable to the owners of the Company (sen) | | | | | |
| Basic* | 29 | 5.02 | 4.59 | | |
| Diluted* | 29 | 5.00 | 4.57 | | |

* The total weighted average number of ordinary shares in issue as at 31 December 2021 had been adjusted retrospectively to reflect the Bonus Issue, which was completed on 24 June 2022 as disclosed in Note 15 to the financial statements.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Group | Note | Share capital RM'000 | Merger reserve RM'000 | Foreign currency translation reserve RM'000 | Share options reserve RM'000 | Distributable Retained earnings RM'000 | Total equity RM'000 |
|---|-------|-------------------------|--------------------------|--|---------------------------------|---|------------------------|
| Balance as at 1 January 2021 | | 295,625 | (117,450) | 52 | 1,212 | 697,237 | 876,676 |
| Profit for the financial year | | - | - | - | - | 431,827 | 431,827 |
| Other comprehensive income, net of tax | | - | - | 169 | - | - | 169 |
| Total comprehensive income | | - | - | 169 | - | 431,827 | 431,996 |
| Transactions with owners | | | | | | | |
| Issuance of shares | 15 | 7,787 | - | - | (1,428) | - | 6,359 |
| Dividends paid | 30 | - | - | - | - | (172,625) | (172,625) |
| ESOS share options expenses | 16(c) | - | - | - | 6,786 | - | 6,786 |
| Total transactions with owners | | 7,787 | - | - | 5,358 | (172,625) | (159,480) |
| Balance as at 31 December 2021/ 1 January 2022 | | 303,412 | (117,450) | 221 | 6,570 | 956,439 | 1,149,192 |
| Profit for the financial year | | - | - | - | - | 472,949 | 472,949 |
| Other comprehensive income, net of tax | | - | - | 968 | - | - | 968 |
| Total comprehensive income | | - | - | 968 | - | 472,949 | 473,917 |
| Transactions with owners | | | | | | | |
| Issuance of shares | 15 | 13,277 | - | - | (2,283) | - | 10,994 |
| Dividends paid | 30 | - | - | - | - | (204,240) | (204,240) |
| ESOS share options expenses | 16(c) | - | - | - | 2,994 | - | 2,994 |
| Total transactions with owners | | 13,277 | - | - | 711 | (204,240) | (190,252) |
| Balance as at 31 December 2022 | | 316,689 | (117,450) | 1,189 | 7,281 | 1,225,148 | 1,432,857 |

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Company | Note | Share capital RM'000 | Share options reserve RM'000 | Distributable Retained earnings RM'000 | Total equity RM'000 |
|---|-------|-------------------------|---------------------------------|---|------------------------|
| Balance as at 1 January 2021 | | 295,625 | 1,212 | 123,055 | 419,892 |
| Profit for the financial year | | - | - | 119,094 | 119,094 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income | | - | - | 119,094 | 119,094 |
| Transactions with owners | | | | | |
| Issuance of shares | 15 | 7,787 | (1,428) | - | 6,359 |
| Dividends paid | 30 | - | - | (172,625) | (172,625) |
| ESOS share options expenses | 16(c) | - | 6,786 | - | 6,786 |
| Total transactions with owners | | 7,787 | 5,358 | (172,625) | (159,480) |
| Balance as at 31 December 2021/ 1 January 2022 | | 303,412 | 6,570 | 69,524 | 379,506 |
| Profit for the financial year | | - | - | 224,119 | 224,119 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income | | - | - | 224,119 | 224,119 |
| Transactions with owners | | | | | |
| Issuance of shares | 15 | 13,277 | (2,283) | - | 10,994 |
| Dividends paid | 30 | - | - | (204,240) | (204,240) |
| ESOS share options expenses | 16(c) | - | 2,994 | - | 2,994 |
| Total transactions with owners | | 13,277 | 711 | (204,240) | (190,252) |
| Balance as at 31 December 2022 | | 316,689 | 7,281 | 89,403 | 413,373 |

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group | | Company | |
|---|-------|------------------|----------------|------------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before tax | | 641,365 | 586,407 | 225,202 | 119,948 |
| Adjustments for: | | | | | |
| Accretion of discount from deposits for leases | 26 | (1,951) | (6,159) | - | - |
| Amortisation of intangible assets | 7 | 2,162 | 1,737 | - | - |
| Depreciation of property, plant and equipment | 6 | 84,227 | 69,923 | - | - |
| Depreciation of right-of-use assets | 8 | 179,781 | 156,751 | - | - |
| Dividend income | 23 | - | - | (222,551) | (119,937) |
| ESOS share options expenses | 16(c) | 2,994 | 6,786 | - | - |
| Fair value (gain)/loss on financial guarantee contracts | 26 | - | - | (517) | 95 |
| Gain on disposal of property, plant and equipment | 26 | (200) | (328) | - | - |
| Gain on reassessments and modifications of leases | 26 | (1,678) | (2,596) | - | - |
| Interest expense on: | | | | | |
| - borrowings | 25 | 8,312 | 8,672 | - | - |
| - lease liabilities | 25 | 54,105 | 51,252 | - | - |
| Interest income | 26 | (2,016) | (1,665) | (4,451) | (3,521) |
| Inventory losses | 12 | 17,208 | 11,351 | - | - |
| Inventories written off | 12 | 16,017 | 10,647 | - | - |
| Inventories written down | 12 | 2,473 | - | - | - |
| Property, plant and equipment written off | 6 | 3,229 | 2,073 | - | - |
| Rent concessions | 8 | (1,420) | (3,657) | - | - |
| (Reversal of provision)/Provision for restoration costs | 20 | (4,000) | 45 | - | - |
| Share of profit of an associate | 10 | (4,025) | (2,117) | - | - |
| Unrealised (gain)/loss on foreign exchange | 26 | (5) | 71 | - | - |
| Unwinding of discount on provision for restoration costs | 25 | 902 | 707 | - | - |
| Operating profit/(loss) before changes in working capital | | 997,480 | 889,900 | (2,317) | (3,415) |
| Changes in working capital: | | | | | |
| Inventories | | (386,127) | (80,823) | - | - |
| Trade and other receivables | | 5,670 | (28,237) | (55) | 6 |
| Trade and other payables | | (2,747) | 8,688 | 379 | (6,715) |
| Cash generated from/(used in) operations | | 614,276 | 789,528 | (1,993) | (10,124) |
| Tax paid | | (171,287) | (138,828) | (1,084) | (863) |
| Tax refunded | | - | 132 | - | - |
| Net cash from/(used in) operating activities | | 442,989 | 650,832 | (3,077) | (10,987) |

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|------|-------------------------|-------------------------|---------------------------|---------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Additional investments in subsidiaries | 9 | - | - | - [^] | (11,500) |
| Dividends received from subsidiaries | | - | - | 220,500 | 119,487 |
| Dividend received from an associate | 10 | 2,051 | 450 | 2,051 | 450 |
| Interest income received | | 2,016 | 1,665 | 4,172 | 3,712 |
| Purchases of: | | | | | |
| - property, plant and equipment | 6 | (214,363) | (145,242) | - | - |
| - intangible assets | 7 | (2,769) | (2,535) | - | - |
| Proceeds from disposal of: | | | | | |
| - property, plant and equipment | | 3,054 | 2,071 | - | - |
| - intangible assets | | 135 | 105 | - | - |
| Advances to subsidiaries | | - | - | (64,030) | (91,636) |
| Repayments from subsidiaries | | - | - | 274 | 201,138 |
| Net cash (used in)/from investing activities | | (209,876) | (143,486) | 162,967 | 221,651 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Dividends paid | 30 | (204,240) | (172,625) | (204,240) | (172,625) |
| Drawdowns of revolving credits | | 230,000 | 50,668 | - | - |
| Interest expense paid on: | | | | | |
| - borrowings | | (7,765) | (8,323) | - | - |
| - lease liabilities | | (54,105) | (51,252) | - | - |
| Payments of lease liabilities | 8 | (153,946) | (123,355) | - | - |
| Proceeds from issuance of shares | | 10,994 | 6,359 | 10,994 | 6,359 |
| Repayments of hire purchase creditors | | (811) | (755) | - | - |
| Repayments of term loans | | (4,790) | (4,651) | - | - |
| Repayments of revolving credits | | (110,000) | (92,334) | - | - |
| Net cash used in financing activities | | (294,663) | (396,268) | (193,246) | (166,266) |
| Net (decrease)/increase in cash and cash equivalents | | (61,550) | 111,078 | (33,356) | 44,398 |
| Effects of exchange rate changes on cash and cash equivalents | | 545 | 28 | - | - |
| Cash and cash equivalents at the beginning of financial year | | 175,879 | 64,773 | 74,896 | 30,498 |
| Cash and cash equivalents at the end of financial year | 14 | 114,874 | 175,879 | 41,540 | 74,896 |

[^] Represents an investment of RM2 in a newly incorporated subsidiary as disclosed in Note 9 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

Mr D.I.Y. Group (M) Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Lot 1907, Jalan KPB 11, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor.

The Company is principally an investment holding company. The principal activities of the subsidiaries are mainly retailing of home improvement products, mass merchandise, games, toys, groceries and related business and activities. The principal activities and details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The immediate and ultimate holding companies of the Company are Bee Family Limited and Yeh Family (PTC) Ltd. respectively, both of which are incorporated in British Virgin Islands.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand (“RM’000”), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2023.

2. BASIS OF PREPARATION

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

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

The preparation of these financial statements in conformity with MFRSs and IFRSs 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.

3. 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.

3.1 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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 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.

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.

3.2 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;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations (continued)

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

- (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.

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 MFRSs. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment and depreciation

Property, plant and equipment excluding right-of-use assets

All items of property, plant and equipment excluding right-of-use assets 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 excluding right-of-use assets 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.

Each part of an item of property, plant and equipment excluding right-of-use assets 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 excluding right-of-use assets 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 excluding right-of-use assets 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 3.7 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 excluding right-of-use assets 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.

Right-of-use assets under property, plant and equipment

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

| | |
|----------------|-------------------------------|
| Leasehold land | over the period of 93.5 years |
| Motor vehicles | over the period of 5 years |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 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.

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 life 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.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

The Group as lessee (continued)

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.

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, after taking into consideration the effect of increasing overnight policy rate ("OPR"). 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.

3.6 Investments

- (a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

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

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Investments (continued)

(b) Associate

An associate is an entity over which the Group and the Company has 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.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses. 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.

The share of the profit or loss of the associate by the Group during the financial year 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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets (continued)

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, after taking into consideration the effect of the increasing OPR 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.

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.

3.8 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.

3.9 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(a) Financial assets (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.

Dividends 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, bank 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(b) Financial liabilities (continued)

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

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.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transactions 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.

3.10 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of financial assets (continued)

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.

3.11 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.

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.

3.12 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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Income taxes (continued)

(b) Deferred tax (continued)

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.

3.13 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.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Contingent liabilities and contingent assets (continued)

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.

3.15 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.

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 plan

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.

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 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 the end of the reporting period exchange rates 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.

3.17 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition (continued)

- (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.
 - (iii) Dividend income
Dividend income is recognised when the right to receive payment is established.
 - (iv) Management fees
Management fees are recognised during the period in which the services are rendered.

3.18 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.

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 consolidated 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 reporting 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 year in accordance with the quantitative thresholds would result in a restatement of prior year segment data for comparative purposes.

3.19 Earnings per share

- (a) Basic

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Earnings per share (continued)

(b) Diluted

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

3.20 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 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, after taking into consideration the effects of COVID-19 and Russia-Ukraine war, where applicable.

4.2 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 discount rates and lease term for leases

The Group determines the discount rates for leases based on the incremental borrowing rates of the Group, after taking into consideration the effect of increasing OPR. Significant judgements are required to be exercised by management in determining the appropriate discount rate for the respective leases based on prevailing market borrowing rates over similar lease terms, of similar value as the respective right-of-use assets in a similar economic environment.

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 is required to exercise significant judgements in considering 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 is reviewed periodically and is 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. OPERATING SEGMENTS (continued)

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.

| 31 December 2022 | Malaysia RM'000 | Brunei RM'000 | Eliminations RM'000 | Total RM'000 |
|---|--------------------|------------------|------------------------|------------------|
| Revenue | | | | |
| Sales to external customers | 3,954,990 | 30,852 | - | 3,985,842 |
| Inter-segment sales | 14,916 | - | (14,916) | - |
| Total revenue | 3,969,906 | 30,852 | (14,916) | 3,985,842 |
| Results | | | | |
| Profit from operations | 692,997 | 7,730 | (68) | 700,659 |
| Interest expense | (62,371) | (948) | - | (63,319) |
| Share of profit of an associate | 4,025 | - | - | 4,025 |
| Profit before tax | 634,651 | 6,782 | (68) | 641,365 |
| Income tax expense | (167,818) | (623) | 25 | (168,416) |
| Net profit for the financial year | 466,833 | 6,159 | (43) | 472,949 |
| Assets | | | | |
| Segment assets | 3,270,834 | 53,714 | (950) | 3,323,598 |
| Non-current assets (excluding right-of-use assets, investment in an associate and deferred tax assets) | 685,099 | 4,185 | - | 689,284 |
| Investment in an associate | 9,867 | - | - | 9,867 |
| Liabilities | | | | |
| Segment liabilities | 1,857,820 | 33,494 | (573) | 1,890,741 |
| Other segmental information | | | | |
| Depreciation and amortisation | 261,882 | 4,288 | - | 266,170 |
| Interest income | 2,016 | - | - | 2,016 |
| Non-cash expenses other than depreciation and amortisation | 37,976 | 842 | - | 38,818 |
| Capital expenditure | 242,815 | 1,435 | - | 244,250 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. OPERATING SEGMENTS (continued)

| 31 December 2021 | Malaysia RM'000 | Brunei RM'000 | Eliminations RM'000 | Total RM'000 |
|---|--------------------|------------------|------------------------|------------------|
| Revenue | | | | |
| Sales to external customers | 3,346,062 | 27,346 | - | 3,373,408 |
| Inter-segment sales | 12,768 | - | (12,768) | - |
| Total revenue | 3,358,830 | 27,346 | (12,768) | 3,373,408 |
| Results | | | | |
| Profit from operations | 641,299 | 8,235 | (4,613) | 644,921 |
| Interest expense | (59,758) | (873) | - | (60,631) |
| Share of profit of an associate | 2,117 | - | - | 2,117 |
| Profit before tax | 583,658 | 7,362 | (4,613) | 586,407 |
| Income tax expense | (153,713) | (869) | 2 | (154,580) |
| Net profit for the financial year | 429,945 | 6,493 | (4,611) | 431,827 |
| Assets | | | | |
| Segment assets | 2,665,950 | 35,589 | (940) | 2,700,599 |
| Non-current assets (excluding right-of-use assets, investment in an associate and deferred tax assets) | 534,328 | 3,099 | - | 537,427 |
| Investment in an associate | 7,893 | - | - | 7,893 |
| Liabilities | | | | |
| Segment liabilities | 1,529,517 | 22,495 | (605) | 1,551,407 |
| Other segmental information | | | | |
| Depreciation and amortisation | 224,612 | 3,799 | - | 228,411 |
| Interest income | 1,665 | - | - | 1,665 |
| Non-cash expenses other than depreciation and amortisation | 25,024 | 6,656 | - | 31,680 |
| Capital expenditure | 169,692 | 1,918 | - | 171,610 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. PROPERTY, PLANT AND EQUIPMENT

| | Balance as at 1.1.2022 RM'000 | Additions RM'000 | Disposals RM'000 | Written off RM'000 | Exchange differences RM'000 | Balance as at 31.12.2022 RM'000 |
|-----------------------------------|--|---------------------|---------------------|--------------------------|-----------------------------------|--|
| 31 December 2022 | | | | | | |
| At cost | | | | | | |
| Freehold land | 70,538 | 24,766 | - | - | - | 95,304 |
| Leasehold land | 13,152 | - | - | - | - | 13,152 |
| Buildings | 45,301 | 18 | - | - | - | 45,319 |
| Furniture, fittings and equipment | 414,211 | 110,303 | (3,053) | (4,965) | 264 | 516,760 |
| Motor vehicles | 36,324 | 11,784 | (770) | - | 4 | 47,342 |
| Renovations | 139,310 | 30,461 | (354) | (2,035) | 99 | 167,481 |
| Signboards | 43,995 | 9,544 | (123) | (837) | 11 | 52,590 |
| Capital work-in-progress | 4,738 | 54,320 | - | - | - | 59,058 |
| | 767,569 | 241,196 | (4,300) | (7,837) | 378 | 997,006 |

| | Balance as at 1.1.2022 RM'000 | Depreciation charge for the financial year RM'000 | Disposals RM'000 | Written off RM'000 | Exchange differences RM'000 | Balance as at 31.12.2022 RM'000 |
|-----------------------------------|--|--|---------------------|--------------------------|-----------------------------------|--|
| 31 December 2022 | | | | | | |
| Accumulated depreciation | | | | | | |
| Leasehold land | 128 | 142 | - | - | - | 270 |
| Buildings | 2,653 | 1,150 | - | - | - | 3,803 |
| Furniture, fittings and equipment | 124,707 | 47,577 | (720) | (2,742) | 80 | 168,902 |
| Motor vehicles | 17,876 | 6,795 | (608) | - | 4 | 24,067 |
| Renovations | 77,478 | 23,775 | (101) | (1,419) | 77 | 99,810 |
| Signboards | 13,502 | 4,788 | (17) | (447) | 3 | 17,829 |
| | 236,344 | 84,227 | (1,446) | (4,608) | 164 | 314,681 |

| | Balance as at 1.1.2021 RM'000 | Additions RM'000 | Disposals RM'000 | Written off RM'000 | Reclassi- fication RM'000 | Exchange differences RM'000 | Balance as at 31.12.2021 RM'000 |
|--------------------------------------|--|---------------------|---------------------|--------------------------|---------------------------------|-----------------------------------|--|
| 31 December 2021 | | | | | | | |
| At cost | | | | | | | |
| Freehold land | 70,538 | - | - | - | - | - | 70,538 |
| Leasehold land | - | 13,152 | - | - | - | - | 13,152 |
| Buildings | 45,301 | - | - | - | - | - | 45,301 |
| Furniture, fittings and equipment | 310,895 | 103,392 | (548) | (3,176) | 3,615 | 33 | 414,211 |
| Motor vehicles | 26,295 | 11,093 | (1,065) | - | - | 1 | 36,324 |
| Renovations | 111,287 | 29,787 | - | (1,782) | - | 18 | 139,310 |
| Signboards | 35,153 | 9,733 | (192) | (701) | - | 2 | 43,995 |
| Capital work-in-progress | 7,904 | 1,450 | (1,001) | - | (3,615) | - | 4,738 |
| | 607,373 | 168,607 | (2,806) | (5,659) | - | 54 | 767,569 |

| | Balance as at 1.1.2021 RM'000 | Depreciation charge for the financial year RM'000 | Disposals RM'000 | Written off RM'000 | Exchange differences RM'000 | Balance as at 31.12.2021 RM'000 |
|-----------------------------------|--|--|---------------------|--------------------------|-----------------------------------|--|
| 31 December 2021 | | | | | | |
| Accumulated depreciation | | | | | | |
| Leasehold land | - | 128 | - | - | - | 128 |
| Buildings | 1,632 | 1,021 | - | - | - | 2,653 |
| Furniture, fittings and equipment | 88,694 | 37,916 | (231) | (1,684) | 12 | 124,707 |
| Motor vehicles | 13,104 | 5,592 | (821) | - | 1 | 17,876 |
| Renovations | 57,711 | 21,297 | - | (1,544) | 14 | 77,478 |
| Signboards | 9,901 | 3,969 | (11) | (358) | 1 | 13,502 |
| | 171,042 | 69,923 | (1,063) | (3,586) | 28 | 236,344 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Group | |
|-----------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Carrying amounts | | |
| Freehold land | 95,304 | 70,538 |
| Leasehold land | 12,882 | 13,024 |
| Buildings | 41,516 | 42,649 |
| Furniture, fittings and equipment | 347,858 | 289,504 |
| Motor vehicles | 23,275 | 18,448 |
| Renovations | 67,671 | 61,831 |
| Signboards | 34,761 | 30,493 |
| Capital work-in-progress | 59,058 | 4,738 |
| | 682,325 | 531,225 |

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

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Additions of property, plant and equipment | 241,196 | 168,607 |
| Other payables | (25,487) | (20,405) |
| Financed by hire purchase creditors | (1,346) | (1,175) |
| Reclassification from deposits under other receivables | - | (1,785) |
| Cash payments on purchase of property, plant and equipment | 214,363 | 145,242 |

- (b) Included in the Group's property, plant and equipment are right-of-use assets as follows:

| 31 December 2022 | Balance as at 1.1.2022 RM'000 | Additions RM'000 | Disposals RM'000 | Balance as at 31.12.2022 RM'000 |
|------------------|--|---------------------|---------------------|--|
| | At cost | | | |
| Leasehold land | 13,152 | - | - | 13,152 |
| Motor vehicles | 5,371 | 1,346 | (534) | 6,183 |
| | 18,523 | 1,346 | (534) | 19,335 |

| 31 December 2022 | Balance as at 1.1.2022 RM'000 | Depreciation charge for the financial year RM'000 | Disposals RM'000 | Balance as at 31.12.2022 RM'000 |
|------------------|--|---|---------------------|--|
| | Accumulated depreciation | | | |
| Leasehold land | 128 | 142 | - | 270 |
| Motor vehicles | 3,508 | 726 | (441) | 3,793 |
| | 3,636 | 868 | (441) | 4,063 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Included in the Group's property, plant and equipment are right-of-use assets as follows: (continued)

| 31 December 2021 | Balance as at 1.1.2021 RM'000 | Additions RM'000 | Disposals RM'000 | Balance as at 31.12.2021 RM'000 |
|------------------|--|---------------------|---------------------|--|
| At cost | | | | |
| Leasehold land | - | 13,152 | - | 13,152 |
| Motor vehicles | 4,670 | 1,175 | (474) | 5,371 |
| | 4,670 | 14,327 | (474) | 18,523 |

| 31 December 2021 | Balance as at 1.1.2021 RM'000 | Depreciation charge for the financial year RM'000 | Disposals RM'000 | Balance as at 31.12.2021 RM'000 |
|---------------------------------|--|---|---------------------|--|
| Accumulated depreciation | | | | |
| Leasehold land | - | 128 | - | 128 |
| Motor vehicles | 3,036 | 763 | (291) | 3,508 |
| | 3,036 | 891 | (291) | 3,636 |

| | 2022 RM'000 | Group 2021 RM'000 |
|-------------------------|----------------|-------------------------|
| Carrying amounts | | |
| Leasehold land | 12,882 | 13,024 |
| Motor vehicles | 2,390 | 1,863 |
| | 15,272 | 14,887 |

Leasehold land for which the Group has land title amounted to RM12,882,000 (2021: RM13,024,000) and the motor vehicles are under hire purchase arrangements.

(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 17 to the financial statements with carrying amounts as follows:

| | 2022 RM'000 | Group 2021 RM'000 |
|---------------|----------------|-------------------------|
| Freehold land | 19,075 | 19,075 |
| Buildings | 28,366 | 28,978 |
| | 47,441 | 48,053 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. INTANGIBLE ASSETS

| 31 December 2022 | Balance as at 1.1.2022 RM'000 | Additions RM'000 | Disposals RM'000 | Balance as at 31.12.2022 RM'000 |
|------------------|--|---------------------|---------------------|--|
|------------------|--|---------------------|---------------------|--|

At cost

| | | | | |
|-------------------|--------|-------|-------|--------|
| Computer software | 12,230 | 3,054 | (205) | 15,079 |
|-------------------|--------|-------|-------|--------|

| 31 December 2022 | Balance as at 1.1.2022 RM'000 | Amortisation charge for the financial year RM'000 | Disposals RM'000 | Balance as at 31.12.2022 RM'000 |
|------------------|--|---|---------------------|--|
|------------------|--|---|---------------------|--|

Accumulated amortisation

| | | | | |
|-------------------|-------|-------|------|-------|
| Computer software | 6,028 | 2,162 | (70) | 8,120 |
|-------------------|-------|-------|------|-------|

| 31 December 2021 | Balance as at 1.1.2021 RM'000 | Additions RM'000 | Disposals RM'000 | Balance as at 31.12.2021 RM'000 |
|------------------|--|---------------------|---------------------|--|
|------------------|--|---------------------|---------------------|--|

At cost

| | | | | |
|-------------------|-------|-------|-------|--------|
| Computer software | 9,386 | 3,003 | (159) | 12,230 |
|-------------------|-------|-------|-------|--------|

| 31 December 2021 | Balance as at 1.1.2021 RM'000 | Amortisation charge for the financial year RM'000 | Disposals RM'000 | Balance as at 31.12.2021 RM'000 |
|------------------|--|---|---------------------|--|
|------------------|--|---|---------------------|--|

Accumulated amortisation

| | | | | |
|-------------------|-------|-------|------|-------|
| Computer software | 4,345 | 1,737 | (54) | 6,028 |
|-------------------|-------|-------|------|-------|

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |

Carrying amount

| | | |
|-------------------|-------|-------|
| Computer software | 6,959 | 6,202 |
|-------------------|-------|-------|

- (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 purchase intangible assets:

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Additions of intangible assets | 3,054 | 3,003 |
| Other payables | (285) | (468) |
| Cash payments on purchase of intangible assets | 2,769 | 2,535 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

| | 2022 RM'000 | Group 2021 RM'000 |
|----------------------------------|------------------|-------------------------|
| Cost | | |
| As at 1 January | 1,537,868 | 1,230,751 |
| Additions | 303,392 | 252,934 |
| Reassessments and modifications | 19,790 | 53,833 |
| Exchange differences | 2,206 | 350 |
| As at 31 December | 1,863,256 | 1,537,868 |
| Accumulated depreciation | | |
| As at 1 January | (480,574) | (351,329) |
| Depreciation charge for the year | (179,781) | (156,751) |
| Reassessments and modifications | 29,345 | 27,628 |
| Exchange differences | (787) | (122) |
| As at 31 December | (631,797) | (480,574) |
| Carrying amounts | 1,231,459 | 1,057,294 |

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

| | 2022 RM'000 | Group 2021 RM'000 |
|--------------------|------------------|-------------------------|
| Non-current | | |
| Lease liabilities | 1,129,083 | 968,349 |
| Current | | |
| Lease liabilities | 178,337 | 147,269 |
| | 1,307,420 | 1,115,618 |

The movements of lease liabilities during the financial year are as follows:

| | 2022 RM'000 | Group 2021 RM'000 |
|---------------------------------|------------------|-------------------------|
| As at 1 January | 1,115,618 | 934,382 |
| Interest charged for the year | 54,105 | 51,252 |
| Additions | 298,184 | 229,143 |
| Reassessments and modifications | 47,490 | 78,865 |
| Rent concessions | (1,420) | (3,657) |
| Exchange differences | 1,494 | 240 |
| Payments of: | | |
| - Principal | (153,946) | (123,355) |
| - Interest expense | (54,105) | (51,252) |
| As at 31 December | 1,307,420 | 1,115,618 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (c) Variable lease payments arising from COVID-19 related rent concessions recognised in other operating income during the current financial year ended 31 December 2022 are RM1,420,000 (2021: RM3,657,000). In the previous financial year, the Group and the Company had 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 and the Company do not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss.
- (d) 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 ranging from 3.63% to 5.75% (2021: 3.63% to 5.75%).
- (e) Expenses relating to leases of low-value assets and short-term leases (included in administrative expenses and other operating expenses) are as follows:

| | Group | |
|----------------------|---------------|---------------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Rental expenses on: | | |
| - advertising spaces | 6,100 | 5,376 |
| - equipment | 2,044 | 1,043 |
| - premises | 5,924 | 4,575 |
| - others | 11 | 6 |
| | 14,079 | 11,000 |

- (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:

| Group | Within 1 year RM'000 | 1 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|-------------------------|----------------------------|--------------------------|--------------------------------|-----------------|
| 31 December 2022 | | | | |
| Lease liabilities | 226,916 | 835,972 | 444,445 | 1,507,333 |
| 31 December 2021 | | | | |
| Lease liabilities | 193,771 | 726,251 | 389,212 | 1,309,234 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (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.

| | Group | |
|-----------------------------------|------------------|-----------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Lease liabilities | | |
| As at 1 January | 1,115,618 | 934,382 |
| Cash flows: | | |
| - Payments of lease liabilities | (153,946) | (123,355) |
| - Payments of lease interests | (54,105) | (51,252) |
| Non-cash flows: | | |
| - Additions | 298,184 | 229,143 |
| - Interest expense | 54,105 | 51,252 |
| - Reassessments and modifications | 47,490 | 78,865 |
| - Rent concessions | (1,420) | (3,657) |
| - Exchange differences | 1,494 | 240 |
| As at 31 December | 1,307,420 | 1,115,618 |

- (h) The Group has lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the business needs of the Group.
- (i) The following are the undiscounted potential future rental payments that are not included in the lease terms:

| Group | Within 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|--|-----------------------------|--------------------------------|-----------------|
| 31 December 2022 | | | |
| Extension options expected not to be exercised | 4,563 | 610,228 | 614,791 |
| 31 December 2021 | | | |
| Extension options expected not to be exercised | 6,510 | 500,703 | 507,213 |

- (j) The possibility for the Group to exercise the termination options is unlikely after taking into consideration of relevant facts and circumstances including past experience, cost and economic incentive that will be involved to exercise the termination options.
- (k) The total cash outflows for leases of the Group during the current financial year amounted to RM222,130,000 (2021: RM185,607,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

9. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At cost | | |
| - unquoted shares | 184,345 | 181,051 |

(a) Details of the subsidiaries are as follows:

| Name of company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|---|--|---------------------------|-----------|---|
| | | 2022 % | 2021 % | |
| Mr D.I.Y. (Kuchai) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr. D.I.Y. (M) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr D.I.Y. (KK) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr. D.I.Y. (H) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr D.I.Y. (Johor) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr. D.I.Y. (EM) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr D.I.Y. Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr D.I.Y. Ecommerce (M) Sdn. Bhd. | Malaysia | 100 | 100 | Retail sale of any kind of products over the internet |
| Mr. D.I.Y. Trading Sdn. Bhd. | Malaysia | 100 | 100 | Trading of home improvement products, mass merchandise, groceries and related business and activities |
| Mr D.I.Y. Management Sdn. Bhd. ("MDM") [#] | Malaysia | 95 | 95 | Property investment and letting of properties |
| Mr D.I.Y. Kids Sdn. Bhd. | Malaysia | 100 | 100 | Retail sale of games and toys |
| MRD (Central) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products, mass merchandise and groceries |
| MRD (Northern) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products, mass merchandise and groceries |
| MRD (Southern) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products, mass merchandise and groceries |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows: (continued)

| Name of company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|---------------------------------------|--|---------------------------|-----------|---|
| | | 2022 % | 2021 % | |
| MRD (East Coast) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products, mass merchandise and groceries |
| MRD (EM) Sdn. Bhd. | Malaysia | 100 | 100 | Retail of home improvement products, mass merchandise and groceries |
| Mr D.I.Y. Management Two Sdn. Bhd. | Malaysia | 100 | 100 | Property investment and letting of properties |
| Mr. D.I.Y. (B) Sdn. Bhd. ("MD(B)")* | Brunei | 100 | 100 | Retail of home improvement products and mass merchandise |
| Mr. D.I.Y. Pro Sdn. Bhd. [®] | Malaysia | 100 | - | Retail of hardware and related products and supplies |

The shareholders representing the remaining 5% equity interest in MDM had waived all their present and future rights, title, interest in and to all dividends declared, distributed or paid by MDM. Consequently, the Group has consolidated MDM based on 100% ownership.

* Audited by a member firm of BDO International.

® Not required to be audited as at 31 December 2022 as the subsidiary was newly incorporated during the current financial year.

- (b) On 16 November 2022, the Company subscribed for additional 100,000 ordinary shares in MRD (Northern) Sdn. Bhd., MRD (Southern) Sdn. Bhd. and MRD (East Coast) Sdn. Bhd. at RM1 per ordinary share for each of the subsidiaries respectively, by way of capitalisation of advances granted to the subsidiaries, which amounted to RM100,000 for each of the subsidiaries.
- (c) On 12 December 2022, the Company had incorporated a new subsidiary known as Mr. D.I.Y. Pro Sdn. Bhd. with a paid-up share capital of RM2 comprising 2 ordinary shares.
- (d) During the current financial year, the Company had capitalised RM2,994,000 (2021: RM6,786,000) as investments in subsidiaries for ESOS share options expenses in relation to employees of the respective subsidiaries.
- (e) In the previous financial year, the Company subscribed for additional 2,499,998 ordinary shares in MRD (Northern) Sdn. Bhd., MRD (Southern) Sdn. Bhd., MRD (East Coast) Sdn. Bhd. and MRD (EM) Sdn. Bhd. at RM1 per ordinary share for each of the subsidiaries respectively, which amounted to RM2,499,998 for each of the subsidiaries.
- (f) In the previous financial year, the Company subscribed for additional 1,500,000 ordinary shares in MRD (Central) Sdn. Bhd. at RM1 per ordinary share, which amounted to RM1,500,000.

10. INVESTMENT IN AN ASSOCIATE

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Unquoted shares, at cost | 1,620 | 1,620 | 1,620 | 1,620 |
| Share of post-acquisition reserves, net of dividends received | 8,247 | 6,273 | - | - |
| | 9,867 | 7,893 | 1,620 | 1,620 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

10. INVESTMENT IN AN ASSOCIATE (continued)

- (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 | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|-------------------------------|--|---------------------------|-----------|--|
| | | 2022 % | 2021 % | |
| Qube Apps Solutions Sdn. Bhd. | Malaysia | 30 | 30 | Providing computer consultancy services, software developers and trading of related products |

- (c) The financial statements of the associate are coterminous with that of the financial year 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 ended 31 December 2022 and 31 December 2021 are based on audited financial statements.
- (d) The summarised financial information of the associate is as follows:

| | 2022 RM'000 | 2021 RM'000 |
|--|----------------|----------------|
| Assets and liabilities | | |
| Non-current assets | 6,727 | 5,189 |
| Current assets | 27,119 | 21,152 |
| Non-current liabilities | (2,814) | (2,569) |
| Current liabilities | (3,177) | (2,498) |
| Net assets | 27,855 | 21,274 |
| Results | | |
| Revenue | 49,529 | 33,544 |
| Profit for the financial year | 13,417 | 7,057 |
| Total comprehensive income | 13,417 | 7,057 |
| Cash flows from operating activities | 7,657 | 4,872 |
| Cash flows used in investing activities | (983) | (178) |
| Cash flows used in financing activities | (7,654) | (1,870) |
| Net (decrease)/increase in cash and cash equivalents | (980) | 2,824 |

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

| | 2022 RM'000 | 2021 RM'000 |
|--|----------------|----------------|
| Share of net assets of the Group | 8,356 | 6,382 |
| Goodwill | 1,511 | 1,511 |
| Carrying amount in the consolidated statements of financial position | 9,867 | 7,893 |
| Share of results of the Group | | |
| Share of profit of the Group | 4,025 | 2,117 |
| Share of total comprehensive income of the Group | 4,025 | 2,117 |
| Other information | | |
| Dividends received | 2,051 | 450 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. DEFERRED TAX

The deferred tax assets are made up of the following:

| | 2022 RM'000 | Group 2021 RM'000 |
|---|----------------|-------------------------|
| As at 1 January | 5,568 | 14,949 |
| Recognised in profit or loss (Note 28) | 2,663 | (9,381) |
| Exchange differences | (6) | - ⁺ |
| As at 31 December | 8,225 | 5,568 |
| Presented after appropriate offsetting: | | |
| Deferred tax assets, net | 17,064 | 13,716 |
| Deferred tax liabilities, net | (8,839) | (8,148) |
| As at 31 December | 8,225 | 5,568 |

⁺ The amount is negligible.

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

Deferred tax assets of the Group

| | Leases RM'000 | Others RM'000 | Total RM'000 |
|---|------------------|------------------|-----------------|
| As at 1 January 2022 | 20,911 | 14,970 | 35,881 |
| Recognised in profit or loss | 5,765 | 13,732 | 19,497 |
| Exchange differences | 18 | - | 18 |
| As at 31 December 2022 prior to offsetting | 26,694 | 28,702 | 55,396 |
| Offsetting | | | (38,332) |
| As at 31 December 2022 | | | 17,064 |
| As at 1 January 2021 | 16,479 | 16,208 | 32,687 |
| Recognised in profit or loss | 4,432 | (1,238) | 3,194 |
| Exchange differences | - ⁺ | - | - ⁺ |
| As at 31 December 2021, prior to offsetting | 20,911 | 14,970 | 35,881 |
| Offsetting | | | (22,165) |
| As at 31 December 2021 | | | 13,716 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. DEFERRED TAX (continued)

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

Deferred tax liabilities of the Group

| | Property, plant and equipment RM'000 | Total RM'000 |
|---|---|-----------------|
| As at 1 January 2022 | 30,313 | 30,313 |
| Recognised in profit or loss | 16,834 | 16,834 |
| Exchange differences | 24 | 24 |
| As at 31 December 2022, prior to offsetting | 47,171 | 47,171 |
| Offsetting | | (38,332) |
| As at 31 December 2022 | | 8,839 |
| As at 1 January 2021 | 17,738 | 17,738 |
| Recognised in profit or loss | 12,575 | 12,575 |
| Exchange differences | - ⁺ | - ⁺ |
| As at 31 December 2021, prior to offsetting | 30,313 | 30,313 |
| Offsetting | | (22,165) |
| As at 31 December 2021 | | 8,148 |

⁺ The amount is negligible.

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

| | Group | |
|-------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Unutilised tax losses | | |
| - Expires by 31 December 2032 | 5,121 | - |
| - Expires by 31 December 2031 | 6,145 | 7,513 |
| - Expires by 31 December 2030 | 1,055 | 3,697 |
| - Expires by 31 December 2029 | 2,598 | 2,598 |
| - Expires by 31 December 2028 | 3,290 | 3,290 |
| Unabsorbed capital allowances | 5,364 | 5,890 |
| | 23,573 | 22,988 |

The Group has assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences. 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. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. INVENTORIES

| | 2022 RM'000 | Group 2021 RM'000 |
|--------------------------------|------------------|-------------------------|
| At cost | | |
| Finished goods | 1,096,618 | 748,938 |
| At net realisable value | | |
| Finished goods | 3,107 | - |
| | 1,099,725 | 748,938 |

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM2,296,294,000 (2021: RM1,955,832,000).
- (b) The amounts of inventory losses, inventories written off and inventories written down recognised as cost of sales during the financial year are as follows:

| | 2022 RM'000 | Group 2021 RM'000 |
|--------------------------|----------------|-------------------------|
| Inventory losses | 17,208 | 11,351 |
| Inventories written off | 16,017 | 10,647 |
| Inventories written down | 2,473 | - |
| | 35,698 | 21,998 |

13. TRADE AND OTHER RECEIVABLES

| | | 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | 2021 RM'000 |
|---|-----|----------------|-------------------------|---------------------------|----------------|
| Non-current assets | | | | | |
| Other receivables | | | | | |
| Amounts owing by subsidiaries | (b) | - | - | 102,061 | 90,041 |
| Less: Impairment losses | | - | - | _& | _& |
| | | - | - | 102,061 | 90,041 |
| Current assets | | | | | |
| Trade receivables | | | | | |
| Third parties | | 6,999 | 4,013 | - | - |
| Amount owing by a related party | | 485 | 1,001 | - | - |
| Less: Impairment losses | (c) | 7,484 _& | 5,014 _& | - | - |
| | | 7,484 | 5,014 | - | - |
| Other receivables | | | | | |
| Other receivables | | 628 | 1,769 | - | - |
| Amounts owing by subsidiaries | (d) | - | - | 84,852 | 33,137 |
| Deposits | | 64,685 | 58,005 | 4 | 4 |
| Less: Impairment losses | | 65,313 _& | 59,774 _& | 84,856 _& | 33,141 _& |
| | | 65,313 | 59,774 | 84,856 | 33,141 |
| Total current trade and other receivables, excluding prepayments | | | | | |
| | | 72,797 | 64,788 | 84,856 | 33,141 |
| Prepayments | (g) | 61,536 | 75,486 | 108 | 53 |
| Total current trade and other receivables | | 134,333 | 140,274 | 84,964 | 33,194 |
| Total trade and other receivables | | 134,333 | 140,274 | 187,025 | 123,235 |

& The expected credit loss amount is negligible.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

- (a) Trade and other receivables excluding prepayments are classified as financial assets and measured at amortised cost. Included in deposits of the Group are security and utility deposits on leases of RM50,086,000 (2021: RM44,091,000), which are amortised through accretion of discount at annual rates of 3.63% to 5.75% (2021: 3.63% to 5.75%) over the lease term.
- (b) Non-current amounts owing by subsidiaries represent unsecured advances, which are either non-interest bearing or bear interest at 2.75% (2021: 1.70%) per annum. The advances together with the interest receivable thereon are not repayable within the next twelve (12) months. The carrying amount of non-current amounts owing by subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.
- (c) Trade receivables are non-interest bearing and the normal credit terms granted by the Group is 30 days (2021: 30 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (d) Current amounts owing by subsidiaries represent unsecured advances, which are either non-interest bearing or bear interest at 2.75% (2021: 1.70%) per annum and repayable within the next twelve (12) months.
- (e) Interest rate profile of the amounts owing by subsidiaries at the end of each reporting period is as follows:

| | Company | |
|---------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Floating rate | 186,200 | 122,400 |

- (f) Sensitivity analysis of interest rate for the amounts owing by subsidiaries at the end of each reporting period, assuming all other variables remain constant, is as follows:

| | Company | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Effects of 50 basis point changes to profit after tax | | |
| Floating rate | 708 | 465 |

- (g) Included in prepayments of the Group are advance payments to suppliers for purchase of goods of RM44,933,000 (2021: RM66,581,000).
- (h) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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 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.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

Significant judgement is required in determining the probability of default by trade receivables and appropriate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

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

| Group | Gross carrying amount RM'000 | Impairment losses RM'000 | Balance RM'000 |
|----------------|---------------------------------|-----------------------------|-------------------|
| 2022 | | | |
| Current | 7,467 | - | 7,467 |
| Past Due | | | |
| - 1 to 30 days | 17 | - | 17 |
| | 7,484 | - | 7,484 |
| 2021 | | | |
| Current | 5,014 | - | 5,014 |
| Past Due | - | - | - |
| | 5,014 | - | 5,014 |

- (j) Impairment for other receivables and amounts owing by subsidiaries as well as 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 and the Company assess 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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 Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred, which includes debtors who are in significant financial difficulties or have defaulted on payments.

The probabilities of non-payment by other receivables and amounts owing by subsidiaries 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.

Significant judgement is required in determining the probabilities of default by other receivables and amounts owing by subsidiaries, appropriate forward looking information and significant increase in credit risk.

- (k) No expected credit loss is recognised arising from trade and other receivables as the amounts are negligible.
- (l) As at the end of each reporting period, trade and other receivables of the Group and of the Company are not secured by any collaterals and are not subject to significant risk of concentration except for amounts owing by subsidiaries of RM186,913,000 (2021: RM123,178,000) of the Company. The Group did not renegotiate the terms of any trade receivables during the each of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

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

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 70,938 | 62,837 | 186,917 | 123,182 |
| Brunei Dollar | 1,251 | 827 | - | - |
| United States Dollar | 123 | 123 | - | - |
| Singapore Dollar | 485 | 1,001 | - | - |
| | 72,797 | 64,788 | 186,917 | 123,182 |

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.

14. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash and bank balances | 97,834 | 90,303 | 1,531 | 587 |
| Deposits with licensed banks | 40,009 | 102,347 | 40,009 | 74,309 |
| | 137,843 | 192,650 | 41,540 | 74,896 |

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Deposits with licensed banks of the Group and of the Company have maturity period of 7 days (2021: 7 days).
- (c) The currency exposure profile of the cash and bank balances is as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 125,635 | 184,943 | 41,540 | 74,896 |
| Brunei Dollar | 11,767 | 6,959 | - | - |
| United States Dollar | 388 | 517 | - | - |
| Singapore Dollar | 3 | 180 | - | - |
| Chinese Yuan | 1 | 2 | - | - |
| Euro | 2 | 2 | - | - |
| Hong Kong Dollar | 2 | 2 | - | - |
| Indian Rupee | 15 | 15 | - | - |
| Philippines Peso | 18 | 18 | - | - |
| Vietnamese Dong | 12 | 12 | - | - |
| | 137,843 | 192,650 | 41,540 | 74,896 |

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

14. CASH AND BANK BALANCES (continued)

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash and bank balances | 97,834 | 90,303 | 1,531 | 587 |
| Deposits with licensed banks | 40,009 | 102,347 | 40,009 | 74,309 |
| | 137,843 | 192,650 | 41,540 | 74,896 |
| Less: Bank overdraft (Note 17) | (22,969) | (16,771) | - | - |
| Cash and cash equivalents included in the statements of cash flows | 114,874 | 175,879 | 41,540 | 74,896 |

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

| | Group | | Company | |
|------------|-----------|-----------|-----------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Fixed rate | 2.75 | 1.75 | 2.75 | 1.75 |

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 loss is recognised arising from the cash and bank balances and deposits with licensed banks as the probability of default by these financial institutions is negligible.

15. SHARE CAPITAL

| | Note | Group and Company | | | |
|--|------|---------------------------|--------------|----------------|----------------|
| | | Number of ordinary shares | | Amount | |
| | | 2022 '000 | 2021 '000 | 2022 RM'000 | 2021 RM'000 |
| Ordinary shares | | | | | |
| Issued and fully paid with no par value | | | | | |
| At beginning of financial year | | 6,280,460 | 6,276,600 | 303,412 | 295,625 |
| Issued during the financial year: | | | | | |
| - pursuant to ESOS | (b) | 8,357 | 3,860 | 13,277 | 7,787 |
| - Bonus Issue | (b) | 3,142,166 | - | - | - |
| | | 9,430,983 | 6,280,460 | 316,689 | 303,412 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

15. SHARE CAPITAL (continued)

- (a) 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.
- (b) During the financial year, the issued and paid-up share capital of the Company was increased from 6,280,460,100 ordinary shares to 9,430,982,742 ordinary shares by way of issuance of 3,150,522,642 new ordinary shares pursuant to the following:
- 3,872,600 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM1.60 each for cash totalling RM6,196,160;
 - 4,483,750 options exercised under the ESOS at exercise price of RM1.07 each for cash totalling RM4,797,612; and
 - 3,142,166,292 ordinary shares pursuant to the bonus issue exercise undertaken by the Company on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of the Company.
- (c) In the previous financial year, the issued and paid-up share capital of the Company was increased from 6,276,600,000 ordinary shares to 6,280,460,100 ordinary shares by way of issuance of 3,860,100 new ordinary shares pursuant to the following:
- 3,762,600 options exercised under the ESOS at exercise price of RM1.60 each for cash totalling RM6,020,160; and
 - 97,500 options exercised under the ESOS at exercise price of RM3.47 each for cash totalling RM338,325.

16. RESERVES

| | Note | Group | | Company | |
|--------------------------------------|------|------------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Non-distributable: | | | | | |
| Merger reserve | (a) | (117,450) | (117,450) | - | - |
| Foreign currency translation reserve | (b) | 1,189 | 221 | - | - |
| Share options reserve | (c) | 7,281 | 6,570 | 7,281 | 6,570 |
| | | (108,980) | (110,659) | 7,281 | 6,570 |
| Distributable: | | | | | |
| Retained earnings | | 1,225,148 | 956,439 | 89,403 | 69,524 |
| | | 1,116,168 | 845,780 | 96,684 | 76,094 |

- (a) The merger reserve represents the excess of the consideration paid over the share capital of MDM and MD(B) as at the acquisition dates under the pooling of interest method of accounting as follows:

| | MDM RM'000 | MD(B) 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 | 12,611 | 104,839 | 117,450 |

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. RESERVES (continued)

- (c) On 20 November 2019, the Company established an Employees' Share Option Scheme ("ESOS") for the granting of ESOS to eligible Directors and employees of the Group. The ESOS was implemented on 22 October 2020.

The ESOS is administered by the Nomination and Remuneration Committee and governed by the By-Laws of the ESOS.

The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares in the Company, which may be made available under the ESOS shall not exceed in aggregate 5% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS;
- (ii) The ESOS shall be in force for a period of five (5) years from the effective date and is renewable for a period of up to five (5) years immediately from the expiry of first five (5) years;
- (iii) Subject to the discretion of the Nomination and Remuneration Committee, an employee or a Director of the Group who fulfils the relevant conditions of the By-Laws of the ESOS shall be eligible to participate in the ESOS ("Eligible Person");
- (iv) The number of the options to be offered to an Eligible Person in accordance with the ESOS shall be determined based on, inter alia, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the relevant eligibility criteria, and/or such other matters as the Nomination and Remuneration Committee deems fit and the offer shall be valid for acceptance by an Eligible Person for a period of thirty (30) days from the date of offer;
- (v) Subject to any adjustments made under the By-Laws of the ESOS and pursuant to the listing requirements of Bursa Malaysia Securities Berhad, the exercise price shall be:
 - a. In respect of any offer which is made in conjunction with the listing of the Company, the final price paid by investors for the ordinary shares issued by the Company under its retail offering pursuant to its initial public offering;
 - b. 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 volume weighted average market price of the ordinary shares of the Company immediately preceding the date of the offer, with a discount, if any, provided always that such discount is not more than ten percent (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities as amended from time to time during the option period; and
- (vi) The aggregate number of ordinary shares in the Company, which a grantee can subscribe under his/her options in a particular year of the ESOS shall at times be subject to a maximum of twenty-five percent (25%) of the total number of ordinary shares in the Company comprising the options held by such grantee. Any remaining unexercised options for any particular year will be accumulated in the following year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. RESERVES (continued)

(c) (continued)

On 24 June 2022, the exercise price of the option granted under the ESOS had been adjusted following the issuance of new ordinary shares in Mr D.I.Y. Group (M) Berhad pursuant to the bonus issue exercise undertaken by the Company on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of Mr D.I.Y. Group (M) Berhad. The details of the adjusted exercise prices are shown in the table below:

| Grant No. | Date of offer/ Before Bonus Shares (RM) | After Bonus Shares (RM) |
|-----------|--|-------------------------------|
| First | 1.60 | 1.07 |
| Second | 3.47 | 2.32 |

Details of the ESOS options granted are as follows:

| | Exercise Price RM | Date of offer | Balance as at beginning of the financial year | [----- Movements during the -----] [----- financial year -----] | | | Outstanding as at end of the financial year | Exercisable as at end of the financial year |
|-------------------------|----------------------|------------------|--|--|--|--------------------------|---|---|
| | | | | Grant | Adjustments (Bonus Issue) ^a | Exercised | | |
| 31 December 2022 | | | | | | | | |
| First Grant | 1.07 ^b | 23.10.2020 | 42,744,600 | - | 19,532,400 | (8,274,000) ^c | 54,003,000 | 18,978,000 |
| Second Grant | 2.32 ^b | 29.03.2021 | 292,500 | - | 146,250 | (146,250) ^d | 292,500 | - |
| 31 December 2021 | | | | | | | | |
| First Grant | 1.60 | 23.10.2020 | 46,700,000 | - | - | (3,955,400) ^e | 42,744,600 | 7,719,600 |
| Second Grant | 3.47 | 29.03.2021 | - | 390,000 | - | (97,500) | 292,500 | - |

^a Adjustments made pursuant to the issuance of new ordinary shares in Mr D.I.Y. Group (M) Berhad ("Bonus Shares") following the bonus issue exercise undertaken by the Mr D.I.Y. Group (M) Berhad on the basis of 1 new ordinary share for every 2 existing ordinary shares held by the shareholders of Mr D.I.Y. Group (M) Berhad ("Bonus Issue").

^b Exercise price of the share options have been adjusted pursuant to the Bonus Issue.

^c Including 110,450 ESOS options exercised but ordinary shares not allotted as at 31 December 2022.

^d Solely represented by ESOS options exercised but ordinary shares not allotted as at 31 December 2022.

^e Including 192,800 ESOS options exercised but ordinary shares not allotted as at 31 December 2021.

(i) Contractual life of the above ESOS options granted are as follows:

| | Contractual life of options |
|--------------|-----------------------------|
| First Grant | 5 years |
| Second Grant | 4.6 years |

(ii) The vesting conditions of the above ESOS options granted are as follows:

- The options divided into 4 tranches, which separately vest on 23 October 2021, 23 October 2022, 23 October 2023 and 23 October 2024.
- Exercisable options cap at 25% of options offered for each vesting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. RESERVES (continued)

(c) (continued)

Details of the ESOS options granted are as follows: (continued)

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

| | Granted on 23 October 2020 | Granted on 29 March 2021 |
|---|-------------------------------|-----------------------------|
| Share price (RM) ^{^^} | 1.07 | 2.57 |
| Exercise price (RM) ^{^^} | 1.07 | 2.32 |
| Fair value of share options (RM) ^{^^} | | |
| - First tranche, which vested on 23 October 2021 | 0.23 | 0.74 |
| - Second tranche, which vested on 23 October 2022 | 0.20 | 0.67 |
| - Third tranche, which vests on 23 October 2023 | 0.16 | 0.58 |
| - Fourth tranche, which vests on 23 October 2024 | 0.11 | 0.45 |
| Risk free rate of interest (%) | 3.96 | 3.24 |
| Expected dividend yield (%) | 1.31 | 0.58 |
| Expected volatility (%) | 23.42 | 30.10 |
| Expected life (years) | 1 to 4 | 1 to 4 |

^{^^} The prices have been adjusted pursuant to the Bonus Issue.

Expenses arising from the share options granted are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Recognition of share option expenses | 2,994 | 6,786 | 2,994 | 6,786 |
| Less: Capitalised as investments in subsidiaries (Note 9) | - | - | (2,994) | (6,786) |
| Share option expenses | 2,994 | 6,786 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

17. BORROWINGS

| | Note | 2022 RM'000 | Group 2021 RM'000 |
|--------------------------------|------|----------------|-------------------------|
| Non-current liabilities | | | |
| Secured | | | |
| Hire purchase creditors | | 3,153 | 2,650 |
| Term loans | | 8,666 | 13,541 |
| | | 11,819 | 16,191 |
| Current liabilities | | | |
| Secured | | | |
| Bank overdraft | | 22,969 | 16,771 |
| Revolving credits | | 290,000 | 170,000 |
| Hire purchase creditors | | 651 | 619 |
| Term loans | | 4,850 | 4,765 |
| | | 318,470 | 192,155 |
| Total borrowings | | | |
| Bank overdraft | 14 | 22,969 | 16,771 |
| Revolving credits | | 290,000 | 170,000 |
| Hire purchase creditors | 18 | 3,804 | 3,269 |
| Term loans | 19 | 13,516 | 18,306 |
| | | 330,289 | 208,346 |

- (a) Borrowings are classified as financial liabilities and 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 6 to the financial statements;
 - (ii) Assignment and charge over rental proceeds of certain properties of the Group; and
 - (iii) Corporate guarantee by the Company and its subsidiaries.
- (c) Borrowings of the Group are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

17. 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:

| 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 2022 | | | | | | |
| Fixed rates | | | | | | |
| Hire purchase creditors | 5.68 | 651 | 655 | 1,521 | 977 | 3,804 |
| Floating rates | | | | | | |
| Bank overdraft | 4.40 | 22,969 | - | - | - | 22,969 |
| Revolving credits | 4.75 | 290,000 | - | - | - | 290,000 |
| Term loans | 3.74 | 4,850 | 989 | 3,315 | 4,362 | 13,516 |
| 31 December 2021 | | | | | | |
| Fixed rates | | | | | | |
| Hire purchase creditors | 5.66 | 619 | 558 | 1,407 | 685 | 3,269 |
| Floating rates | | | | | | |
| Bank overdraft | 4.32 | 16,771 | - | - | - | 16,771 |
| Revolving credits | 3.67 | 170,000 | - | - | - | 170,000 |
| Term loans | 3.53 | 4,765 | 4,786 | 3,198 | 5,557 | 18,306 |

- (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:

| | Group | |
|--|-------------|-------------|
| | 2022 RM'000 | 2021 RM'000 |
| Effects of 50 basis point changes to profit after tax | | |
| Floating rate instruments | 1,240 | 779 |

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

17. 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:

| Group | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|-------------------------|--|--------------------------------|------------------------------|-----------------|
| 31 December 2022 | | | | |
| Bank overdraft | 22,969 | - | - | 22,969 |
| Revolving credits | 290,000 | - | - | 290,000 |
| Hire purchase creditors | 836 | 2,614 | 1,035 | 4,485 |
| Term loans | 5,651 | 7,964 | 4,705 | 18,320 |
| | 319,456 | 10,578 | 5,740 | 335,774 |
| 31 December 2021 | | | | |
| Bank overdraft | 16,771 | - | - | 16,771 |
| Revolving credits | 170,000 | - | - | 170,000 |
| Hire purchase creditors | 724 | 2,329 | 756 | 3,809 |
| Term loans | 5,538 | 9,671 | 6,095 | 21,304 |
| | 193,033 | 12,000 | 6,851 | 211,884 |

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

| Group | 2022 | | 2021 | |
|-------------------------|------------------------------|----------------------|------------------------------|----------------------|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| Hire purchase creditors | 3,804 | 3,594 | 3,269 | 3,155 |

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

17. BORROWINGS (continued)

(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.

| Group | Hire purchase creditors RM'000 | Revolving credits RM'000 | Term loans RM'000 |
|---|-----------------------------------|-----------------------------|----------------------|
| As at 1 January 2022 | 3,269 | 170,000 | 18,306 |
| Cash flows | (811) | 120,000 | (4,790) |
| Non-cash flows: | | | |
| Purchase of property, plant and equipment | 1,346 | - | - |
| As at 31 December 2022 | 3,804 | 290,000 | 13,516 |
| As at 1 January 2021 | 2,849 | 211,666 | 22,957 |
| Cash flows | (755) | (41,666) | (4,651) |
| Non-cash flows: | | | |
| Purchase of property, plant and equipment | 1,175 | - | - |
| As at 31 December 2021 | 3,269 | 170,000 | 18,306 |

18. HIRE PURCHASE CREDITORS

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Minimum hire-purchase payment: | | |
| - not later than one (1) year | 836 | 724 |
| - later than one (1) year and not later than five (5) years | 2,614 | 2,329 |
| - later than five (5) years | 1,035 | 756 |
| | 4,485 | 3,809 |
| Less: Future interest charges | (681) | (540) |
| Present value of hire purchase creditors | 3,804 | 3,269 |
| Repayable as follows: | | |
| Non-current liabilities | 3,153 | 2,650 |
| Current liabilities | 651 | 619 |
| | 3,804 | 3,269 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. TERM LOANS

| | 2022 RM'000 | Group 2021 RM'000 |
|---|----------------|-------------------------|
| Secured | | |
| Term loan I is repayable by 180 equal monthly instalments of RM38,635 each commencing September 2015 | 3,133 | 3,475 |
| Term loan II is repayable by 180 equal monthly instalments of RM77,269 each commencing December 2015 | 6,463 | 7,139 |
| Term loan III is repayable by 60 equal monthly instalments of RM191,288.67 each commencing January 2019 | 2,178 | 4,273 |
| Term loan IV is repayable by 60 equal monthly instalments of RM153,030.93 each commencing January 2019 | 1,742 | 3,419 |
| | 13,516 | 18,306 |

20. PROVISION FOR RESTORATION COSTS

| | 2022 RM'000 | Group 2021 RM'000 |
|---------------------------------|----------------|-------------------------|
| Non-current | | |
| Provision for restoration costs | 20,344 | 20,340 |
| Current | | |
| Provision for restoration costs | 437 | 644 |
| | 20,781 | 20,984 |

- (a) Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.
- (b) A reconciliation of the provision for restoration costs are as follows:

| | 2022 RM'000 | Group 2021 RM'000 |
|---|----------------|-------------------------|
| As at 1 January | 20,984 | 16,544 |
| Recognised in right-of-use assets | 2,886 | 3,687 |
| Recognised in profit or loss | 902 | 707 |
| (Reversal of provision)/Provision for restoration costs | (4,000) | 45 |
| Exchange differences | 9 | 1 |
| As at 31 December | 20,781 | 20,984 |

- (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 is reviewed periodically and is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Trade payables | | | | | |
| Third parties | (b) | 51,199 | 46,383 | - | - |
| Other payables and accruals | | | | | |
| Third parties | | 42,110 | 34,831 | 598 | 326 |
| Amount owing to an associate | (c) | 848 | 1,580 | - | - |
| Accruals | | 79,331 | 67,045 | 223 | 116 |
| Financial guarantee contracts | (d) | - | - | 48 | 565 |
| | | 122,289 | 103,456 | 869 | 1,007 |
| | | 173,488 | 149,839 | 869 | 1,007 |

- (a) Trade and other payables are classified as financial liabilities and 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 (2021: 14 to 60 days) from the date of invoice.
- (c) The amount owing to an associate is non-trade in nature, unsecured, interest free and repayable within the next twelve (12) months.
- (d) Financial guarantee contracts issued by the Company are those contracts that require payments to be made to reimburse the holders for losses they incur because the specified debtors fail to make payments when due in accordance with the terms of the debt instruments.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is classified as Level 3 in the fair value hierarchy and is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. The movement in financial guarantee contracts consists of fair value changes of financial guarantee contracts recognised in profit or loss amounting to a fair value gain of RM517,000 (2021: fair value loss of RM95,000).

The nominal amounts of financial guarantees provided by the Company are as follows:

| | Company | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Bank facilities granted to subsidiaries | 3,920 | 37,693 |

Maturity profile of financial guarantee contracts of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the subsidiaries in respect of the guaranteed bank facilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. TRADE AND OTHER PAYABLES (continued)

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

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 172,688 | 149,454 | 869 | 1,007 |
| Brunei Dollar | 754 | 374 | - | - |
| United States Dollar | 38 | - | - | - |
| Singapore Dollar | 8 | 11 | - | - |
| | 173,488 | 149,839 | 869 | 1,007 |

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 and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is repayable within one (1) year.

22. CAPITAL COMMITMENTS

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Capital expenditure in respect of purchase of property, plant and equipment | | |
| - Approved but not contracted for | 194,545 | 351,228 |
| - Contracted but not provided for | 135,045 | 30,770 |
| | 329,590 | 381,998 |

23. REVENUE

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Revenue from contracts with customers | | | | |
| Sales of goods | 3,985,842 | 3,373,408 | - | - |
| Other revenue | | | | |
| Dividend income from: | | | | |
| - subsidiaries | - | - | 220,500 | 119,487 |
| - an associate | - | - | 2,051 | 450 |
| | - | - | 222,551 | 119,937 |

(a) Revenue from sales of goods is recognised at a point in time when control of the goods has 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. OTHER OPERATING EXPENSES

Included in other operating expenses of the Group are as follows:

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Amortisation of intangible assets | 2,162 | 1,737 |
| Depreciation of: | | |
| - property, plant and equipment | 83,041 | 68,882 |
| - right-of-use assets | 179,781 | 156,751 |
| Employee benefits | 414,953 | 324,116 |
| Property, plant and equipment written off | 3,229 | 2,073 |
| Utilities expenses | 79,708 | 56,822 |

25. FINANCE COSTS

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Interest expense on: | | |
| - bank overdraft | 955 | 956 |
| - revolving credits | 6,557 | 6,811 |
| - hire purchase creditors | 182 | 164 |
| - term loans | 618 | 741 |
| - lease liabilities | 54,105 | 51,252 |
| Unwinding of discount on provision for restoration costs | 902 | 707 |
| | 63,319 | 60,631 |

26. PROFIT BEFORE TAX

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| After charging: | | | | |
| Auditors' remuneration | | | | |
| Statutory audit | | | | |
| - BDO PLT | 538 | 493 | 70 | 65 |
| - Member firm of BDO PLT | 29 | 26 | - | - |
| Non-statutory audit | | | | |
| - BDO PLT | 119 | 134 | 21 | 100 |
| - Affiliate and member firm of BDO PLT | 172 | 187 | 18 | 7 |
| Fair value loss on financial guarantee contracts | - | - | - | 95 |
| Realised loss on foreign exchange | 353 | 10 | 4 | - |
| Unrealised loss on foreign exchange | - | 71 | - | - |
| And crediting: | | | | |
| Accretion of discount from deposits for leases | 1,951 | 6,159 | - | - |
| Interest income from: | | | | |
| - amounts owing by subsidiaries | - | - | 3,478 | 2,604 |
| - others | 2,016 | 1,665 | 973 | 917 |
| Fair value gain on financial guarantee contracts | - | - | 517 | - |
| Gain on disposal of property, plant and equipment | 200 | 328 | - | - |
| Gain on reassessments and modifications of leases | 1,678 | 2,596 | - | - |
| Realised gain on foreign exchange | 807 | 572 | - | - |
| Unrealised gain on foreign exchange | 5 | - | - | - |
| Rental income | 17 | 17 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. EMPLOYEE BENEFITS

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

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Wages, salaries and bonuses | | 410,299 | 320,776 | 446 | 349 |
| Contributions to defined contribution plan | | 38,552 | 29,034 | - | - |
| Share options under ESOS | 16(c) | 2,994 | 6,786 | - | - |
| Other employee benefits | | 32,978 | 25,847 | 124 | 107 |
| | | 484,823 | 382,443 | 570 | 456 |

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Directors of the Company: | | | | |
| Fees | 446 | 349 | 446 | 349 |
| Salaries and bonuses | 1,955 | 2,153 | - | - |
| Contributions to defined contribution plan | 309 | 335 | - | - |
| Share options under ESOS | 158 | 549 | - | - |
| Other employee benefits | 271 | 282 | 124 | 107 |
| | 3,139 | 3,668 | 570 | 456 |
| Directors of subsidiaries: | | | | |
| Fees | 92 | 62 | - | - |
| Salaries and bonuses | 945 | 863 | - | - |
| Contributions to defined contribution plan | 88 | 91 | - | - |
| Share options under ESOS | 87 | 231 | - | - |
| Other employee benefits | 143 | 131 | - | - |
| | 1,355 | 1,378 | - | - |
| | 4,494 | 5,046 | 570 | 456 |

The estimated money value of benefits-in-kind for the Directors of subsidiaries are RM4,800 (2021: RM7,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. INCOME TAX EXPENSE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Current tax expense based on profit for the financial year: | | | | |
| - current year | 170,875 | 147,691 | 1,064 | 839 |
| - under/(over) provision in prior years | 204 | (2,492) | 19 | 15 |
| | 171,079 | 145,199 | 1,083 | 854 |
| Deferred tax (Note 11) | | | | |
| - relating to origination and reversal of temporary differences | 3,001 | 6,301 | - | - |
| - (over)/under provision in prior years | (5,664) | 3,080 | - | - |
| | (2,663) | 9,381 | - | - |
| | 168,416 | 154,580 | 1,083 | 854 |

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal years.
- (b) Tax expense for the taxation authorities in Brunei is calculated at the rate prevailing in that jurisdiction.
- (c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|--|----------------|----------------|-----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before tax | 641,365 | 586,407 | 225,202 | 119,948 |
| Tax at the Malaysian statutory tax rate of 24% | 153,928 | 140,738 | 54,048 | 28,788 |
| Tax effects in respect of: | | | | |
| Non-deductible expenses | 12,060 | 11,571 | 552 | 836 |
| Non-taxable income | (1,851) | (1,008) | (53,536) | (28,785) |
| Tax incentives and allowance | (242) | - | - | - |
| Utilisation of deferred tax assets previously not recognised | (1,608) | - | - | - |
| Different tax rate in foreign jurisdiction | (373) | (405) | - | - |
| Deferred tax assets not recognised | 1,748 | 3,096 | - | - |
| Effect of Cukai Makmur | 10,214 | - | - | - |
| | 173,876 | 153,992 | 1,064 | 839 |
| Under/(Over) provision of tax expense in prior years | 204 | (2,492) | 19 | 15 |
| (Over)/Under provision of deferred tax in prior years | (5,664) | 3,080 | - | - |
| | 168,416 | 154,580 | 1,083 | 854 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. 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 | | | |
| 31 December 2022 | | | |
| Foreign currency translation | 968 | - | 968 |
| 31 December 2021 | | | |
| Foreign currency translation | 169 | - | 169 |

- (e) The Finance Act 2021 gazetted on 31 December 2021 enacts the special one-off tax known as “Cukai Makmur” be imposed on non-SME companies that generate high income during the COVID-19 pandemic period for year of assessment 2022. A company with chargeable income for the first RM100 million is taxed at 24% and the remaining chargeable income is taxed at a one-off rate of 33%.

29. EARNINGS PER SHARE

- (a) Basic

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

| | 2022 | Group 2021 |
|--|-----------|---------------|
| Profit for the financial year attributable to the owners of the Company (RM'000) | 472,949 | 431,827 |
| Weighted average number of ordinary shares in issue ('000) | 9,425,950 | 9,415,529 |
| Basic earnings per ordinary share (sen) | 5.02 | 4.59 |

- (b) Diluted

Diluted earnings per ordinary share for the financial year ended are calculated by dividing earnings for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

| | 2022 | Group 2021 |
|--|-----------|---------------|
| Profit for the financial year attributable to the owners of the Company (RM'000) | 472,949 | 431,827 |
| Weighted average number of ordinary shares in issue ('000) | 9,425,950 | 9,415,529 |
| Effect in dilution of share options ('000) | 32,104 | 39,260 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 9,458,054 | 9,454,789 |
| Diluted earnings per ordinary share (sen) | 5.00 | 4.57 |

The total weighted average number of ordinary shares in issue as at 31 December 2021 had been adjusted retrospectively to reflect the Bonus Issue, which was completed on 24 June 2022 as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

30. DIVIDENDS

| | Note | Group | | Company | |
|----------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Interim single tier dividend of: | | | | | |
| RM0.0070 per ordinary share | (a) | - | 43,936 | - | 43,936 |
| RM0.0080 per ordinary share | (b) | - | 50,213 | - | 50,213 |
| RM0.0060 per ordinary share | (c) | - | 37,660 | - | 37,660 |
| RM0.0065 per ordinary share | (d) | - | 40,816 | - | 40,816 |
| RM0.0090 per ordinary share | (e) | 56,543 | - | 56,543 | - |
| RM0.0070 per ordinary share | (f) | 43,989 | - | 43,989 | - |
| RM0.0060 per ordinary share | (g) | 56,561 | - | 56,561 | - |
| RM0.0050 per ordinary share | (h) | 47,147 | - | 47,147 | - |
| | | 204,240 | 172,625 | 204,240 | 172,625 |

On 24 June 2022, the Company completed a bonus issue exercise on the basis of 1 new ordinary share for every 2 existing ordinary shares held. Restatements of dividend paid/declared for comparison purposes are as follows:

| | Group and Company | | | |
|---|--------------------|------|----------------------------|------|
| | Before Bonus Issue | | Restated after Bonus Issue | |
| | 2022 | 2021 | 2022 | 2021 |
| Interim single tier dividend of: | | | | |
| (a) RM0.0070 per ordinary share | - | 0.70 | - | 0.47 |
| (b) RM0.0080 per ordinary share | - | 0.80 | - | 0.53 |
| (c) RM0.0060 per ordinary share | - | 0.60 | - | 0.40 |
| (d) RM0.0065 per ordinary share | - | 0.65 | - | 0.43 |
| (e) RM0.0090 per ordinary share | 0.90 | - | 0.60 | - |
| (f) RM0.0070 per ordinary share | 0.70 | - | 0.47 | - |
| (g) RM0.0060 per ordinary share ^{##} | 0.60 | - | 0.60 | - |
| (h) RM0.0050 per ordinary share ^{##} | 0.50 | - | 0.50 | - |
| | 2.70 | 2.75 | 2.17 | 1.83 |

^{##} Restatement of dividend paid is not required as the dividend is declared and paid after the completion of Bonus Issue.

On 14 February 2023, the Company declared an interim single tier dividend of RM0.006 per ordinary share amounted to RM56,595,176 in respect of the financial year ended 31 December 2022, which was paid on 24 March 2023. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

31. 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 companies.

Related parties of the Group include:

- (i) Direct subsidiaries and an associate as disclosed in Notes 9 and 10 to the financial statements respectively;
 - (ii) Companies in which certain Directors have financial interests; and
 - (iii) 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.
- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Subsidiaries: | | | | |
| Interest income | - | - | 3,478 | 2,604 |
| Associate: | | | | |
| Purchases of equipment and computer software | 8,146 | 6,837 | - | - |
| Purchases of goods | 4,784 | 8,100 | - | - |
| Companies in which certain Directors have financial interests: | | | | |
| Sales of goods | 21,945 | 23,989 | - | - |
| Management fees income | 6,996 | 6,009 | - | - |

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 and of the Company.

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Directors' fees | 538 | 411 | 446 | 349 |
| Salaries and bonuses | 5,304 | 5,286 | - | - |
| Contributions to defined contribution plan | 689 | 701 | - | - |
| Share options under ESOS | 469 | 1,179 | - | - |
| Other benefits | 635 | 667 | 124 | 107 |
| Estimated money value of benefits-in-kind | 10 | 20 | - | - |
| | 7,645 | 8,264 | 570 | 456 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

32. 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 ended 31 December 2022 and 31 December 2021.

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 2022 and 31 December 2021 are as follows:

| | Group | | Company | |
|---|------------------|----------------|-----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Total borrowings | 330,289 | 208,346 | - | - |
| Less: Cash and bank balances | (137,843) | (192,650) | (41,540) | (74,896) |
| | 192,446 | 15,696 | (41,540) | (74,896) |
| Equity attributable to the owners of the Company | 1,432,857 | 1,149,192 | 413,373 | 379,506 |
| Gearing ratio (%) | 23% | 18% | ** | ** |
| Net gearing ratio (%) | 13% | 1% | ** | ** |

****** The gearing ratio and net gearing ratio for the Company are not presented as the Company does not have borrowings as at the end of each reporting period.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2022.

The Group and the Company are 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 and previous financial year 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

32. 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 8, 17 and 21 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 13, 14 and 17 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 the trade and other receivables has been disclosed in Note 13 to the financial statements.

(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 13, 14 and 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

33. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

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

| Title | Effective Date |
|--|----------------|
| 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 |

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

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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

| Title | Effective Date |
|---|----------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9- Comparative Information</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 16 <i>Lease Liability in a sale and leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

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

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) Acquisition of 80 units of foreign workers quarters under the Centralised Labour Quarter/Pusat Asrama Pekerja Asing (“PAPA”) project

On 5 January 2023, Mr D.I.Y. Management Two Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into Sale and Purchase Agreements with Y5 Development Sdn. Bhd. and U & Location Sdn. Bhd., which are companies in which a Director has financial interests, to purchase 80 units of foreign workers quarters under the PAPA project for total purchase consideration of RM13.2 million for the purpose of accommodation for foreign workers. The above acquisition has yet to be completed as at the date of this report.

LIST OF PROPERTIES

| No. | Address | Description / Existing use | Approx. Land Area / Built-up area (square feet) | Date of Acquisition(A) / Revaluation(R) | Tenure / Date of Expiry of Lease | Net Book Value (RM million) | Age of building |
|-----|---|---|---|---|----------------------------------|-----------------------------|-----------------|
| 1. | HS(M) 20699 - 20700 PT 56540 - 56541 Town of Ceras, Batu 12, Jalan Sungai Besi-Cheras, District of Hulu Langat, State of Selangor. / Lot 1851A and 1851B, Jalan KPB 6, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor. | Warehouse and office comprising two adjoining units of individually-designed one and a half storey semi-detached factories | 85,000 / 66,000 | 14.09.2022 (R) | Freehold | 10.8 | 10 years |
| 2. | HSM 22403 – HSM 22404, PT 59992 – PT59993, Town of Cheras, Batu 12, Jalan Sungai Besi-Cheras, District of Hulu Langat, State of Selangor. / Lot. 1907, Jalan KPB 11, Kawasan Perindustrian Kg. Baru Balakong, 43300 Seri Kembangan, Selangor. | Warehouse and office comprising two adjoining units of semi-detached buildings with basement parking, four storeys of office building and four storeys of the back area allocated for warehousing use | 74,000 / 211,000 | 30.07.2020 (R) | Freehold | 42.7 | 2 years |
| 3. | HSM 22488 – HSM 22489, PT 60162 – PT 60163, Mukim of Ceras, Batu 13, Jalan Cheras, District of Hulu Langat, State of Selangor. / Lot 2279, Jalan KPB 12B, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor. | Construction-in-progress | 260,000 / 372,000 | 30.08.2018 (A) (Plot 1) & 15.11.2018 (A) (Plot 2) | Freehold | 80.6 | N/A |
| 4. | Geran Mukim 391, Lot 1836, Mukim Ceras, Daerah Hulu Langat Selangor. / Lot 1836, Jalan KPB 6, Kawasan Perindustrian Balakong, Kg Baru Balakong, 43300 Seri Kembangan, Selangor. | Industrial land with double story factory erected | 80,300 / 33,180 | 05.08.2020 (A) | Freehold | 21.4 | 11 years |

LIST OF PROPERTIES

| No. | Address | Description / Existing use | Approx. Land Area / Built-up area (square feet) | Date of Acquisition(A) / Revaluation(R) | Tenure / Date of Expiry of Lease | Net Book Value (RM million) | Age of building |
|-----|--|-----------------------------|---|---|----------------------------------|-----------------------------|-----------------|
| 5 | HS (D) 172069, PT59504, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor. | Industrial land | 85,340 | 14.09.2020 (A) | Leasehold 11.09.2114 | 12.9 | N/A |
| 6 | Geran 252099, Lot 4285, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor. / No. 29, Jalan Kesuma, Taman Bukit Belimbing, 43300 Seri Kembangan, Selangor. | Double storey terrace house | 1,076 | 16.01.2021 (R) | Freehold | 0.3 | 14 years |
| 7 | PN 36695, Lot 56249, Mukim and District Kuala Lumpur, Wilayah Persekutuan KL. / No. 32, Jalan Sri Permaisuri 9, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur. | Three storey shop office | 1,539 | 06.09.2022 (R) | Leasehold 06.08.2102 | 2.5 | 18 years |
| 8 | PN 36696, Lot 56250, Mukim Kuala Lumpur, District Kuala Lumpur, Wilayah Persekutuan KL. / No. 34, Jalan Sri Permaisuri 9, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur. | Three storey shop office | 1,539 | 06.09.2022 (R) | Leasehold 06.08.2102 | 2.4 | 18 years |
| 9 | PN 36697, Lot 56251, Mukim and District Kuala Lumpur, Wilayah Persekutuan KL. / No. 36, Jalan Sri Permaisuri 9, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur. | Three storey shop office | 1,539 | 06.09.2022 (R) | Leasehold 06.08.2102 | 2.4 | 18 years |
| 10 | HS (M) 23143, PT60808, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor. | Industrial land | 171,300 | 01.04.2022 (A) | Freehold | 25.0 | N/A |

ANALYSIS OF SHAREHOLDINGS AS AT 13 APRIL 2023

Total number of issued shares : 9,433,147,392
 Class of shares : Ordinary Shares
 Voting Rights : One (1) vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS (as per Records of Depositors as at 13 April 2023)

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|---------------|----------------------|---------------|
| 1 – 99 | 445 | 3.58 | 14,999 | * |
| 100 – 1,000 | 3,557 | 28.60 | 1,616,206 | 0.02 |
| 1,001 – 10,000 | 6,179 | 49.68 | 22,738,110 | 0.24 |
| 10,001 – 100,000 | 1,532 | 12.32 | 46,131,598 | 0.49 |
| 100,001 to less than 5% of issued shares | 722 | 5.80 | 4,286,882,879 | 45.44 |
| 5% and above of issued shares | 2 | 0.02 | 5,075,763,600 | 53.81 |
| TOTAL | 12,437 | 100.00 | 9,433,147,392 | 100.00 |

Notes:

* Negligible

PUBLIC SHAREHOLDING SPREAD AS AT 13 APRIL 2023

Public Shareholding Spread is 31.84% pursuant to the definition under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (as per Register of Substantial Shareholders as at 13 April 2023)

| | Direct | | Indirect | |
|--------------------------------|---------------|-------|------------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Bee Family Limited | 4,809,544,150 | 50.99 | - | - |
| Platinum Alphabet Sdn. Bhd. | 575,763,600 | 6.10 | - | - |
| Employees Provident Fund Board | 507,168,350 | 5.38 | - | - |
| Yeh Family (PTC) Ltd. | - | - | 4,809,544,150 ⁽¹⁾ | 50.99 |
| WEI Future Capital (PTC) Ltd. | - | - | 4,809,544,150 ⁽¹⁾ | 50.99 |
| Managecorp Limited | - | - | 4,809,544,150 ⁽²⁾ | 50.99 |
| Tan Yu Yeh | 59,635,000 | 0.63 | 4,809,544,150 ⁽³⁾ | 50.99 |
| Tan Yu Wei | 16,200,000 | 0.17 | 4,809,544,150 ⁽⁴⁾ | 50.99 |
| Gan Choon Leng | 27,656,000 | 0.29 | 575,763,600 ⁽⁵⁾ | 6.10 |
| Tan Gaik Hoon | 33,057,250 | 0.35 | 575,763,600 ⁽⁵⁾ | 6.10 |

Notes:

⁽¹⁾ Deemed interested by virtue of its interest in Bee Family Limited, applying Section 8(4) of the Companies Act 2016 ("the Act").

⁽²⁾ Deemed interested by virtue of its interest in Bee Family Limited, through its shareholdings held in Yeh Family (PTC) Ltd. and WEI Future Capital (PTC) Ltd. Managecorp Limited is acting in its capacity as trustee for a trust settled by Tan Yu Yeh and Tan Yu Wei in respect of Yeh Family (PTC) Ltd. and WEI Future Capital (PTC) Ltd., respectively, in each case, applying Section 8(4) of the Act.

⁽³⁾ Deemed interested by virtue of his interest in Bee Family Limited, through his interest in Yeh Family (PTC) Ltd., applying Section 8(4) of the Act.

⁽⁴⁾ Deemed interested by virtue of his interest in Bee Family Limited, through his interest in WEI Future Capital (PTC) Ltd., applying Section 8(4) of the Act.

⁽⁵⁾ Deemed interested by virtue of his/her interest in Platinum Alphabet Sdn. Bhd., applying Section 8(4) of the Act.

ANALYSIS OF SHAREHOLDINGS AS AT 13 APRIL 2023

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholding as at 13 April 2023)

| | Direct | | Indirect | |
|------------------------------|---------------|------|------------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Dato' Azlam Shah Bin Alias | 750,000 | 0.01 | - | - |
| Tan Yu Yeh | 59,635,000 | 0.63 | 4,809,544,150 ⁽¹⁾ | 50.99 |
| Ong Chu Jin Adrian | 56,588,159 | 0.60 | - | - |
| Ng Ing Peng | 330,000 | * | - | - |
| Leng Choo Yin | 467,500 | * | 150,000 ⁽²⁾ | * |
| Dato' Hamidah Binti Naziadin | 80,000 | * | - | - |

Notes:

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

⁽²⁾ Deemed interested by virtue of the shares held by her spouse, applying Section 59(1)(c) of the Act.

* Negligible

DIRECTORS' INTEREST IN RELATED CORPORATIONS AS AT 13 APRIL 2023

Yeh Family (PTC) Ltd. – ultimate holding company

| | Direct | | Indirect | |
|------------|---------------|---|----------------------|-----|
| | No. of Shares | % | No. of Shares | % |
| Tan Yu Yeh | - | - | 1,000 ⁽¹⁾ | 100 |

Bee Family Limited – holding company

| | Direct | | Indirect | |
|------------|---------------|---|-----------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Tan Yu Yeh | - | - | 54,237 ⁽²⁾ | 54.24 |

Mr D.I.Y. Management Sdn. Bhd. – subsidiary company ⁽³⁾

| | Direct | | Indirect | |
|------------|---------------|------|---------------|---|
| | No. of Shares | % | No. of Shares | % |
| Tan Yu Yeh | 446,000 | 4.46 | - | - |

Notes:

⁽¹⁾ Deemed interested by virtue of his interest in Yeh Family (PTC) Ltd., through Managecorp Limited acting in its capacity as trustee for a trust settled by him in respect of Yeh Family (PTC) Ltd., applying Section 8(4) of the Act.

⁽²⁾ Deemed interested by virtue of his interest in Yeh Family (PTC) Ltd., applying Section 8(4) of the Act.

⁽³⁾ Mr D.I.Y. Management Sdn. Bhd. ("MDM") is a 95% owned subsidiary of the Company and the remaining 5% equity interests is held by individual shareholders (including Tan Yu Yeh), all of whom have waived all the present and future rights, title, interest in and to all dividends declared, distributed or paid by MDM.

DIRECTORS' INTEREST IN OPTIONS OVER ORDINARY SHARES AS AT 13 APRIL 2023

| | No. of Options Granted |
|--------------------|------------------------|
| Tan Yu Yeh | 2,475,000 |
| Ong Chu Jin Adrian | 1,245,000 |

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 13 APRIL 2023

| No | Name of Shareholders | No. of Shares | % |
|-----|---|---------------|-------|
| 1. | Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt An For Standard Chartered Bank Singapore Branch (SG PVB CL AC)</i> | 4,500,000,000 | 47.70 |
| 2. | Platinum Alphabet Sdn. Bhd. | 575,763,600 | 6.10 |
| 3. | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i> | 398,862,426 | 4.23 |
| 4. | Tan Yew Teik | 370,417,147 | 3.93 |
| 5. | Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore For Bee Family Limited</i> | 287,844,150 | 3.05 |
| 6. | Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i> | 220,000,000 | 2.33 |
| 7. | Chong Swee Lee | 164,363,314 | 1.74 |
| 8. | Citigroup Nominees (Asing) Sdn. Bhd. <i>CB Spore GW For Government Of Singapore (GIC C)</i> | 137,531,300 | 1.46 |
| 9. | CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i> | 119,904,664 | 1.27 |
| 10. | Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB For Tan Yew Hock (PB)</i> | 109,766,464 | 1.16 |
| 11. | Tan Lee Lee | 83,706,580 | 0.89 |
| 12. | Tan Lee Ling | 83,084,080 | 0.88 |
| 13. | Permodalan Nasional Berhad | 73,557,300 | 0.78 |
| 14. | Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i> | 60,730,700 | 0.64 |
| 15. | Tan Yu Yeh | 59,635,000 | 0.63 |
| 16. | Tan Yew Hock | 55,640,000 | 0.59 |
| 17. | Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An For Citibank New York (Norges Bank 1)</i> | 52,000,050 | 0.55 |
| 18. | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd. (2)</i> | 47,399,999 | 0.50 |
| 19. | Lembaga Tabung Haji | 47,312,200 | 0.50 |
| 20. | Amanahraya Trustees Berhad <i>Public Ittikal Sequel Fund</i> | 46,769,100 | 0.50 |
| 21. | HSBC Nominees (Asing) Sdn. Bhd. <i>JPMSE LUX For JPMorgan Funds</i> | 41,929,300 | 0.44 |
| 22. | Cartaban Nominees (Tempatan) Sdn. Bhd. <i>PBTB For Takafulink Dana Ekuiti</i> | 36,095,800 | 0.38 |
| 23. | Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Private Wealth Management For Ong Chu Jin Adrian (PW-M01218)</i> | 35,863,159 | 0.38 |
| 24. | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For AIA Bhd.</i> | 35,792,950 | 0.38 |
| 25. | HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA For JPMorgan Asean Fund (BK Eastasia TST)</i> | 33,116,600 | 0.35 |
| 26. | Tan Gaik Hoon | 33,057,250 | 0.35 |
| 27. | Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG</i> | 30,987,767 | 0.33 |
| 28. | HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA For Vanguard Total International Stock Index Fund</i> | 29,292,600 | 0.31 |
| 29. | HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA For Vanguard Emerging Markets Stock Index</i> | 27,749,750 | 0.29 |
| 30. | Gan Choon Leng | 27,656,000 | 0.29 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of MR D.I.Y. GROUP (M) BERHAD will be conducted virtually through live streaming from the Broadcast Venue at VE Hotel & Residence Kuala Lumpur, Achieve Room, Level M3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia and via online meeting platform on the TIH Online website at <https://tiah.online> on Thursday, 8 June 2023 at 2.00 p.m. for the purpose of considering and if thought fit, to pass the following resolutions, with or without modifications:-

AS ORDINARY BUSINESS

| | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1) | |
| 2. | To re-elect the following Directors who retire by rotation in accordance with Clause 130 of the Company's Constitution and being eligible, offer themselves for re-election:- i) Dato' Azlam Shah Bin Alias ii) Ng Ing Peng (Please refer to Explanatory Note 2) | Resolution 1 Resolution 2 |
| 3. | To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors for an amount up to RM700,000 for the period from 1 July 2023 until the next Annual General Meeting to be held in 2024. (Please refer to Explanatory Note 3) | Resolution 3 |
| 4. | To re-appoint BDO PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration. (Please refer to Explanatory Note 4) | Resolution 4 |

AS SPECIAL BUSINESS

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

| | | |
|----|---|----------------------------------|
| 5. | <p>ORDINARY RESOLUTION 1 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING IN NATURE</p> <p>"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("the Group") to enter into the following recurrent related party transactions as set out in Section 2.5 of Part A of the Circular to Shareholders dated 28 April 2023, which are of revenue and/or trading in nature, and are necessary for the Group's day-to-day operations, undertaken in the ordinary course of business at arm's length basis and on normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company:-</p> <p>(i) Provision of procurement services, financial reporting services and consultancy services by the Group to Mr. D.I.Y. International Holding Ltd. ("MDIH") and its subsidiaries, associated companies and corporations controlled by MDIH.</p> <p>(ii) Sale of goods by Mr. D.I.Y. Trading Sdn. Bhd., a wholly owned subsidiary of the Company, to Mr D.I.Y. Trading (Singapore) Pte. Ltd. for the purpose of its retail operations in Singapore.</p> <p>THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-</p> <p>i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;</p> <p>ii) the expiration of the period within which the AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or</p> <p>iii) the resolution is revoked or varied by a resolution passed by the shareholders of the Company in general meeting, whichever is the earlier;</p> <p>AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Please refer to Explanatory Note 5)</p> | Resolution 5 Resolution 6 |
|----|---|----------------------------------|

| | | |
|----|--|--------------|
| 6. | <p>ORDINARY RESOLUTION 2 PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)</p> <p>“THAT subject always to the provisions of Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and/or any other relevant laws, regulations, guidelines and/or regulatory authorities, if any:-</p> <p>a) approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-</p> <p>i) the aggregate number of shares which may be purchased and held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase; and</p> <p>ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase;</p> <p>iii) upon completion of the shares so purchased, the Directors of the Company be authorised at their absolute discretion to cancel the shares so purchased or to retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the MMLR of Bursa Securities and any other relevant authorities for the time being in force.</p> <p>b) the approval conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:-</p> <p>i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;</p> <p>ii) the expiration of the period within which the next AGM after that date is required by law to be held; or</p> <p>iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;</p> <p>whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the MMLR of Bursa Securities and any applicable laws, regulations, guidelines and requirements issued by any relevant authorities.</p> <p>c) authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.” <i>(Please refer to Explanatory Note 6)</i></p> | Resolution 7 |
| 7. | To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution. | |

By order of the Board

WONG MUN SIN
(MAICSA 7025509)
(SSM PC No. 202008000876)
Company Secretary

Dated : 28 April 2023
Selangor Darul Ehsan

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 together with essential individuals in accordance with Note 1.2 of the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders/proxy(ies) will not be allowed to attend the 12th AGM in person at the Broadcast Venue.

Shareholders/proxy(ies) are to attend, speak (including posing questions via real time submission of typed texts or prior to the AGM) and vote (collectively, "participate") remotely at the 12th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details and notes below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 31 May 2023. Only members whose names appear on this Record of Depositors shall be entitled to participate in this AGM via RPV or appoint proxy/proxies to attend and vote on his/her behalf via RPV.

3. A member, including an Authorised Nominee, may appoint not more than two (2) proxies to attend and vote instead of the member or Authorised Nominee at the meeting on the same occasion.

An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account the Exempt Authorised Nominee holds.

Where a member, an Authorised Nominee or an Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

4. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at a meeting.

5. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 12th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Share Registrar of the Company **not later than Wednesday, 7 June 2023 at 2.00 p.m.:**

i) In hard copy form

The hardcopy proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company, Tricor, via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online website.

7. The lodging of a completed Proxy Form does not preclude a member from participating and voting at the AGM. Should you subsequently decide to participate at the AGM, please submit a notice of revocation in writing to the Share Registrar of the Company, Tricor, at the above address or via email at is.enquiry@my.tricorglobal.com, **not later than Tuesday, 6 June 2023 at 2.00 p.m.**

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

9. The resolutions set out in the Notice of 12th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

EXPLANATORY NOTES

(1) Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon

The audited financial statements are laid at the AGM in accordance with Section 340(1)(a) of the Act for discussion only and no shareholders' approval is required. Hence, they will not be put for voting.

(2) Resolutions 1 to 2 : Re-election of Directors

Clause 130 of the Constitution of the Company provides that at each AGM, one-third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years. The Directors who retire from office shall be eligible for re-election. Hence, 2 out of 6 Directors of the Company are to retire and shall be eligible for re-election at the 12th AGM.

Dato' Azlam Shah bin Alias and Ng Ing Peng are retiring and being eligible, have offered themselves for re-election at the 12th AGM.

Based on the results of the annual Board Effectiveness Evaluation ("BEE") conducted on the retiring Directors, the Nomination and Remuneration Committee ("NRC") and Board (save for the retiring Directors) collectively agreed that both the retiring Directors had met the qualification of directors vis-à-vis character, experience, integrity, competence and time committed as prescribed in Chapter 2.20A of the MMLR of Bursa Securities and possess the relevant qualities to effectively discharge their respective roles as Directors.

As part of the BEE, both the retiring Directors had also undertaken and satisfied the fit and proper assessment pursuant to the Fit & Proper Policy adopted, via self-declaration and peer assessment. Both the retiring Directors being the Independent Directors, have also met the independence criteria as prescribed in the MMLR of Bursa Securities and remained independent in exercising their judgment and in carrying out their duties as Independent Directors.

The NRC and the Board have affirmed and endorsed the re-election of both the retiring Directors for recommendation to the shareholders of the Company for approval as the Board

believes that the Company is able to leverage on the expertise and experience of the retiring Directors as follows:-

| Retiring Directors subject to re-election | Justifications |
|---|--|
| Dato' Azlam Shah bin Alias | He has extensive experience and expertise in retail industry with his current role as Senior Adviser to the President and member of the advisory board of Lotuss Stores (Malaysia) Sdn. Bhd. (formerly known as Tesco Stores (Malaysia) Sdn. Bhd.). He is also an Industry Advocacy Representative of Malaysian International Chambers of Commerce and Industry, and Malaysian Retailers Association. Previously, he also held various roles in retail development of Esso Malaysia Berhad and retail development representative of Mobil Oil Malaysia Sdn. Bhd. |
| Ng Ing Peng | She is a certified chartered accountant with working experiences specialised in finance, culminating in her position as former Executive Director and Group Chief Financial Officer of an oil and gas company. This puts her in a good stead as Chair of the Audit and Risk Management Committee. |

(3) *Resolution 3 – Directors' Fees and Benefits*

Pursuant to Section 230(1) of the Act, Paragraph 7.24 of the MMLR of Bursa Securities and Clause 112 of the Constitution of the Company, any fees and benefits payable to the directors shall be approved at a general meeting.

The amount of Directors' fees and benefits payable to the Non-Executive Directors ("NEDs") of the Company as members of the Board and Board Committees of the Company is based on the following remuneration framework:

| Type of Fees/Benefits | Amount (RM) |
|----------------------------|-------------------|
| Board Chairman's Fee | 159,000 per annum |
| Non-Executive Director Fee | 115,800 per annum |
| Meeting allowance | 1,000 per meeting |
| Chairman's allowance | 60,000 per annum |

In determining the estimated total amount of Directors' fees and benefits payable to the NEDs of an amount up to RM700,000 from 1 July 2023 until the next AGM in June 2024 to seek approval from the shareholders, the Board has considered the above remuneration framework including the number of scheduled and non-scheduled meetings of Board, Board Committees and general meetings, and a provisional sum as a contingency for other allowances associated to and to facilitate the NEDs in discharging their duties as Directors. No change in the proposed amount compared to 2022.

The proposed Resolution 3, if passed, will give authority to the Company to pay the Directors' fees and benefits to NEDs on a monthly basis in arrears and/or as and when incurred, since the NEDs have discharged their responsibilities and rendered their services to the Company throughout the period.

(4) *Resolution 4 - Re-appointment of Auditors*

The Board, through the Audit and Risk Management Committee, had conducted an assessment on the suitability, objectivity and independence of BDO PLT in respect of the financial year ended 31 December 2022. The Board was satisfied with the performance of BDO PLT and recommended the re-appointment of BDO PLT as Auditors of the Company to hold office until the conclusion of the next AGM in 2024 in accordance with Section 271 of the Act.

(5) *Resolutions 5 to 6 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading in Nature ("Proposed RRPTs")*

The Proposed RRPTs, if approved, will allow the Group to enter into recurrent related party transactions of a revenue or trading in nature with its related parties as set out in Section 2.5 of Part A of the Circular to Shareholders dated 28 April 2023 in accordance with the MMLR of Bursa Securities without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. For further details, please refer to Part A of the Circular to Shareholders dated 28 April 2023, which is circulated together with the Annual Report 2022.

(6) *Resolution 7 – Proposed Renewal of Share Buy-Back Authority*

The Proposed Renewal of Share Buy-Back Authority, if approved, will empower the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period as stipulated in the MMLR of Bursa Securities. For further information, please refer to Part B of the Circular to Shareholders dated 28 April 2023.

STATEMENT ACCOMPANYING NOTICE OF 12TH ANNUAL GENERAL MEETING

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

DIRECTOR SEEKING FOR ELECTION AT 12TH ANNUAL GENERAL MEETING

No director seeks for election at 12th Annual General Meeting ("AGM").

ADMINISTRATIVE DETAILS

TWELVE ANNUAL GENERAL MEETING (“12TH AGM”) OF MR D.I.Y. GROUP (M) BERHAD

| | | |
|--|--------------------------|--|
| Date Thursday, 8 June 2023 | Time 2.00 p.m. | Online Meeting Platform TIIH Online website at https://tiih.online with Remote Participation and Voting facilities |
| Broadcast Venue VE Hotel & Residence Kuala Lumpur, Achieve Room, Level M3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia | | |

MODE OF MEETING

The 12th Annual General Meeting of the Company will be conducted virtually through live streaming from the Broadcast Venue and via online meeting platform on the TIIH Online website at <https://tiih.online> as authorised by the Constitution of the Company and in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (“SC Guidance”) on 18 April 2020 and subsequently revised with the latest version on 7 April 2022 (including any amendment that may be made from time to time), which encourages companies to continue leveraging technology in conducting general meeting to facilitate remote shareholders participation.

The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act, 2016 together with essential individuals in accordance with Note 1.2 of the SC’s Guidance. Shareholders/proxies/corporate representatives are only allowed to participate and vote in the 12th AGM remotely via live streaming and online voting using RPV facilities via **TIIH Online website** at <https://tiih.online>.

The Company will continue to observe the relevant guidelines issued by the relevant authorities and Securities Commission in conducting general meeting. Kindly check announcement on the Company’s corporate website or Bursa Malaysia Securities Berhad’s website from time to time for any updates on the 12th AGM.

GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

Only shareholders whose names appear on the ROD as at 31 May 2023 shall be entitled to attend, speak and vote at the 12th AGM or appoint proxies to attend and/or vote on his/her behalf.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (including posing questions via real time submission of typed texts or prior to the 12th AGM) and vote (collectively, “participate”) remotely at the 12th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online website** at <https://tiih.online>.

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys are to follow the requirements and procedures to participate in the 12th AGM remotely using RPV as set out below:-

| Procedures | Action |
|---|---|
| BEFORE THE DAY OF AGM | |
| (a) Register as a user with TIIH Online | <ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online. |

| Procedures | Action |
|--|--|
| BEFORE THE DAY OF AGM | |
| (b) Register to participate remotely | <ul style="list-style-type: none"> • Registration is open from 10.00 a.m. Friday, 28 April 2023 until such time before the voting session ends of the 12th AGM on Thursday, 8 June 2023. • Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 12th AGM to ascertain their eligibility to participate in the 12th AGM using the RPV based on the General Meeting ROD as at 31 May 2023. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) MDGM 12TH AGM”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select “Register for Remote Participation and Voting”. • Review your registration and proceed to register. • TIH system will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting RODs as at 31 May 2023, the system will send you an e-mail by 7 June 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for the approval of new user of TIH Online as well as the registration for RPV in order that you can login to TIH Online and participate in the 12th AGM remotely).</i></p> |
| ON THE DAY OF THE AGM (8 June 2023) | |
| (c) Login to TIH Online | <ul style="list-style-type: none"> • Login with your user ID and password for remote participation at the 12th AGM at any time from 1.00 p.m. i.e. 1 hour before the commencement of the 12th AGM on Thursday, 8 June 2023 at 2.00 p.m. |
| (d) Participate through Live Streaming | <ul style="list-style-type: none"> • Select the corporate event: “(LIVE STREAM MEETING) MDGM 12TH AGM” to engage in the proceedings of the 12th AGM remotely. <p>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 12th AGM.</p> |
| (e) Online Remote Voting | <ul style="list-style-type: none"> • Voting session commences from 2.00 p.m. on Thursday, 8 June 2023 until a time when the Chairman announces the end of the voting session of the 12th AGM. • Select the corporate event: “(REMOTE VOTING) MDGM 12TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes. |
| (f) End of remote participation | <ul style="list-style-type: none"> • Upon the announcement by the Chairman on the closure of the 12th AGM, the Live Streaming will end. |

ADMINISTRATIVE DETAILS

Note to users of the RPV:

1. Should your application to join the 12th AGM be approved, we will make available to you the rights to join the live streamed 12th AGM and to vote remotely. Your login to **TIIH Online** on the day of the 12th AGM will indicate your attendance/presence at the virtual 12th AGM.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed of the 12th AGM or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY

- If you are unable to attend the 12th AGM via RPV on 8 June 2023, you may appoint not more than two (2) proxies to attend and vote at the 12th AGM via RPV. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint for each Omnibus Account.
- Kindly submit the duly executed proxy forms in a hard copy form or by electronic means in the following manner and must be received by the Share Registrar of the Company, Tricor, **not later than Wednesday, 7 June 2023 at 2.00 p.m.:-**
 - i) The hard copy proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii) The proxy form can be electronically lodged with Tricor via TIIH Online at <https://tiih.online>. Kindly refer to the procedure for Electronic Lodgement of Proxy Form, item (i) & (ii) below.
- Representatives of corporate shareholders (corporate representatives) or Attorneys appointed by power of attorney must deposit their original certificate of appointment of corporate representative/power of attorney to Tricor **not later than Wednesday, 7 June 2023 at 2.00 p.m.** to participate via RPV in the 12th AGM.

Shareholders who have appointed a proxy or attorney or corporate representative to participate at the 12th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge proxy form electronically via Tricor's **TIIH Online** website are summarised below:

| Procedures | Action |
|---|--|
| i. Steps for Individual Shareholders | |
| (a) Register as a user with TIIH Online | <ul style="list-style-type: none"> • You should have registered as user with TIIH Online under Procedures for RPV, item (a) above. |
| (b) Proceed with submission of Proxy Form | <ul style="list-style-type: none"> • Go to https://tiih.online and login with your user name (i.e. email address) and password. • Select the corporate event: "MDGM 12TH AGM - Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record. |

| Procedures | Action |
|------------|--------|
|------------|--------|

ii. Steps for Corporation or Institutional Shareholders

- | | |
|---|---|
| (c) Register as a User with TIIH Online | <ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p> |
| (d) Proceed with submission of Proxy Form | <ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: “MDGM 12TH AGM: Submission of Proxy Form”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: “MDGM 12TH AGM: Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record. |

POLL VOTING

- The voting at the 12th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 12th AGM at 2.00 p.m. but before the end of the voting session, which will be announced by the Chairman of the 12th AGM. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.
- Upon completion of the voting session for the 12th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

SUBMISSION OF QUESTIONS FOR THE 12TH AGM

(i) Prior to 12th AGM

Shareholders may submit questions in relation to the agenda items of the 12th AGM prior to the meeting via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically **not later than Wednesday, 7 June 2023 at 2.00 p.m.** The responses to the relevant questions will be shared at the 12th AGM.

(ii) During the 12th AGM

Shareholders may use the **Query Box** facility to submit questions real time (in the form of typed text) during the 12th AGM. The Board will endeavor to answer the relevant questions at the 12th AGM or by email after the meeting.

ADMINISTRATIVE DETAILS

RECORDING OR PHOTOGRAPHY

Strictly **no unauthorised recording or photography** of the proceedings of the 12th AGM are allowed.

ANNUAL REPORT AND CIRCULAR TO SHAREHOLDERS

The following documents are available for downloading from our corporate website at www.mrdiy.com or by scanning the QR code:

1. Annual Report 2022
2. Circular to Shareholders
3. Corporate Governance Report 2022
4. Sustainability Report 2022
5. Notice of the 12th AGM
6. Proxy Form
7. Administrative Details



SCAN HERE

In an effort to support green environment, we encourage shareholders to refer to the electronic copy of the abovementioned documents. You may request for a printed copy of the abovementioned documents at <https://tiih.online> by selecting "Request for Annual Report/ Circular" under the "Investor Services" or through telephone/e-mail to our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. as given below.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact persons : Mr. Jake Too : +603-2783 9285 / Email: Chee.Onn.Too@my.tricorglobal.com

En. Aiman : +603-2783 9262 / Email: Muhamad.Aiman@my.tricorglobal.com

Mr. David Look : +603-2783 9281 / Email: David.Look@my.tricorglobal.com

Mr. Ludwig Wong : +603-2783 9244 / Email: Ludwig.Wong@my.tricorglobal.com

| CDS Account No. | No. of Shares Held | Contact No. |
|-----------------|--------------------|-------------|
| | | |

MR D.I.Y. GROUP (M) BERHAD

[Company No. 201001034084 (918007-M)]
(Incorporated in Malaysia)

I/We* _____
(FULL NAME IN CAPITAL LETTERS)

Company No./NRIC No./Passport No. _____

of _____
(FULL ADDRESS)

being a Member of **MR D.I.Y. GROUP (M) BERHAD** hereby appoint the following person(s) as my/our proxy:-

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|----------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and / or (delete as appropriate)

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|----------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be conducted virtually through live streaming from the Broadcast Venue at VE Hotel & Residence Kuala Lumpur, Achieve Room, Level M3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia and via online meeting platform on the TIH Online website at <https://tjih.online> on Thursday, 8 June 2023 at 2.00 p.m. and at any adjournment thereof.

| NO. | ORDINARY RESOLUTION | FOR | AGAINST |
|-----|---|-----|---------|
| 1. | To re-elect Dato' Azlam Shah Bin Alias as Director of the Company. | | |
| 2. | To re-elect Ng Ing Peng as Director of the Company. | | |
| 3. | To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors for an amount up to RM700,000 for the period from 1 July 2023 until the next Annual General Meeting to be held in 2024. | | |
| 4. | To re-appoint BDO PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration. | | |
| | Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading in Nature :- | | |
| 5. | i) Provision of procurement services, financial reporting services and consultancy services by the Company and/or its subsidiaries to Mr. D.I.Y. International Holding Ltd. and/or its subsidiaries. | | |
| 6. | ii) Sale of goods by Mr. D.I.Y. Trading Sdn. Bhd. to Mr D.I.Y. Trading (Singapore) Pte. Ltd. for its retail operations in Singapore. | | |
| 7. | Proposed Renewal of Share Buy-Back Authority | | |

(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Signed this _____ day of _____ 2023

Signature of Shareholder(s) or Common Seal

Notes:

1. The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 together with essential individuals in accordance with Note 1.2 of the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders/proxy(ies) will not be allowed to attend the 12th AGM in person at the Broadcast Venue.

Shareholders/proxy(ies) are to attend, speak (including posing questions via real time submission of typed texts or prior to the AGM) and vote (collectively, "participate") remotely at the 12th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Details and notes below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 31 May 2023. Only members whose names appear on this Record of Depositors shall be entitled to participate in this AGM via RPV or appoint proxy/proxies to attend and vote on his/her behalf via RPV.
3. A member, including an Authorised Nominee, may appoint not more than two (2) proxies to attend and vote instead of the member or Authorised Nominee at the meeting on the same occasion.

An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account the Exempt Authorised Nominee holds.

Where a member, an Authorised Nominee or an Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

4. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at a meeting.
5. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 12th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Details.
6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Share Registrar of the Company **not later than Wednesday, 7 June 2023 at 2.00 p.m.:**

- i) In hard copy form
The hardcopy proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company, Tricor, via TIH Online website at <https://tjih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIH Online website.
7. The lodging of a completed Proxy Form does not preclude a member from participating and voting at the AGM. Should you subsequently decide to participate at the AGM, please submit a notice of revocation in writing to the Share Registrar of the Company, Tricor, at the above address or via email at is.enquiry@my.tricorglobal.com, **not later than Tuesday, 6 June 2023 at 2.00 p.m.**
8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
9. The resolutions set out in the Notice of 12th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Fold here



The Share Registrar
c/o: Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Fold here

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the 12th Annual General Meeting ("AGM") and/or any adjournment thereof, a Member of the Company:-

- a) consents to the processing of the Member's personal data by the Company for:
 - processing and administration of proxies and representatives appointed for the 12th AGM;
 - preparation and compilation of the attendance lists, minutes and other documents relating to the 12th AGM (which includes any adjournments thereto); and
 - the Company's compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the "Purposes").
- b) undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes.

(Note: the term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010)

ALWAYS GROWING VALUE

This vibrant cover design captures the diverse products offered by MR. D.I.Y. and celebrates a sense of abundance. The measuring tape underscores the commitment to continuous growth whilst symbolising the original DIY dream of the Group. Both customers and workers are presented to exemplify the Group's encompassing focus on all stakeholders. The design is finished in the yellow and red corporate colours to fortify a strong brand identity.



MR D.I.Y. GROUP (M) BERHAD

[Registration No. 201001034084 (918007-M)]

Lot 1907, Jalan KPB 11

Kawasan Perindustrian Balakong

43300 Seri Kembangan

Selangor Darul Ehsan, Malaysia

TEL. NO. : +603 8961 1338

FAX. NO. : +603 8964 0930

WEBSITE: www.mrdiy.com

E-MAIL : investor.query@mrdiy.com