

## MR D.I.Y. GROUP (M) BERHAD ("MDGM" OR "COMPANY")

### PROPOSED BONUS ISSUE OF UP TO 3,144,186,250 NEW ORDINARY SHARES IN MDGM ON THE BASIS OF 1 NEW ORDINARY SHARE FOR EVERY 2 EXISTING ORDINARY SHARES IN MDGM, HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE")

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#### 1. INTRODUCTION

On behalf of the Board of Directors of MDGM ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**") wishes to announce that the Company proposes to undertake a proposed bonus issue of up to 3,144,186,250 new ordinary shares in the Company ("**Bonus Shares**") on the basis of 1 new ordinary share for every 2 existing ordinary shares in MDGM ("**Share(s)**") held on an entitlement date to be determined and announced later ("**Entitlement Date**").

#### 2. DETAILS OF THE PROPOSED BONUS ISSUE

##### 2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of the Bonus Shares on the basis of 1 new Share for every 2 existing Shares held by the entitled shareholders of MDGM whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholder(s)**").

The basis of 1 new Share for every 2 existing Shares held was determined after taking into consideration, amongst others, the following:

- (i) potential adjustments to the share price of the Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of issued Shares after the Proposed Bonus Issue.

As at 22 April 2022, being the latest practicable date prior to the date of this announcement ("**LPD**"), the Company has:

- (a) an issued share capital of RM309,301,316 comprising 6,283,480,200 Shares; and
- (b) a total of 4,892,300 outstanding options granted which are exercisable from the LPD until 21 October 2025 under MDGM's employees' share option scheme ("**ESOS Options**")<sup>1</sup>. The ESOS Options are governed by its by-laws effective on 22 October 2020 ("**By-Laws**").

In conjunction with the Proposed Bonus Issue, the Company has undertaken not to grant any additional ESOS Options until after the Entitlement Date.

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<sup>1</sup> As at the LPD, there are a total of 40,209,800 ESOS Options, of which 4,892,300 ESOS Options are currently vested and capable of being exercised. The Proposed Bonus Issue is expected to be completed before 23 October 2022, being the next vesting date.

Based on the share capital of MDGM and the ESOS Options as at the LPD, the maximum number of Shares to be issued under the Proposed Bonus Shares shall be up to 3,144,186,250 Bonus Shares following the basis of the Proposed Bonus Issue described above.

The final number of Bonus Shares to be allotted and issued to Entitled Shareholders will be determined based on the actual number of Shares in issue as at the Entitlement Date.

Fractional entitlements that may arise from the Proposed Bonus Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time. The Entitlement Date for the Proposed Bonus Issue will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue.

There will be an adjustment to the market price of the Shares listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to the Proposed Bonus Issue.

Further, pursuant to Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the share price of MDGM adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily volume weighted average market price ("**VWAMP**") for the 3-month period up to and including the date immediately preceding the submission of the application to Bursa Securities.

For illustrative purposes only, the theoretical ex-bonus share price ("**TEBP**") of the Shares for the 5-market day and the 3-month VWAMP up to and including the LPD are as follows:

<u>Up to and including the LPD</u>	<u>Before the Proposed Bonus Issue</u>	<u>After the Proposed Bonus Issue</u>
	<u>Market price (RM)</u>	<u>TEBP (RM)</u>
5-market day VWAMP	3.4857	2.3238
3-month VWAMP	3.5564	2.3709

Based on the above, the Board confirms that the Proposed Bonus Issue is and will be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

## **2.2 No capitalisation of reserves**

With Section 74 of the Companies Act, 2016 (“**Act**”) that came into effect on 31 January 2017, the concept of par value for shares of Malaysian companies has been abolished. Hence, there is no such requirement and stipulation that cash consideration must be paid or be transferred in connection with new issuance of shares. As a result, a bonus issue can now be undertaken either:

- (i) by way of capitalisation of the retained earnings/reserves of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

In view of the above as well as the rationale and justification as set out in Section 3 of this announcement, the Board has resolved that the Proposed Bonus Issue shall be implemented without capitalisation of the retained earnings or reserves of the Company and that the Bonus Shares shall be issued as fully paid Shares at nil consideration. The Proposed Bonus Issue will not raise any funds for MDGM.

For avoidance of doubt, the Proposed Bonus Issue will increase the number of Shares in issue but the value of the issued share capital of the Company will remain the same.

## **2.3 Ranking of the Bonus Shares**

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares as at the date of its allotment, save and except that the Bonus Shares will not be entitled to participate in any rights, allotments, dividends, and/or any other distributions that may be declared, made or paid before the Entitlement Date.

## **2.4 Listing of and quotation for the Bonus Shares**

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

# **3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE**

The Board has considered that the Proposed Bonus Issue is an appropriate avenue to reward shareholders for their continuous support of MDGM and its subsidiaries (“**MDGM Group**”). The Proposed Bonus Issue is intended to:

- (i) allow the shareholders of the Company to increase the number of Shares held in the Company without incurring any additional cost, whilst maintaining their percentage of equity interests; and
- (ii) improve the marketability and possibly encourage trading liquidity of the Shares on Bursa Securities due to the resultant lower trading price, which serves to attract a broader range of investors to participate in the equity of the Company.

In addition, the Proposed Bonus Issue is not expected to affect the reserves and consolidated net assets of the Company, as the Proposed Bonus Issue will be implemented without capitalising MDGM’s retained earnings or reserves.

#### 4. EFFECTS OF THE PROPOSED BONUS ISSUE

The following sets out the effects of the Proposed Bonus Issue on the issued share capital of the Company, the substantial shareholders' shareholdings in the Company, and the consolidated net assets ("NA") per Share, gearing and earnings per Share ("EPS") of the MDGM Group.

For illustration purposes only, the effects are presented based on the following assumptions:

- Minimum Scenario** : Assuming none of the 4,892,300 vested ESOS Options are exercised on or prior to the Entitlement Date, the Proposed Bonus Issue would entail the issuance of a total of 3,141,740,100 Bonus Shares.
- Maximum Scenario** : Assuming all 4,892,300 vested ESOS Options are exercised by the Entitlement Date, the Proposed Bonus Issue would entail the issuance of a total of 3,144,186,250 Bonus Shares.

##### 4.1 Share capital

For illustration purposes, the pro forma effects of the Proposed Bonus Issue on the share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares ( <sup>'000</sup> )	Amount (RM <sup>'000</sup> )	No. of Shares ( <sup>'000</sup> )	Amount (RM <sup>'000</sup> )
Share capital as at the LPD	6,283,480	309,301	6,283,480	309,301
Assuming full exercise of the outstanding ESOS Options	-	-	4,892	(1)9,540
Issuance of Bonus Shares <sup>(2)</sup>	3,141,740	-	3,144,186	-
<b>Enlarged share capital</b>	<b>9,425,220</b>	<b>309,301</b>	<b>9,432,558</b>	<b>318,841</b>

**Notes:**

- (1) Assuming all the 4,892,300 vested ESOS Options are exercised at its exercise price of RM1.60 each, resulting in an aggregate recognition of approximately RM7.8 million from the exercise price and approximately RM1.7 million from the reclassification of share option reserves to the share capital.
- (2) The Bonus Shares shall be issued as fully paid shares at nil consideration and without capitalisation of MDGM's retained earnings or reserves.

## 4.2 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the Company's substantial shareholders as the Bonus Shares will be allotted on a pro-rata basis to all our shareholders. However, the number of Shares held by the substantial shareholders will increase proportionately, as a result of the Proposed Bonus Issue.

Substantial Shareholders	As at the LPD				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%
Bee Family Limited	3,191,896	50.8	-	-	4,787,844	50.8	-	-
Hyptis Limited	671,768	10.7	-	-	1,007,652	10.7	-	-
Platinum Alphabet Sdn Bhd	383,842	6.1	-	-	575,764	6.1	-	-
Yeh Family (PTC) Ltd	-	-	3,191,896	<sup>(1)</sup> 50.8	-	-	4,787,844	<sup>(1)</sup> 50.8
WEI Future Capital Ltd	-	-	3,191,896	<sup>(1)</sup> 50.8	-	-	4,787,844	<sup>(1)</sup> 50.8
Tan Yu Yeh	590	*	3,191,896	<sup>(2)</sup> 50.8	885	*	4,787,844	<sup>(2)</sup> 50.8
Tan Yu Wei	-	-	3,191,896	<sup>(3)</sup> 50.8	-	-	4,787,844	<sup>(3)</sup> 50.8
Creador II, LLC	-	-	671,768	<sup>(4)</sup> 10.7	-	-	1,007,652	<sup>(4)</sup> 10.7
Creador III L.P.	-	-	671,768	<sup>(4)</sup> 10.7	-	-	1,007,652	<sup>(4)</sup> 10.7
Gan Choon Leng	16,104	0.3	383,842	<sup>(5)</sup> 6.1	24,156	0.3	575,764	<sup>(5)</sup> 6.1
Tan Gaik Hoon	16,454	0.3	383,842	<sup>(5)</sup> 6.1	24,681	0.3	575,764	<sup>(5)</sup> 6.1

**Notes:**

\*      *Negligible*

- (1)    *Deemed interested by virtue of its interest in MDGM via Bee Family Limited, applying Section 8(4) of the Act.*
- (2)    *Deemed interested by virtue of his interest in Bee Family Limited, through his shareholdings held in Yeh Family (PTC) Ltd, applying Section 8(4) of the Act.*
- (3)    *Deemed interested by virtue of his interest in Bee Family Limited through his shareholdings held in WEI Future Capital Ltd, applying Section 8(4) of the Act.*
- (4)    *Deemed interested by virtue of its interest in MDGM via Hyptis Limited, applying Section 8(4) of the Act.*
- (5)    *Deemed interested by virtue of their interests in Platinum Alphabet Sdn Bhd, applying Section 8(4) of the Act.*

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### 4.3 NA per Share and gearing

For illustration purposes, based on the latest available audited consolidated financial statements of the Company as at 31 December 2020, the pro forma effects of the Proposed Bonus Issue on the NA per Share and gearing of the MDGM Group are as follows:

#### **Minimum Scenario**

		<b>Pro forma I</b>
	<b>Audited as at 31 December 2020</b>	<b>After the Proposed Bonus Issue</b>
	<b>RM'000</b>	<b>RM'000</b>
Share capital <sup>(1)</sup>	295,625	295,625
Merger reserves	(117,450)	(117,450)
Foreign currency translation reserve	52	52
Share options reserves <sup>(1)</sup>	1,212	1,212
Retained earnings	697,237	<sup>(2)</sup> 696,922
<b>Total equity attributable to the owner of the Company / NA</b>	<b>876,676</b>	<b>876,361</b>
No. of Shares ('000)	6,276,600	<sup>(3)</sup> 9,414,900
NA per Share (RM) <sup>(4)</sup>	0.14	0.09
Total borrowings (RM'000)	263,584	263,584
Gearing ratio (times) <sup>(5)</sup>	0.30	0.30

#### **Notes:**

- (1) Since 31 December 2020 up to the LPD, a total of 6,782,700 and 97,500 ESOS Options at the respective exercise price of RM1.60 and RM3.47 each, have been exercised resulting in the total issuance of 6,880,200 Shares, resulting in a recognition of an aggregate of approximately RM13.7 million, comprising approximately RM11.2 million in share capital from the exercise price and approximately RM2.5 million from the reclassification of the share options reserves to the share capital. The exercise resulted in an enlarged share capital of approximately RM309.3 million.
- (2) After deducting estimated expenses in relation to the Proposed Bonus Issue of approximately RM315,000.
- (3) Issuance of a total of 3,138,300,000 Bonus Shares based on the ratio of 1 new Share for every 2 existing Shares held based on the total 6,276,600,000 Shares in issue as at 31 December 2020.
- (4) Calculated based on NA divided by the number of Shares in issue.
- (5) Calculated based on total borrowings divided by NA.

## Maximum Scenario

		Pro forma I	Pro forma II
	Audited as at 31 December 2020	Assuming exercise of ESOS Options <sup>(1)</sup>	After Pro forma I and the Proposed Bonus Issue <sup>(3)</sup>
	RM'000	RM'000	RM'000
Share capital	295,625	318,842	318,842
Merger reserves	(117,450)	(117,450)	(117,450)
Foreign currency translation reserve	52	52	52
Share options reserves	1,212	4,730	4,730
Retained earnings	697,237	689,517	<sup>(2)</sup> 689,202
<b>Total equity attributable to the owner of the Company / NA</b>	<b>876,676</b>	<b>895,691</b>	<b>895,376</b>
No. of Shares ('000)	6,276,600	6,288,373	9,432,559
NA per MDGM Share (RM'000) <sup>(4)</sup>	0.14	0.14	0.09
Total borrowings (RM'000)	263,584	263,584	263,584
Gearing ratio (times) <sup>(5)</sup>	0.30	0.29	0.29

### Notes:

(1) Taking into account:

- (i) the actual exercise of a total of 6,880,200 ESOS Options since 31 December 2020 up to the LPD resulting in the issuance of 6,782,700 and 97,500 Shares at the respective exercise price of RM1.60 and RM3.47 each, resulting in a recognition of an aggregate of approximately RM13.7 million, comprising approximately RM11.2 million in share capital from the exercise price and approximately RM2.5 million from the reclassification of the share options reserves to the share capital;
  - (ii) assuming the exercise of the 4,892,300 outstanding vested ESOS Options as at the LPD at its exercise price of RM1.60 each resulting in the issuance of 4,892,300 new Shares, resulting in a recognition of an aggregate of approximately RM9.5 million, comprising approximately RM7.8 million in share capital from the exercise price and approximately RM1.7 million from the reclassification of the share options reserves to share capital; and
  - (iii) the ESOS related expenses since 31 December 2020 up to the LPD of approximately RM7.7 million.
- (2) After deducting (i) the ESOS related expenses since 31 December 2020 up to the LPD of approximately RM7.7 million, and (ii) estimated expenses in relation to the Proposed Bonus Issue of approximately RM315,000.
- (3) Issuance of a total of 3,144,186,250 Bonus Shares based on the ratio of 1 new Share for every 2 existing Shares held based on the total enlarged 6,288,372,500 Shares in issue as a result of note (1) above.
- (4) Calculated based on NA divided by the number of Shares in issue.
- (5) Calculated based on total borrowings divided by NA.



#### **4.4 Earnings and EPS**

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the MDGM Group for the financial year ending 31 December 2022, save for the dilution in the EPS of MDGM as a result of the increase in the number of Shares in issue arising from the Proposed Bonus Issue.

#### **4.5 Convertible securities**

Save for the total 40,209,800 ESOS Options, the Company does not have any other existing convertible securities as at the LPD.

The Proposed Bonus Issue will give rise to adjustments to the exercise price and number of unvested and/or unexercised ESOS Options held by each grantee of the ESOS Options pursuant to its By-Laws.

Any adjustment which is required will be made in accordance with the provision of the By-Laws, whereby the Company shall cause such adjustments to be made to:

- (i) the number of ESOS Options granted to a grantee (excluding ESOS Options already exercised);
- (ii) the exercise price; or
- (iii) the number of ESOS Options and/or exercise price comprised in an offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the offer and the employees' share option scheme),

for purposes of ensuring that the capital outlay to be incurred by a grantee in subscribing for the same proportion of the issued capital of the Company as that to which he/she was entitled prior to the Proposed Bonus Issue (i.e. not taking into account ESOS Options already exercised) shall remain unaffected.

The following provisions shall apply in relation to an adjustment which is made pursuant to the above:

- (i) any adjustment to the exercise price shall be rounded up to the nearest one (1) sen; and
- (ii) in determining a grantee's entitlement to subscribe for new Shares, any fractional entitlements will be disregarded.

Any adjustment will only be made on the market day immediately following the Entitlement Date. A written notification will be despatched to the ESOS grantees holding the unvested and/or unexercised ESOS Options in the event of any such adjustment.

## **5. APPROVALS REQUIRED**

The Proposed Bonus Issue is conditional upon the following approvals being obtained:

- (i) Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of MDGM for the Proposed Bonus Issue at an extraordinary general meeting to be convened; and
- (iii) any other relevant authorities/parties, if required.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

## **6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM**

None of MDGM's Directors, major shareholders, chief executive and/or persons connected to them has any interest, either directly or indirectly, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company, in which the Bonus Shares are also available to all other Entitled Shareholders.

## **7. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

## **8. ADVISER**

CIMB has been appointed as the Principal Adviser of the Company for the Proposed Bonus Issue.

## **9. APPLICATION TO THE RELEVANT AUTHORITIES**

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Bonus Issue is expected to be made within one month from the date of this announcement.

## **10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Bonus Issue is expected to be completed by the second quarter of calendar year 2022.

**This announcement is dated 25 April 2022.**