



**MYNEWS HOLDINGS BERHAD**  
201301010004 (1039846-T)

Lot No. 3, Jalan Teknologi 3/1,  
Taman Sains Selangor 1, Seksyen 3,  
PJU 5 Kota Damansara,  
47810 Petaling Jaya, Selangor, Malaysia

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w [www.mynews.com.my](http://www.mynews.com.my)

    myNEWS Malaysia

myNEWS

**ANNUAL REPORT 2020**

MYNEWS HOLDINGS BERHAD

201301010004 (1039846-T)

Always  
Welcoming  
Delightfully  
Surprising

# What's Inside

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### COVER RATIONALE

myNEWS aims to be at the forefront in the convenience store category with its promise of always welcoming its customers to the store greeted by friendly staff and a welcoming ambiance.

Customers are always in for delightful surprises in our stores, with exciting promotions and offers, and a satisfying shopping experience.

### 8<sup>th</sup> Annual General Meeting

 25 March 2021

 10.00 am.

 **Mynews Holdings Berhad**  
Lot No. 3, Jalan Teknologi 3/1,  
Taman Sains Selangor 1,  
Seksyen 3, PJU 5,  
Kota Damansara,  
47810 Petaling Jaya,  
Selangor Darul Ehsan.

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# About Us



**Mynews Holdings Berhad (Mynews)** 201301010004 (1039846-T) aims to be at the forefront in the convenience store category with its promise to be always welcoming and friendly customer service.

Customers are always in for delightful surprises in our stores, with exciting promotions and offers, and a satisfying shopping experience.



## About Us

Mynews has grown from its first print media outlet, MAGBIT that was open in One Utama Shopping Centre on 25 December 1996, into a truly CVS chain. In 1997, "myNEWS.com" brand name was launched with the opening of the first outlet under this name in Mid-Valley Megamall. Currently, the Mynews Group is involved in the following businesses:



### Mynews Retail Sdn Bhd

Convenience store retail chain.

### Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd)

Operator and Licensee of South Korean CU CVS in Malaysia.

### WH Smith Malaysia Sdn Bhd

Retailer of magazines and convenience items.



### Bison Foods Sdn Bhd

Dine-in Café offering a variety of delightful local favorites.



### Mynews Ryoyupan Sdn Bhd

Production, manufacturing and sales of bakery products.



### DKE Technology Sdn Bhd

Information Technology (IT) support services.



### Mynews Management Sdn Bhd

Management services.



### Mynews Kukuh Sdn Bhd

Money changing business.



### Mynews Food Sdn Bhd

Investment holding.



### Mynews Kineya Sdn Bhd

Production, manufacturing and sales of prepared and ready to eat.

In 2012 a 50:50 partnership named WH Smith Malaysia Sdn. Bhd. was formed with WH Smith Travel Ltd (UK) to operate WH Smith outlets in Malaysia's international airports.

In May 2016, myNEWS.com brand name was licensed to two (2) outlets in the Yangon International Airport in Myanmar.

In October 2017, Mynews diversified into fresh food production in order to enhance the fresh food offerings at its stores. Its wholly-owned subsidiary, Mynews Food Sdn Bhd, entered into two separate agreements with Japanese wholly-owned companies GK Asia Sdn Bhd and MRA Bakery Sdn Bhd for the development, supply and sale of Halal ready-to-eat food and baked goods respectively. These joint ventures are able to draw upon more than 50 years of industry experience and expertise from the partners.

In meeting the new norm and changing consumer behaviour brought about by COVID-19 pandemic, Mynews has recently launched a new concept store called myNEWS SUPERVALUE. This is a bigger format store that offers more than just the grab-and-go convenience items. It carries a larger selection of day-to-day essential items to cater for the needs of consumers at selected locations, especially the residential areas.

In October 2020, Mynews unveiled a new tagline for its logo to reinforce its brand positioning as the preferred convenience store in Malaysia, in conjunction with its 24th anniversary celebration. With its new tagline "**Always Welcoming, Delightfully Surprising**", the brand myNEWS will continue to foster a trusting relationship with its customers and loyal members.

In the same month, Mynews through its wholly-owned subsidiary Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd) inked a licensing agreement with BGF Retail Co. Ltd, to operate CU CVS outlets in Malaysia.

Mynews is relentlessly and consistently changing and improving to bring quality products, convenience and excellent shopping experience to all Malaysians.



# Corporate Information

## BOARD OF DIRECTORS

**DING LIEN BING**, Independent Non-Executive Chairman

**DANG TAI LUK**, Executive Director/ Group Chief Executive Officer

**DANG TAI WEN**, Executive Director/Deputy Group Chief Executive Officer

**DANG TAI HOCK**, Executive Director/ Chief Executive Officer - Food

**SOON DEE HWEE**, Senior Independent Non-Executive Director

**MOHD SUFFIAN BIN SUBOH**, Independent Non-Executive Director

## AUDIT COMMITTEE

### Chairman

Soon Dee Hwee

### Members

Ding Lien Bing  
Mohd Suffian Bin Suboh

## RISK MANAGEMENT COMMITTEE

### Chairman

Dang Tai Hock

### Members

Ding Lien Bing  
Mohd Suffian Bin Suboh

## REMUNERATION COMMITTEE

### Chairman

Mohd Suffian Bin Suboh

### Members

Ding Lien Bing  
Soon Dee Hwee

## COMPANY SECRETARY

Lim Fung Sern  
(MIA 21288)

## NOMINATING COMMITTEE

### Chairman

Ding Lien Bing

### Members

Soon Dee Hwee  
Mohd Suffian Bin Suboh

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot No.3, Jalan Teknologi 3/1  
Taman Sains Selangor 1  
Seksyen 3, PJU 5, Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel No. : +603 6158 6000  
Fax No. : +603 6158 6111





## Corporate Information



### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd (197101000970/11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No.8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel No. : +603 2783 9299  
Fax No. : +603 2783 9222

### AUDITORS

Grant Thornton Malaysia PLT (AF0737)  
(Member of Grant Thornton  
International Ltd.)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel No. : +603 2692 4022  
Fax No. : +603 2691 5229

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
CIMB Bank Berhad

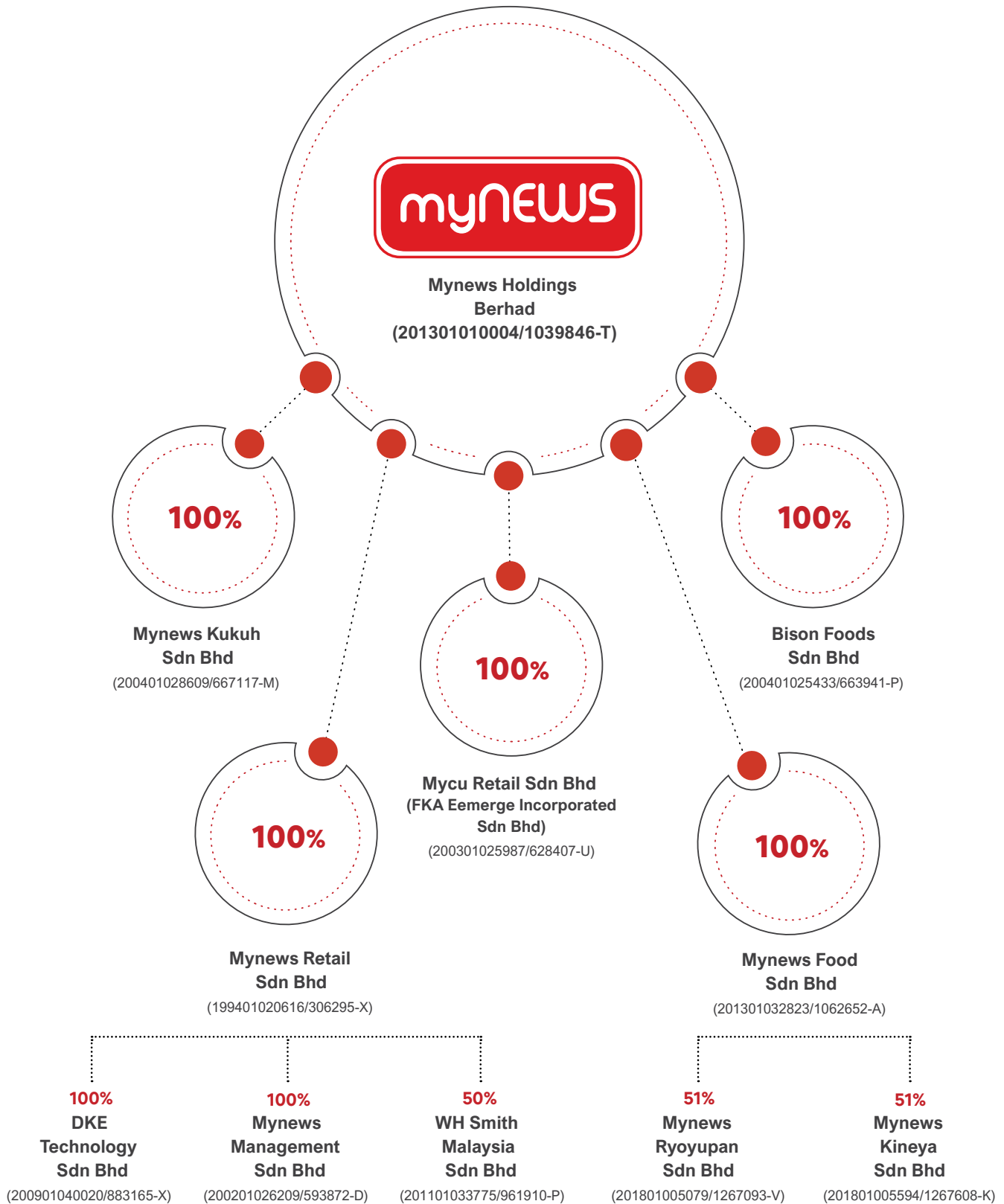
### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : Mynews  
Stock Code : 5275  
Sector : Consumer products and  
services  
Sub-sector : Retailers

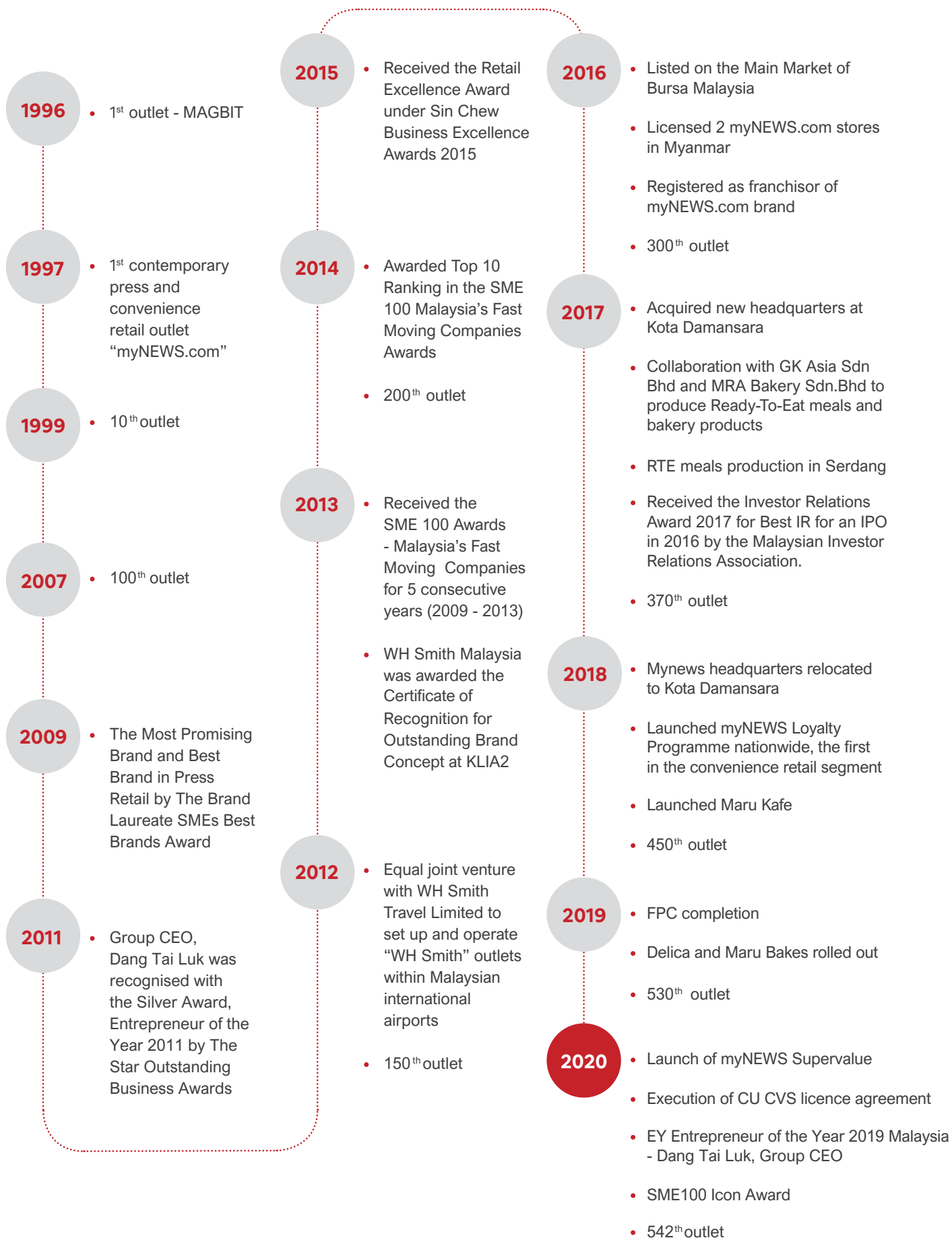
### WEBSITE

[www.mynews.com.my](http://www.mynews.com.my)

# Corporate Structure



# Corporate Milestones





# Board of Directors



**DING LIEN BING**  
Independent  
Non-Executive Chairman



**SOON DEE HWEE**  
Senior Independent  
Non-Executive Director



**MOHD SUFFIAN BIN SUBOH**  
Independent  
Non-Executive Director

## Board of Directors

**DANG TAI HOCK**Executive Director/  
Chief Executive Officer-Food**DANG TAI LUK**Executive Director/  
Group Chief Executive Officer**DANG TAI WEN**Executive Director/  
Deputy Group  
Chief Executive Officer**LOW CHOOI HOON**

Chief Executive Officer-Retail



# Directors' Profile

## Ding Lien Bing

("John")

**Independent  
Non-Executive Chairman**

Gender : Male  
Nationality : Malaysian  
Age : 61 Years

**Date appointed  
to the Board:**  
10 July 2015

John was appointed to the Board on 10 July 2015. He is also the Chairman of the Nominating Committee and a member of the Audit Committee, Risk Management Committee and Remuneration Committee.

John, a qualified Chartered Accountant is a member of the Malaysian Institute of Accountants ("MIA") and was a member of the Association of Chartered Certified Accountants (UK). He was previously attached to MBf Holdings Berhad Group ("MBfH") for more than twenty (20) years, from 1988 until 2010. During the period, he had left MBfH for eighteen (18) months to join OSK Holdings Berhad as Group Chief Financial Officer from May 2006 until October 2007 and thereafter re-joined MBfH. John started in MBfH as a Finance Manager with MBF Cards (M'sia) Sdn Bhd, a subsidiary involved in the credit card and charge card business. In 1998, he was transferred to the holding company to take charge of the Corporate Affairs and Finance functions of MBfH and MBf Capital Berhad which both were then listed in Bursa Malaysia. Upon re-joining MBfH, John assumed a dual role as President of MBF Cards and Chief Financial Officer of MBfH.

In January 2011, John left MBfH to join MBf Corporation Berhad ("MBf Corp"). Currently, he is the President of MBf Corp, an investment holding company which subsidiaries are involved in the promotion and sale of timeshare memberships, resort management services and investment properties. John is also the Chief Executive Officer and/or Director of the subsidiaries. He sits on the board of two (2) other public companies, Leisure Holidays Berhad and Melawati Recreation Berhad (In Liquidation), a subsidiary of MBf Corp and MBfH respectively.

## Dang Tai Luk

("Luk")

**Executive Director/  
Group Chief Executive  
Officer**

Gender : Male  
Nationality : Malaysian  
Age : 61 Years

**Date appointed  
to the Board:**  
5 February 2015

Luk was appointed to the Board on 5 February 2015 and re-designated as Chief Executive Officer from Managing Director on 3 January 2017. He was again re-designated as Group Chief Executive Officer on 1 August 2019.

He graduated with a Bachelor of Computer Science (Honours) and a Master of Science in Computer Science from the University of Manitoba, Canada. After his graduation, Luk was engaged in information technology from 1985 to 1996, mostly in banking applications, mainframe systems and computer network support. During those years, Luk was attached to the Hongkong & Shanghai Bank Malaysia, the Development Bank of Singapore and Gendis Inc Canada.

Luk left employment to be an entrepreneur and together with his family opened their first news stand under the name of "MAGBIT" on 25 December 1996. This 200 sqft news stand evolves with time to become the largest homegrown convenience chain store with more than 500 outlets and still counting.

Luk has been honoured with the title of EY Entrepreneur of The Year 2019 Malaysia at the 18th EY Entrepreneur of The Year Award. This year, Luk has been appointed a Mentor of the MBA Business Mentorship Programme Xiamen University Malaysia. He is also one of the judges of the Judging Panel for EY Entrepreneur of The Year 2020 Malaysia.



## Directors' Profile

**Dang Tai Wen**

("Wen")

**Executive Director/  
Deputy Group Chief  
Executive Officer**Gender : Male  
Nationality : Malaysian  
Age : 47 Years**Date appointed  
to the Board:**  
25 April 2013

Wen was appointed to the Board on 25 April 2013. He was Deputy Chief Executive Officer for Mynews. He was subsequently re-designated as Chief Executive Officer – Retail and Deputy Group Chief Executive Officer on 1 August 2019 and 1 November 2020 respectively. He holds a Bachelor of Environmental Design from the University of Manitoba, Canada.

Wen began his retail career with Mynews after working from ground up with many retailers such as Mac's CVS and McDonald's in Canada. He has accumulated more than twenty (20) years of experience in the retail and convenience sector.

Apart from overseeing the entire outlets operations, he is instrumental for Mynews' branding, store concept and business development.

**Dang Tai Hock**

("Hock")

**Executive Director/  
Chief Executive Officer-  
Food**Gender : Male  
Nationality : Malaysian  
Age : 63 Years**Date appointed  
to the Board:**  
25 April 2013

Hock was appointed to the Board on 25 April 2013. He was an Executive Director from January 2014 to 31 October 2016. Hock was re-appointed Executive Director on 1 August 2019 and is the Chief Executive Officer of Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd. He is also the Chairman of the Risk Management Committee.

Hock graduated with a Bachelor of Science from University of Manitoba, Canada. He started his career with Rank Xerox Malaysia Sdn Bhd and subsequently joined Nationwide Express Sdn Bhd (now known as Nationwide Bhd) followed with Federal Express Services (M) Sdn Bhd ("FedEx") in 1988. Hock left FedEx in 1990 to set up his own business venture.

Currently, Hock sits on the board of Upayapadu Plantation Berhad which is involved in the cultivation of rubber and oil palm.

## Directors' Profile

### Soon Dee Hwee

("Dee Hwee")

**Senior Independent  
Non-Executive Director**

Gender : Female  
Nationality : Malaysian  
Age : 60 Years

**Date appointed  
to the Board:**  
10 July 2015

Dee Hwee, a member of MIA was appointed to the Board on 10 July 2015. She is also the Chairperson of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Dee Hwee has more than 20 years of extensive experience in corporate finance where she had been attached to Bumiputra Merchant Bankers Berhad, Alliance Investment Bank Berhad and Hwang DBS Investment Bank Berhad. Prior to that she was in the auditing field attached to Messrs. Hanafiah Raslan & Mohd and subsequently Messrs KPMG. She is currently the Senior Vice President of HDM Capital Sendirian Berhad.

Dee Hwee also sits on the board of Prudential Assurance Malaysia Berhad and Asian Pac Holdings Berhad.

### Mohd Suffian Bin Suboh

("Suffian")

**Independent  
Non-Executive Director**

Gender : Male  
Nationality : Malaysian  
Age : 44 Years

**Date appointed  
to the Board:**  
10 July 2015

Suffian was appointed to the Board on 10 July 2015 and is also the Chairman of the Remuneration Committee and a member of the Audit Committee, Nominating Committee and Risk Management Committee.

He graduated from George Washington University, United States of America with a Bachelor of Business Administration in 1999 and Master of Science in Information Systems Technology in 2000.

Suffian began his career with Petroliam Nasional Berhad as a Systems Analyst, overseeing the SAP (systems, applications & products in data processing) systems. He then joined an engineering company having diverse business activities such as construction and property development, project management, oil and gas support services, manufacturing and electronics and communication.

Thereafter he joined a tin and anthracite trading firm as Logistic Manager and was later in charge of the coal and anthracite operations responsible for the implementation of structured off-take and structured finance strategies to secure supplies and mitigate operational and commercial risks. Suffian has about ten (10) years of experience in the coal mining and trading operations specialising in the logistic aspect and until today he is still offering such advisory services.

## Directors' Profile

### Additional Information

- **Directorship in Public Companies and Listed Issuers**

Save as disclosed for John, Dee Hwee and Hock, the other Directors do not have any other directorship in public companies and other listed issuers.

- **Family Relationship with Director and Major Shareholder**

Luk, Wen and Hock are siblings. They, together with two (2) other siblings, Dang Tai Kien ("DTK") and Dang Tai Gean ("DTG") are the shareholders in D&D Consolidated Sdn Bhd ("D&D") which is a substantial shareholder and holding company of the Company holding 62.23% of the issued and paid-up share capital of the Company. D&D together with DTK & DTG and Red Orchid Sdn Bhd in which their parent has an interest collectively hold 62.78% of the issued and paid-up share capital of the Company.

Luk, Wen and Hock are also directors of D&D. They also sit on the board of all the subsidiaries of the Company except for:

- Luk who is not on the board of Mynews Kineya Sdn Bhd, Mynews Ryoyupan Sdn Bhd and Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd).
- Hock who is not on the board of Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd).

The other three (3) Directors namely, John, Dee Hwee and Suffian do not have any family relationship with Directors or the major shareholders of the Company.

- **Conflict of Interest**

Save as disclosed on pages 62 to 63 in the Annual Report 2020, the other Directors namely, John, Dee Hwee and Suffian do not have any conflict of interest with Mynews.

- **Conviction for Offences**

None of the Directors had any conviction for offences (other than traffic offences) within the past five (5) years or had been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

- **Directors' Attendance at Board Meetings**

All the Directors attended the seven (7) meetings convened during the financial year under review.



# Key Senior Management

## Dang Tai Luk

("Luk")

### *Group Chief Executive Officer*

For his profile, kindly refer to the Directors' Profile on page 9 of the Annual Report 2020.

## Dang Tai Wen

("Wen")

### *Deputy Group Chief Executive Officer*

For his profile, kindly refer to the Directors' Profile on page 10 of the Annual Report 2020.

## Dang Tai Hock

("Hock")

### *Chief Executive Officer - Food*

For his profile, kindly refer to the Directors' Profile on page 10 of the Annual Report 2020.

## Low Chooi Hoon

("CH")

### *Chief Executive Officer - Retail*

Gender : Female

Nationality : Malaysian

Age : 50 Years

CH joined Mynews in Nov 2020 as Chief Executive Officer – Retail, overseeing Mynews Retail Sdn Bhd and Mycu Retail Sdn Bhd. She graduated with a Bachelor of Business Administration (Finance) from University Utara Malaysia with First Class Honours in 1995.

CH started her career with Unilever Malaysia Sdn Bhd as a Management Trainee and in 2003, became one of the youngest Marketing Director in Malaysia with Sara Lee Malaysia Sdn Bhd. With numerous international, regional and local awards in Brand and Marketing Communications and solid 16 years in FMCG Brand Building & innovation, CH went into her first general management stint with L'Oreal Malaysia Sdn Bhd, as the General Manager for Consumer Product Division in 2012. By 2014, she became the General Manager for Disposable Soft Goods (M) Sdn Bhd and Disposable Soft Goods Private Limited Singapore, overseeing both commercial and manufacturing.

Prior to joining Mynews, CH was the Chief Operating Officer for Etika Sdn Bhd, heading up Etika Distribution Sdn Bhd, Etika Vending Sdn Bhd, Etika Fresh Milk Sdn Bhd and Etika Private Limited Singapore. CH is a Certified Coach with CCA and ICF Trained, also a member of Malaysian Association of Certified Coaches since 2010.

## Key Senior Management

### Alcent Peck Ching Tak

("Alcent")

#### *Operations Director*

Gender : Male

Nationality : Malaysian

Age : 46 Years

Alcent joined Mynews in October 2019 as Operations Director overseeing the operations of outlets, staff training and the Real Estate Department which is responsible for the procurement of premises for opening new outlets.

He graduated with a Bachelor's degree in Industrial Economics from National University of Malaysia (UKM) in 1999 and has more than 20 years of experience in retail operations management.

Before joining Mynews, he had been the Senior Manager for Operations for operators of Convenience, Pharmaceutical and Electrical retail chain stores in Malaysia.

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### Additional Information

- **Directorship in Public Companies and Listed Issuers**

None of the key senior management has any directorship in public companies and listed issuers, save for Luk, Wen and Hock who are Directors of the Company.

- **Family Relationship with Director and/or Major Shareholder**

Save for Luk, Wen and Hock, none of the key senior management has any family relationship with Directors and/or major shareholders of the Company.

- **Conflict of Interest**

Save for Luk, Wen and Hock, the other key senior management staff do not have any conflict of interest with the Company.

- **Conviction for Offences**

None of the key senior management had any conviction for offences (other than traffic offences) within the past five (5) years or had been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

# Management Discussion and Analysis

The year 2020 was a challenging year for Mynews in the wake of Coronavirus (COVID-19) pandemic. COVID-19 was first discovered in December 2019 in Wuhan, China. The World Health Organization declared the outbreak a pandemic in March 2020.

In Malaysia, the government implemented the various forms of movement control order (MCO) to curb the spread of COVID-19 outbreak since 18 March 2020 to date. As a result of the movement control orders, Mynews had to temporarily closed up to 35% of its outlets that were located at locations which were gravely impacted. At the same time, the outlets that remained open experienced decline in daily sales. Outlets that were temporarily closed have been progressively re-opened.

The food processing centre (FPC), launched in the second half of 2019, has not reached the economies of scale when the pandemic hit, affecting its progress in the production level as the volume of retail sales was significantly reduced. Eventually, the FPC halted production for 6 weeks from 1 May 2020 to 14 June 2020. This action was necessary as the uncertain and fluid market environment caused erratic and huge fluctuation in day-to-day sales which made production planning challenging and product wastages high. Raw materials supply was inconsistent and short. The temporary halt has helped in reducing cost and optimising efficiency for the long run as the down time was used to realign and improve the operations.

As a result of the pandemic Mynews experienced a weak year and has for the first time in the history of the company failed to deliver profit. Fortunately, the Company managed to bridge the knowledge gap and was able to achieve sustainability competency throughout the organization. We are now better prepared in resilience and sustainability.

Despite the challenges, Mynews continues to grow and re-align for a better future. It continues to create job opportunities and gives employment priority to the locals. The percentage of local workers has been increasing and FY 2020 it made up 77% of its total workforce. As a result, the payment of EPF contribution increased by 0.6 million ringgit compared to that of the preceding year.

In FY 2020 we have accomplished the followings:

- Opening of 54 new outlets which brought about a net increase of 8 outlets after the permanent closure of 46 outlets mainly affected by the pandemic.
- Successfully completed the take back of both the dry (DDC) and cold (CDC) distribution centres' management and logistics from the third-party-logistics (3PL) provider.
- Successfully launched a new concept store - myNEWS SUPERVALUE. This is a new bigger format store to serve our customers who need more than just the grab-and-go convenience items. This bigger store carries a larger selection of day-to-day essential items to cater for the changing consumer behaviour and new norm at selected locations, especially the residential areas. To date we have opened five Mynews SUPERVALUE stores, one in Alor Setar and another in Melaka.

In addition to the above promising development Mynews through our fully owned subsidiary Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd) has added a popular South Korean CVS brand CU to our stable. Mycu Retail Sdn Bhd (FKA Eemerge Incorporated Sdn Bhd) has signed a licensing agreement with CU's owner BGF Retail Co Ltd to bring CU to Malaysian shores. This move is part of our expansion plan and it will also provide our consumers with more choices.



## Management Discussion and Analysis

### Financial Performance

We present our financial performance for FY 2020 as follows:

	FY 2020	FY 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	489,391	517,725	(28,334)	(5.5)
Gross Profit	159,803	185,820	(26,017)	(14.0)
Gross Profit margin	32.7%	35.9%		(3.20 points)
(Loss)/Profit before tax	(14,098)	32,966	(47,064)	(142.8)
(Loss)/Profit after tax	(15,900)	24,324	(40,224)	(165.4)
Net (loss)/profit margin	(3.2)%	4.7%		(7.90 points)
Return to equity	(3.6)%	9.7%		(13.3 points)
Net assets per share (Sen)	41.94	44.27	(2.33)	(5.3)
(Loss)/Earnings per share (Sen)	(1.44)	4.04	(5.48)	(135.6)
No. of outlets				
- Brought forward	534	454	80	17.6
- New	54	97	(43)	(44.3)
- Closed	(46)	(17)	(29)	(170.6)
- Total	542	534	8	1.5

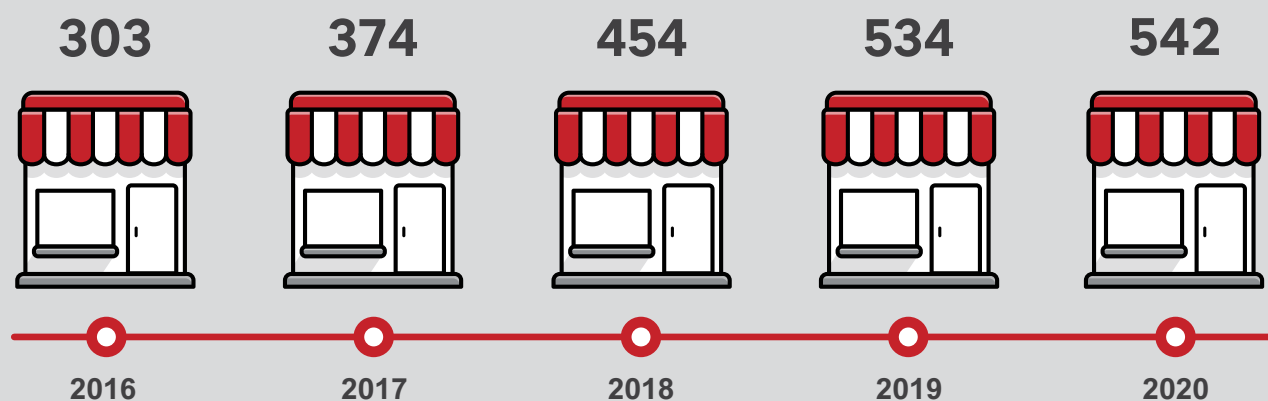


## Management Discussion and Analysis

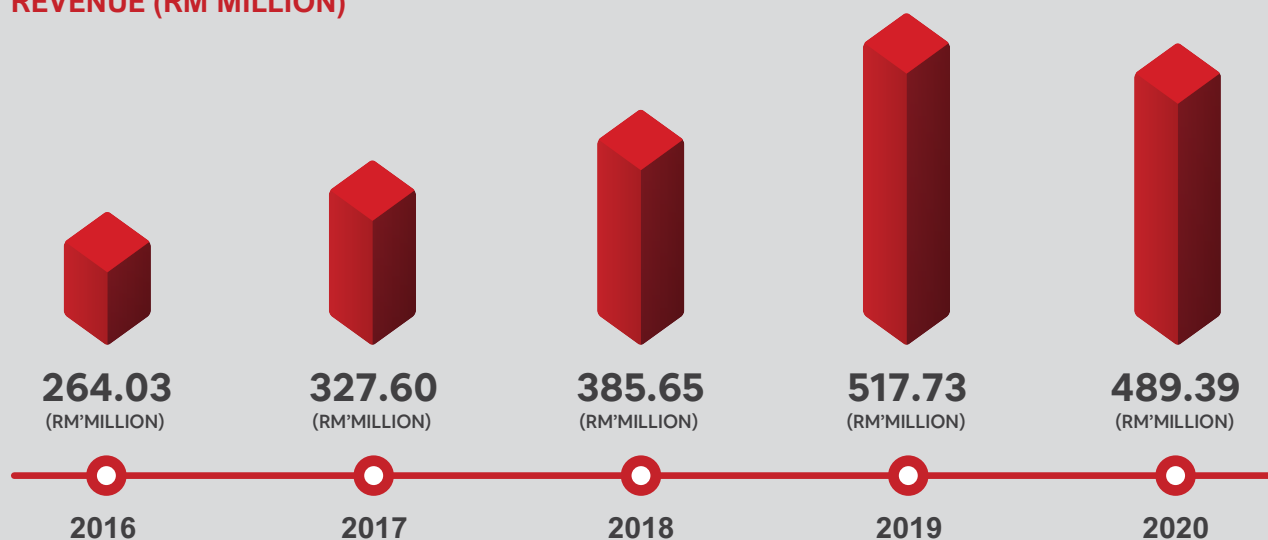
### KEY PERFORMANCE INDICATORS

	2016	2017	2018	2019	2020
No. of Outlets	303	374	454	534	542
Revenue (RM'million)	264.03	327.60	385.65	517.73	489.39
Gross Profit (RM'million)	94.46	120.65	149.44	185.82	159.80
Profit/(Loss) Before Tax (RM'million)	23.62	30.70	32.22	32.97	(14.10)
Profit/(Loss) After Tax (RM'million)	18.13	24.02	26.01	24.32	(15.90)

### NUMBER OF OUTLETS

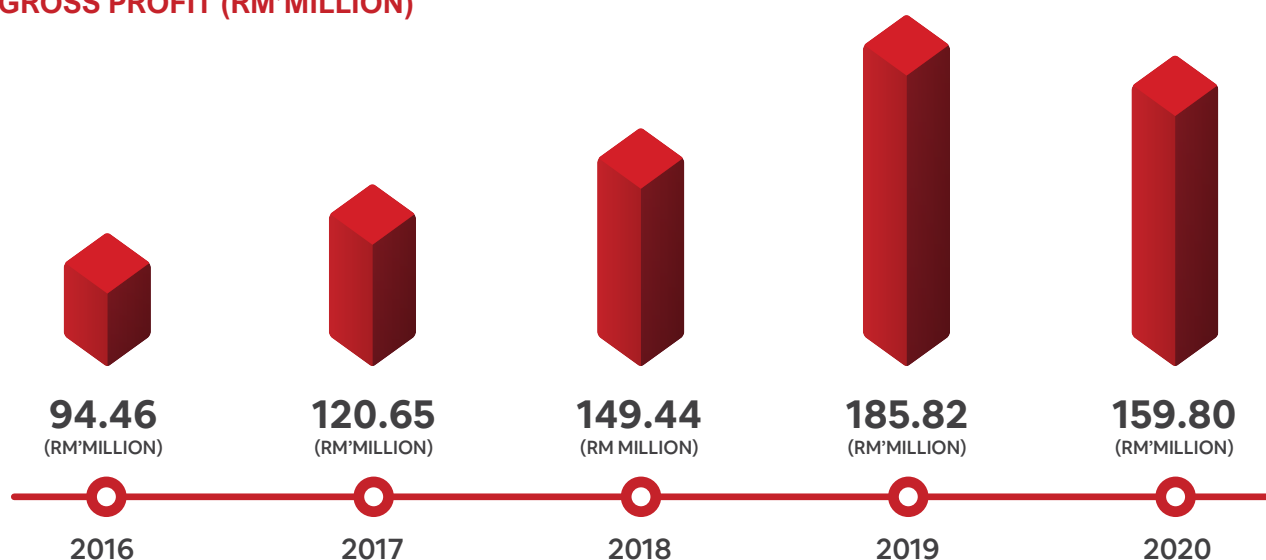


### REVENUE (RM'MILLION)

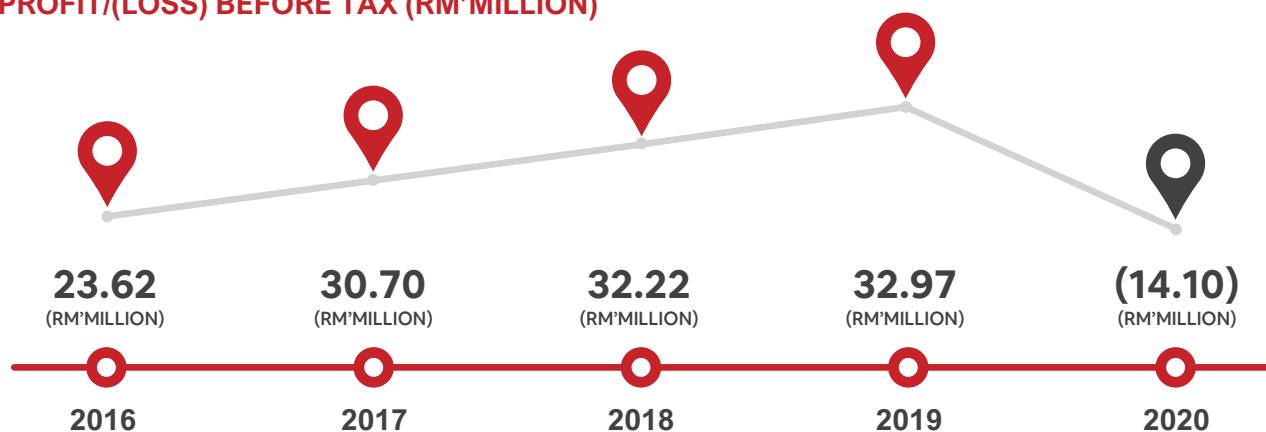


## Management Discussion and Analysis

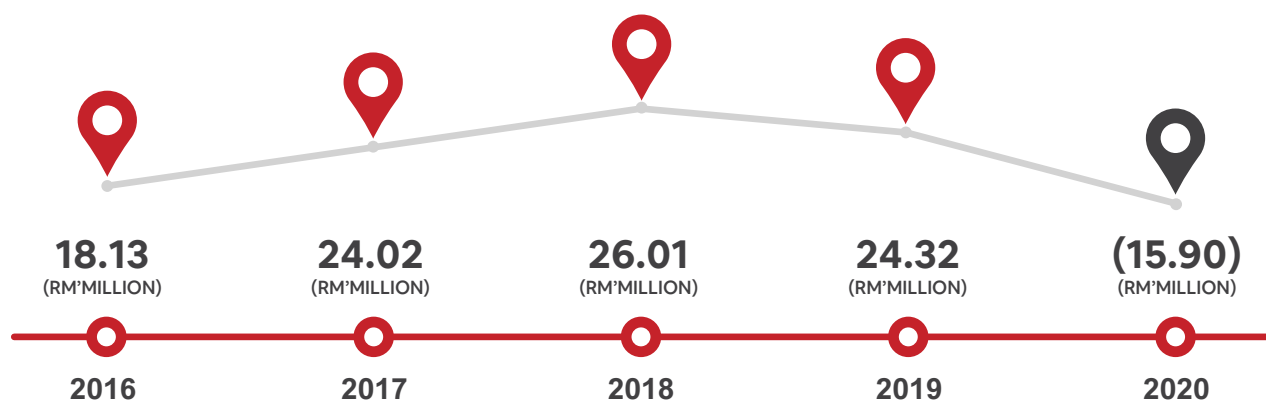
## GROSS PROFIT (RM'MILLION)



## PROFIT/(LOSS) BEFORE TAX (RM'MILLION)



## PROFIT/(LOSS) AFTER TAX (RM'MILLION)



## Management Discussion and Analysis

### Revenue

For FY 2020, Mynews recorded a revenue of RM489.39 million, a decrease of RM28.34 million or 5.5% against FY 2019 of RM517.73 million. The decrease was due to disruptions caused by the COVID-19 pandemic in the closure of outlets and shorter operating hours. The average GP margin was also lower by 3.2%, from 35.9% to 32.7% due to change in the sales mix and price discounts offered to promote and drive the sales.

### Gross profit and gross profit margin

Gross profit ("GP") for FY 2020 was RM159.80 million, a decrease of RM26.02 million or 14.0% as compared to the previous year of RM185.82 million whilst GP margin was 32.7%, lower by 3.20 points as compared to previous year of 35.9%. The decrease in GP margin was due to change in sales mix, price discounts offered to promote and drive sales.

### Loss before taxation

Loss before taxation for FY 2020 was RM14.10 million, a decrease of RM47.06 million or 142.8% over FY 2019's profit before taxation of RM32.97 million. This was attributed by increased operating expenses, specifically the followings:

#### 1) Selling and distribution expenses

Selling and distribution expenses was RM87.74 million, increased by RM3.06 million or 3.6% relative to last year of RM84.68 million, in tandem with the higher number of outlets of 542 compared to 534 at the close of FY 2019. The major expenses comprised outlets staff salaries, utilities and logistic.

#### 2) Administration expenses

These consisted of staff, establishment and FPC costs amounting to RM27.09 million, decrease of RM0.24 million or 0.9% compared to FY 2019 of RM27.33 million.

#### 3) Other Expenses

Other expenses comprised principally depreciation of property, plant and equipment, bad debts written off, loss on disposal of property, plant and equipment, property, plant and equipment written off on outlets closure and depreciation of right-of-use assets, amounted to RM55.09 million, an increase of RM11.62 million or 26.7% over the previous year of RM43.47 million. The increase was attributed to the depreciation of property, plant and equipment of RM4.94 million, depreciation of right-of-use assets of RM4.65 million and property, plant and equipment written off of RM1.15 million respectively.

### Loss after Taxation

Loss after tax for FY 2020 was RM15.90 million, RM40.22 millions or 165.4% lower than last year's profit before tax of RM24.32 million consequence of various movement control orders imposed by the Government to contain the spread of COVID-19 pandemic from 18 March 2020. Part of the loss was due to FPC with an amount of RM12.39 million. The effective tax rate was lower than last year, in tandem with the reported losses.

## Management Discussion and Analysis

### Liquidity and Financial Resources

As at end of FY 2020, Mynews had cash & bank balances of RM39.07 million compared to FY 2019 of RM13.74 million, an increase of RM25.33 million. The Group had used internally generated funds of RM40.56 million and utilised its bank facilities of RM31.35 million to finance the new outlets opening and working capital.

Mynews had total borrowings of RM67.56 million in FY 2020, increased from the previous year of RM26.06 million. Its gearing ratio was 0.25 times at the end of FY 2020, increased from FY 2019 of 0.11 times.

### Challenges

The major challenges faced by Mynews in FY 2020 were:

1) The Coronavirus Crisis

Like many others, Mynews was going through an unprecedented time. The crisis and its economic effects have negatively impacted our growth and performance. For the first time since its commencement in 1996, the Company delivered an annual financial loss. Fortunately, Mynews has taken prompt actions and steps to align and adjust to the new norm. While we have fiercely focused on the short-term in order to re-align and adapt, we have also responded aggressively to re-position the Company in order to maintain our long term sustainability and be able to re-establish the growth trend quickly when the crisis is over. Some of the actions taken were mentioned above in the Management Discussion and Analysis.

2) Increasing Competition in the Convenience Retail Landscape

The competition for market share was becoming more intense, especially at prime locations. The CVS players normally target prime locations for their outlets. There were also new entrants into the CVS industry. Mynews was always careful in selecting suitable locations to open new outlets. Each location was carefully assessed and the products offerings customised to meet the consumers demand at each location.

3) Food Processing Centre (FPC) Production Capacity

Before the pandemic, the roll out of the ready-to-eat food had been increasing though challenging. The products sale was trending upward as we improved amongst others, our product mix, marketing strategy, understanding of consumers' palate and pricing strategy. At the point when the production reached a 45% capacity which was in line with our target to reach 70% by year end, the country went into a pandemic MCO or lockdown which eventually caused the FPC production to halt as explained earlier. After re-opening, the FPC was gradually building back the lost production but unfortunately a new round of CMCO announced on 14 Oct has impacted its production level again.

Mynews has taken advantage of the slow period to control costs, improve efficiencies and reduce wastages. We look forward to a more cost effective and efficient production as the market condition improves.



## Management Discussion and Analysis

### Dividend

The Board continues to be mindful of the need to conserve cash for sustainability and expansion of Mynews' operations. For the first time since being publicly listed, no dividend is proposed to be paid for the FY 2020 owing to the poor financial performance.

### Employees Share Option Scheme ("ESOS")

Our ESOS approved by the shareholders on 5 December 2017 at the general meeting was effective on 21 December 2017 following the submission of the By-Laws of the ESOS and the resolution of the shareholders on the approval of the ESOS to Bursa Securities.

No options had been issued so far. The ESOS committee comprising the following persons had deliberated on the issuance of options during the FY 2020:

	Name	Committee	Designation
1	Dang Tai Luk	Chairman	Group CEO
2	Dang Tai Wen	Member	Executive Director/ Deputy Group CEO
3	Soon Dee Hwee	Member	Senior Independent Non-Executive Director
4	Teh Yen Cheen	Member	Payroll Manager



## Management Discussion and Analysis



### Corporate Governance Compliance and Transparency

The Board believes in and practices the tone from the top style of management and ensures that Mynews upholds the highest level of corporate governance and practices in the Group's entire undertakings in building a credible and sustainable business. The principles of integrity, transparency and accountability are embedded in its Code of Ethics and Conduct. Measures are put in place and constantly tested and reviewed to ensure that they stay relevant and effective in the environment of the Company's operations.

The compliances and practices adopted by Mynews in pursuance of good corporate governance are as reported in the Corporate Governance Overview Statement and the Corporate Governance Report. The latter report is to be submitted to Bursa Securities and shall be available on Mynews' website at [www.mynews.com.my](http://www.mynews.com.my).

### Moving Forward

Barring any unforeseen circumstances, and the world recovery from the COVID-19 crisis, we will continue to increase our store count and at the same time build back our business volume. We also look forward to build CU CVS to become a successful brand in Malaysia. Similarly, we are confident that myNEWS SUPERVALUE will soon become a favourite neighbourhood store.

Meanwhile, myNEWS with Maru Kafe concept will continue to grow wider geographically as we plant more stores outside Klang Valley. Our product mix will continue to be improved with ready-to-eat food and beverages being the main categories that drive the growth in sales.

At the same time, we will continue to embrace technology and retail innovation to improve the stores for better shopping experience.

### Prospect

Our major risk factor is COVID-19. Other risk factors that we must be watchful of are slower consumer spending and slower take up rate of our RTE products.

Mynews expects to grow larger and stronger with time. Our prospect hinges on the roll out of myNEWS higher store count, increase in number of Maru Kafe concept outlets and the effective utilization of the FPC.

The growth of CU CVS, myNEWS SUPERVALUE and myNEWS with Maru concept will enable the FPC to improve its production capacity.

# Sustainability Statement

## OUR SUSTAINABILITY MISSION

“

We strive towards building sustainable convenience stores by offering products of high quality that integrate with sustainable lifestyle.

We operate our business with utmost environmental consideration and social enrichment whilst creating long-term values for our stakeholders.

”

## REPORTING STANDARDS

This Sustainability Report covers our responsibilities to our stakeholders and the contributions we have made to the sustainable development during the financial year ended 2020. This Sustainability Report is prepared in accordance with Global Reporting Initiative (“GRI”) reporting guidelines and it adheres to Bursa Malaysia Sustainability Reporting Guide 2nd Edition.

Through this report, we aim to provide our stakeholders with economic, environmental and social (“EES”) information about Mynews and in doing so, it will strengthen the trust and relationship with our stakeholders through increased transparency and disclosure. This report shares Mynews’ commitment to sustainability with its important stakeholders including employees, investors, customers, business partners, suppliers and the communities it operates in.

## REPORTING BOUNDARY

This report covers the reporting period from 1 November 2019 to 31 October 2020. Its scope of coverage includes our retail outlets throughout Malaysia, Distribution Centres in Rawang, Johor and our Corporate HQ in Kota Damansara which has a Food Processing Centre (FPC) within the premises.

## FEEDBACK AND COMMENTS

A softcopy of this report can be found online at [www.mynews.com.my](http://www.mynews.com.my). We invite our readers to share their views on our approach to sustainability and to make suggestions for the development of our sustainability efforts and programmes. Comments and suggestions can be directed to:

### Sustainability

#### Mynews Holdings Berhad

Lot No.3, Jalan Teknologi 3/1,  
Taman Sains Selangor 1,  
Seksyen 3, PJU 5, Kota Damansara,  
47810 Petaling Jaya  
Selangor Darul Ehsan,  
Malaysia  
Tel No. : +603 6158 6000  
Fax No. : +603 6158 6111



## Sustainability Statement

### MESSAGE FROM GROUP CEO

With sincere gratitude to all, we hereby present the Sustainability Report of Mynews Holdings Berhad for the financial year 2020. We are pleased to take you through our 2020 initiatives, highlighting the progress we have made and the value we have created for our stakeholders. These achievements reflect our performance in addressing economic, environmental and social risks and opportunities.

### ETHICAL AND RESPONSIBLE BUSINESS PRACTICES

Sustainability is important to our business and stakeholders. We have identified and reviewed 11 sustainability issues that are material to us.

As we move forward, we will conduct good Sustainability practices in our day-to-day business operations. Our daily business activities will take Sustainability agenda as key priority and we will continue to promote good environmental, social and governance (“ESG”) practices. The Company will always comply with the laws and regulations of the country. Open and transparent discussions within the Company to promote the cause of Sustainability is always encouraged. We strive to ensure that best practices are being maintained and that good governance is always integral to our business strategy and decision making processes for the benefit of our stakeholders.

We have been an innovative homegrown convenience store throughout the years of our journey. We truly believe that being sustainable will make us more resilient. We have implemented initiatives to help the environment in a green way such as going paperless, using renewable energy and reducing wastages. We are stringent in choosing our products and business partners that are in line with our goals of being an agent of change in sustainability.

We have established a long term program and mission of giving back to the society through education as we believe education is the best and most impactful way to change lives and it is the key foundation in building a good society. It is also through education that students will be well equipped with knowledge that improves their awareness in Sustainability. As of today, 362 students have benefitted from our Allowances that Allow (ATA) program. We are proud to have distributed RM434,400 of



**Dang Tai Luk**  
Group Chief Executive Officer  
Mynews Holdings Berhad

cash to poor students to help them to get by from month to month until they sit for their major examination. This program continues to grow in tandem with our business and we will be helping more and more students from year to year.

Our ambition in Sustainability is only achievable with the support of all our stakeholders. On behalf of Mynews, I would like to thank all our stakeholders for your continuing support and encouragement. Together with you, we will continue to improve and do better year after year.

## Sustainability Statement

### OUR SUSTAINABLE DEVELOPMENT

# GOALS



Source: United Nation Sustainable Development Goals (UNSDG) 17 goals

Sustainability is embedded in our culture. We strive to ensure that all Mynews businesses take into account the Environmental, Social, Governance (ESG) agenda. We are committed to minimizing our environmental footprint and are dedicated to supporting the communities where we operate. We do this by collaborating, throughout our value chain and across the supply chain, with our business partners to address systemic challenges. We also seek to engage our employees and stakeholders in our effort to build a more sustainable world. Our commitment to sustainable practices enables us to balance our business opportunities and sustainable risk that we are facing globally today.

As the largest homegrown convenience store, we recognise that we need to contribute to address systemic social and environmental challenges. That is why we have aligned our sustainability strategy with United Nation Sustainable Development Goals ("UNSDG").

The UNSDG is an internationally recognised framework that aims to address the three elements of economic growth, environmental protection and social inclusion. There are 17 goals, accompanied by 169 specific targets. Businesses, alongside governments, are encouraged to implement actions in support of these goals to achieve the framework's ambitious goals by 2030. We kept all 17 SDGs in mind, whenever practicable when it comes to determining our approach and strategy in our sustainability approach.



## Sustainability Statement

### OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDG)

	<b>NO POVERTY</b>	We reduce poverty through jobs creation. The rapid growth of Mynews retail stores offer job opportunities to the communities as well as supporting supply chain value.
	<b>ZERO HUNGER</b>	We reduce hunger through the offerings of fresh food and wide variety of food items in our stores and on online. People could reach out to our stores to grab a meal conveniently as well as order it online for home delivery.
	<b>GOOD HEALTH AND WELL BEING</b>	We have a sports club that organised sports activity to keep the staff healthy. Our weekly activities have contributed to the good health. We contribute towards public sports activities to encourage good health and well being.
	<b>QUALITY EDUCATION</b>	We have long term and sustainable programme (Allowances that Allow) that provides financial aid to students. This programme provides financial support to help poor students get by so that they are able to focus on their studies.
	<b>ENCOURAGING GENDER EQUALITY</b>	We encourage women into the workforce and our culture discourages any form of discrimination on gender. 43% of our staff comprises women who are well qualified for the job.
	<b>AFFORDABLE AND CLEAN ENERGY</b>	We are concerned over the limited natural resources and we are looking towards solar energy. We use energy saving and technologically advance devices whenever possible.
	<b>DECENT WORK AND ECONOMIC GROWTH</b>	We provide fair remunerations to our employees and create an environment conducive to their professional growth and strength development.
	<b>INDUSTRIES, INNOVATION AND INFRASTRUCTURE</b>	We invest in innovative technology that addresses the needs of our business and the community, for example, cashless payment and online delivery.
	<b>RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	We take care of food wastages in our FPC by converting food wastages to animal feeds. In order to reduce outlet food wastage, we carry out time sales to minimise the unsold stocks.
	<b>CLIMATE ACTION</b>	We care about the climate change through reducing single-use plastic bags and using plastic bags that are biodegradable.

## Sustainability Statement

“

### VISION

Our vision is “To be the country’s best retail company that understands our customers, provides quality products and ensures a satisfying shopping experience.”

This encompasses our endeavour to achieve sustainable business practices by creating value across Economic, Environmental, Social aspects of our business.

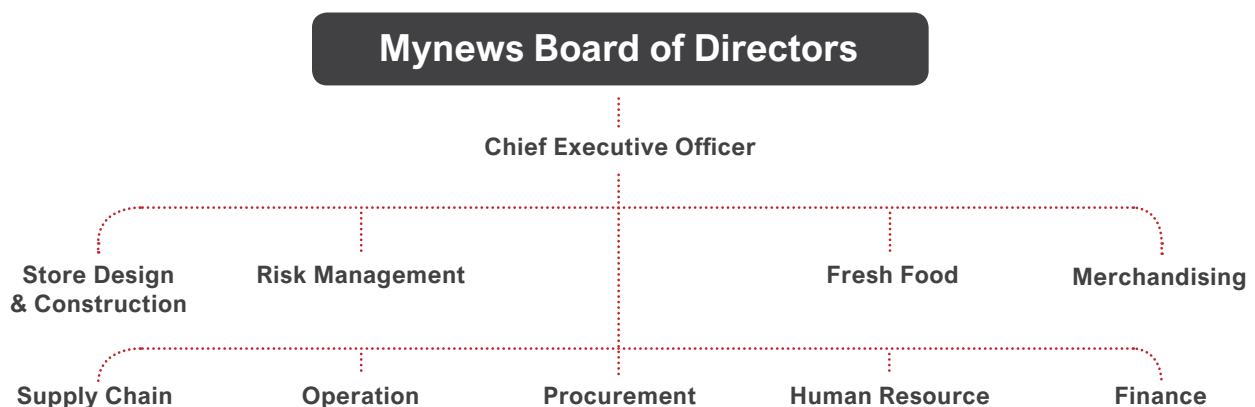
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### SUSTAINABILITY GOVERNANCE

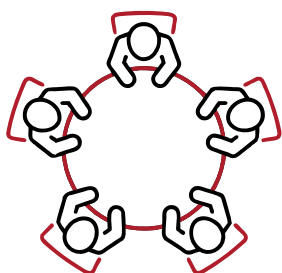
We have implemented a governance structure to ensure that our Sustainability meets our company’s social and environmental goals to support our business.

Good corporate governance means having structures and processes in place to ensure that decisions and actions are in the best interest of our stakeholders. The Board of Directors, supported by the Sustainability Committee oversees the formulation and implementation of sustainability strategy and related matters. The CEO with the help of the Sustainability Management Committee oversees the activities executed by the various divisions of the Company to ensure conformity to the strategies and objectives.

### SUSTAINABILITY COMMITTEE STRUCTURE



### SUSTAINABILITY COMMITTEE RESPONSIBILITIES



- Advising the Board on the sustainability strategies;
- Monitoring the implementation of sustainability strategies;
- Overseeing stakeholder engagement to ensure that all issues and suggestions raised are taken into consideration in managing sustainability matters;
- Recommending to the Board for its approval the identified material sustainability matters, sustainability-related policies and its goals; and
- Overseeing the management of sustainability matters by focusing on matters material to the Group.

## Sustainability Statement

### MATERIALITY ASSESSMENT

Materiality, in sustainability terms, is not limited to matters that may have a significant impact on our organisation but also includes matters that may impinge our ability to meet present and future needs. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as such:

- Reflect an organisation's significant economic, environment and social ("EES")
- Influence the assessment and decisions of stakeholders

We acknowledge the needs and interest of our communities. The key stakeholders' groups that have been identified include our employees, shareholders, business partners, external interest groups and customers. Our goal is to understand and address the different needs of each group to build a sustainable and successful business. Through the materiality assessment process, we have identified 11 issues material to us. Each of these initiatives has been grouped under the relevant sustainability that manages our EES impact.

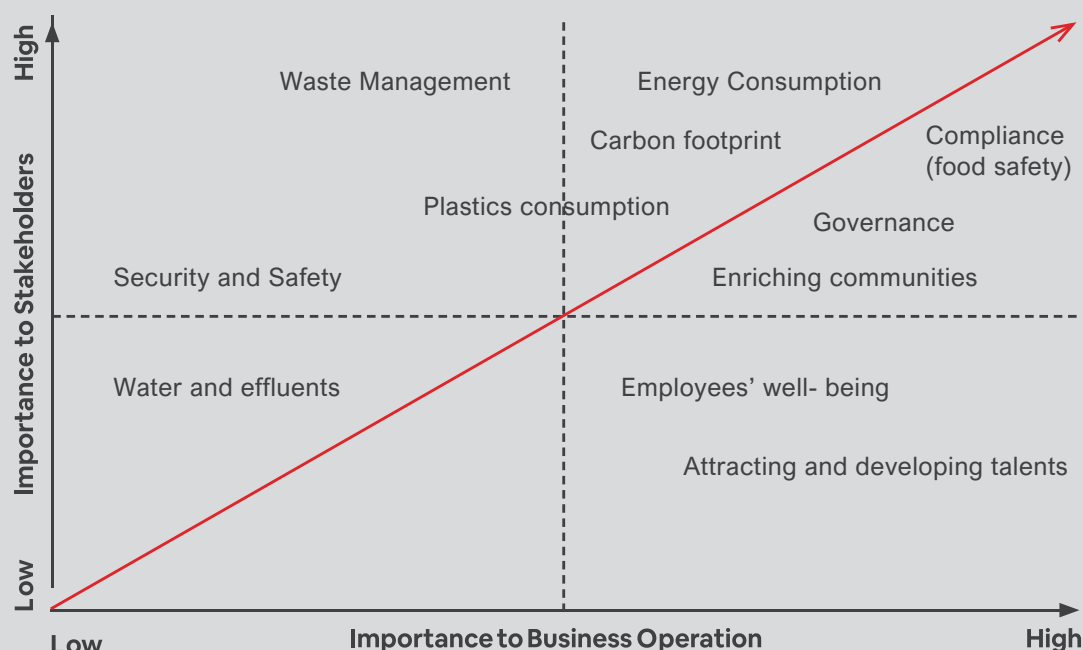
### PROCESS OF PREPARING MYNEWS MATERIALITY MATRIX

IDENTIFICATION	PRIORITISATION	VALIDATION	REVIEW
Analysis of the EES trends and identification of relevant issues at any point in the value chain	Presentation of issues to management in order to validate and prioritise action plan	Matters prioritised are validated by seeking input and verification with relevant subject matter experts	Stakeholders' conclusion regarding processes and results are taken into consideration

The materiality assessment will be used in the following ways:

- To identify the most material sustainability issues for Mynews in terms of business value, risks and opportunities for long-term planning
- To understand how sustainability and key business issues intersect
- To inform about future sustainability commitments and resource allocation
- To support Mynews engagement with external stakeholders

**Materiality Matrix**



## Sustainability Statement

### STAKEHOLDER ENGAGEMENT

We are committed in engaging in constructive and meaningful dialogue with stakeholders. Effective communication with stakeholders helps us build trust, leverage on their expertise and gain insights into the most pressing issues. Stakeholders' engagement helps to reaffirm the most material issues and devise way to address them within the Group.

We engage with diverse group of stakeholders comprising employees, customers, shareholders, NGOs such as WWF, suppliers and local communities. Stakeholders' views on a wide range of topics are useful and have influenced our sustainability strategy in several key areas. The salient issues for each stakeholders' group and our engagement with each during 2020 are presented below:



#### SHAREHOLDERS AND INVESTORS

##### Areas of Interest

- Group financial performance
- Business direction
- Key corporate developments
- Corporate governance

##### Forms of Engagement

- Annual General Meeting
- Investor updates and briefings for fund analysts and investment community
- Annual reports
- Corporate website
- Announcements on Bursa Malaysia



#### CUSTOMERS

##### Areas of Interest

- Pricing
- Product quality
- Service satisfaction
- Customer appreciation

##### Forms of Engagement

- Store opening
- Social media (Facebook, IG)
- Customer feedback channel
- Marketing promotions
- Customer loyalty programme



#### GOVERNMENT AND REGULATORY AUTHORITIES

##### Areas of Interest

- Compliance
- Security and safety issues
- Waste management
- Quarterly and annual reporting

##### Forms of Engagement

- Inspections and audit by local authority (JAKIM)
- Attended dialogues/seminars organized by Bursa Malaysia
- Participated in survey conducted by authorities



#### EMPLOYEES

##### Areas of Interest

- Competitive remunerations
- Career development
- Employee well-being and safety
- Value diversity and equal opportunity
- Staff training

##### Forms of Engagement

- Employee appreciation awards
- Open communication
- Events and functions
- Whistleblowing policy
- Skills development and training opportunities
- Management meetings
- Operational Safety and Health
- Townhall sessions



## Sustainability Statement

## STAKEHOLDER ENGAGEMENT

## SUPPLIERS



## Areas of Interest

- Fair procurement
- Transparency
- Product quality
- Service delivery
- Inventory/supply commitment
- Speedy payment

## Forms of Engagement

- Group procurement policies and procurement system
- Yearly suppliers' evaluation
- Supply chain management

## LOCAL COMMUNITIES AND PUBLIC



## Areas of Interest

- Transparent and quality products and services
- Reaching out to communities

## Forms of Engagement

- Community programmes
- Donations and financial aids
- Local sourcing

## Environmental (Climate Change)



## Areas of Interest

- Energy
- Climate
- Carbon footprint
- Plastic consumption
- Waste Management

## Forms of Engagement

- Energy saving evaluation
- Renewable energy sourcing
- Green energy evaluation
- Plastic reduction evaluation
- Food wastage reduction

## Health Authority



## Areas of Interest

- Food Safety and Quality
- Food Hygiene

## Forms of Engagement

- Authority inspection
- QA/QC reports
- Internal Audits



## Sustainability Statement



### OUR GOVERNANCE



#### Regulatory Compliance

Our business practices are governed by integrity, honesty and compliance with applicable laws. Our group stands for lawful and ethical business practices and zero tolerance for unethical and illegal conducts. To ensure our behaviour and communications are aligned with our values, we have code of conduct which must be signed by all our employees before they commence employment at Mynews.

Mynews also complies with the new requirements on Corporate Liability Section 17(A) of MACC Amendment Act which takes effect on 1 June 2020. We had implemented and communicated Mynews integrity pledge and our anti-bribery policy to our employees and vendors prior to the implementation of the above Act and it has been posted on our corporate website.

We encourage employees, suppliers and stakeholders to report any suspected illegal or non-compliance activities that occurred within the Group. Whistleblowing practice is encouraged and is open to any employee, supplier or third-party, with the assurance that any report will be properly investigated and treated with confidentiality.

In FY 2020, Mynews did not receive any complaint detrimental to the Group.

## Sustainability Statement

### OUR ENVIRONMENT



#### Sustainable Procurement

At Mynews, we focus on long-lasting relationship with our external suppliers and working with them collaboratively and transparently, while setting clear objectives for addressing social and environmental issues. In each partnership, we take a long-term view, evaluate the technological and product quality in serious consideration of environmental impact. We prefer to work with companies that share the same values and vision with us in improving the environment.

#### Sustainable Operation

In FY 2020 we improved the impact of our operational issues through the followings:

##### LOGISTICS & WAREHOUSE

- **Efficient Logistics** - Logistics is a significant source of environmental stress, especially in the form of carbon emission. We strive to achieve the most efficient routes and delivery planning in our distribution plan to improve transportation efficiency while reducing our carbon emission in the long run.
- **Recycle** - Our warehouses practice recycle program of 3R (Reduce, Reuse & Recycle) and that has been embedded and remain strong in the culture of Mynews Group. For example, our logistic collects corrugated boxes from our stores for reuse by the warehouse for packing and delivering goods. We dispose all recyclable materials to the recycling plants.

##### STORES

- **No Plastic Bags & Use Biodegradable Bags** - Product packaging plays an important role in protecting our goods during transportation and at the point of sale to our customers. We recognise that packaging materials have a major impact on our environment. We work hard in minimizing the use of single-use packaging materials and investing in multi-use containers and using materials that are renewable.

Mynews sells and constantly promotes recycle bags in all our outlets. We do not give plastic bags unless upon request. All our plastic bags are made of biodegradable ingredients which helps to breakdown the plastic molecules from centuries to months.

“ **Plastic Bag to Sales Transaction Ratio = 1 / 10** ”

- **LED Lights** - All our new outlets use LED lights which consume minimal energy. The LED lights are known to release lower CO<sub>2</sub> emission and in our case the reduction is 546 tonnes per year and this is helping to reduce the carbon footprint.
- **Air-conditioners Energy Monitoring System** - Air-conditioning is vital to our daily business operations and air-conditioners consume the largest portion of our energy usage. We work hard to reduce energy consumption through installation of energy device to monitor the efficiency of our air-conditioners. The energy monitoring system has helped to reduce the energy usage by 15% which amount to 6 million KWH. Four thousand two hundred and forty-two (4,242) tonnes of CO<sub>2</sub> carbon footprint emissions have been eliminated via this project.

## Sustainability Statement

### OUR ENVIRONMENT



#### HEADQUARTERS

For our office buildings, a “turn off before you take off” campaign has been implemented to encourage our employees to turn off their computers, laptops and other equipment when they are not used. Most of the office lights that are not in used will also be switched off during lunch hours and outside business hours. On top of that, regular maintenance is conducted on all office equipment to keep them running efficiently.

- **Solar Panel for Buildings** - We are embarking on solar renewable energy for both our head office and Food Production Center. Based on our analysis, the solar system is estimated to harvest an 772,757 KWH of energy per year and 546 tonnes of CO<sub>2</sub> emissions will be eliminated at the same time. This will reduce our electricity consumption and positively impact the environment while benefiting Mynews on long term cost savings.

#### FOOD PROCESSING CENTER

- **Food Waste Conversion to Animal Feed** - We do not take food wastage lightly as we consider wastage an inefficient utilization of raw materials and natural resources as well as pollutant of environment if not properly disposed. Since Sept 2020, we have converted 4,782 kg of food waste into animal feed, which is able to feed 1,758 chicken into full size, while saving the environment.
- **Food Waste at the Outlets** - Outlets food wastages caused by unsold food products have been reduced by the implementation of time-sales discounts off normal selling price after certain time. This time-sales discount entices our customers to purchase more which in turn helps us reduce the unsold stocks. This initiative has helped in our food wastage reduction.
- **Water and Effluents** - As a fresh food manufacturing facility our Food Processing Center uses water. We manage water pollution risk through wastewater treatment. The water discharged in the production center are treated and cleaned prior to discharging it to the public drain.
- **On-Site Detention Tank** - We have constructed a 1,125 cubic meter underground OSD tank in our HQ-cum-FPC premises to drain and retain storm water. We exercise our duty of care for the environment by providing temporary storage of storm water run-off so that it will not overload the public drainage.



## Sustainability Statement

### OUR PEOPLE



People are the heart of everything we do. From our employees, customers, suppliers and other business associates, we endeavour to bring about a positive impact on every person we deal with, through business or otherwise. “Touch a life” is part of our culture and what we practice daily. This tagline is displayed brightly and boldly at our Centre of Excellence to remind ourselves to touch lives daily in whatever we do and to remind ourselves that business is not just about making profit.

We have cultivated a work environment in which our employees are constantly challenged to do their best. We have a strong brand identity that we’ve built through a creative approach, “Always Welcoming, Delightfully Surprising”.

In return, we provide our employees with a unique work culture that is open, friendly and promoting a happy workplace. By operating openly, respectfully and honestly we ensure that everyone can be instrumental in helping steer the business towards future opportunities and growth. We live, create and work in a world surrounded by like-minded people and by peers that inspire us.

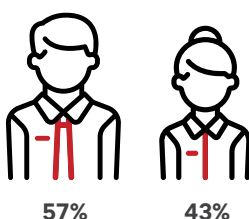
We could not succeed as a Company without the support of our most prized asset – our employees. In line with the goals set out by the United Nation Sustainable Development Goals. Mynews has created stable and quality jobs in line with its sustainable financial and business growth. By having 2000 full time employees under our umbrella, Mynews focus its energy by giving employees stable and quality jobs while running a healthy company to ensure job security.



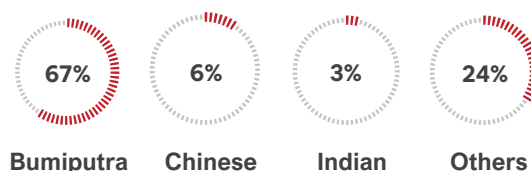
#### Diversity and Inclusion

Mynews is an equal opportunity employer that strictly practices non-discrimination and encourages diversity in its staff policy. There is no preference for gender or ethnicity and the prime consideration for employment is solely the staff’s ability to add value and contribute to the Group.

#### Employees by Gender



#### Employees by Ethnicity



## Sustainability Statement

### OUR PEOPLE



The diversity of its workforce as at 31 October 2020 is as follows:

Age Group	Gender				Nationality			
	Male	Female	No.	%	Local	Foreigner	No.	%
<20	45	44	89	5	84	5	89	5
20-29	712	542	1,254	63	972	282	1,254	63
30-39	284	194	478	24	348	130	478	24
40-49	74	61	135	7	109	26	135	7
50-59	5	7	12	1	12	0	12	1
60-69	3	1	4	0	3	1	4	0
<b>Total</b>	<b>1,123</b>	<b>849</b>	<b>1,972</b>	<b>100</b>	<b>1,528</b>	<b>444</b>	<b>1,972</b>	<b>100</b>

The ethnicity of the workforce is as follows:

Ethnicity	No.	%
Bumiputra	1,323	67
Chinese	111	6
Indian	58	3
Others	480	24
Total locals	1,528	77
Total foreigners	444	23
<b>Grand total</b>	<b>1,972</b>	<b>100</b>

#### Empowering Local Talents

It is also one of Mynews' priorities to hire and train suitable local employees to work in the outlets that we operate. As a homegrown convenience store in Malaysia, recruiting and developing local talents with local knowledge have always been our strategy. We seek to develop local resources and content to benefit the communities we operate in by increasingly providing the talent, competence and capability of local workforce.

#### Employees Development and Growth

As a responsible organisation, we believe in caring and training our people to be the best that they can be. We recognise that a comfortable workplace that provides all the necessary opportunities and incentives is critical for our people to grow professionally and personally so they can contribute both to the company and to the society as a whole.

To achieve that, we carry out constant training and internal promotions as a mean of developing and maximizing our human capital, strengthening teamwork and building loyalty among our employees as well as enriching them with better knowledge. Regular and structured training is provided to all levels of employees, from incoming recruits to frontline employees, supervisors, right up to top management levels.

## Sustainability Statement

## OUR PEOPLE



Employees Internal Training Programmes carried out in FY 2020, in addition to the continual on-site training carried out at the outlets:

Outlet Staff		
Types of Training	No. of Staff Trained	Hours Trained
Basic Operations Training	1,299	32,920
New Launch Product	853	2,068
New Outlet Opening	70	1,680
Refresher	412	946
Management Soft Skill and Leadership Training		
Types of Training	No. of Staff Trained	Hours Trained
Business Writing	45	360
Business Social Etiquettes	13	104
Psychology in Workplace	20	160
Negotiation Mechanism	14	112
Workforce Building	28	224
Communication and Trust	31	248
Leadership Methods	45	360
Supervisory Skills	26	208
Train the Trainer	111	888
Excel in Reporting	27	216
<b>Total</b>	<b>2,994</b>	<b>40,494</b>

## Open Workforce Communication

At Mynews, we value transparency and take our employees' feedback seriously to make Mynews a better place to work. We therefore promote and practice open communication across all levels of employees and departments through various regular interactive sessions between employees and senior management. All employees are encouraged to bring up their work-related concern directly to the attention of the senior management. Mynews HR is tasked with ensuring that our employment practices are in compliance with the latest statutes and legislations. By identifying and understanding our employees' needs, we are able to improve their well-beings and in turn enable them to perform better at work.

## Occupational Safety and Health Managment

Mynews never compromises on staff safety and takes all possible actions and precautions to ensure the safety of the staff at work. All staff are trained to handle incidents such as fire and robbery with personal safety as the primary priority and importance as it is the Company's priority to protect the staff. In 2020, we recorded 35 robbery incidents that affected 0.5% of our total number of outlets. There was no staff casualty arising from these robbery cases.

## Sustainability Statement

### OUR COMMUNITY



#### Allowance That Allow (ATA) – Educational Support

As part of our passion in touching lives and ensuring that we are bringing a positive social impact to our country, we established a long term sustainable program in helping our poor students through Allowances That Allow (ATA). The focus of this program is to help the financially deprived and deserving students get by, so that they could be empowered in pursuing their studies and realising their full potentials. In year 2020, Mynews Cares distributed a total of RM434,400 in cash through the ATA program. It has helped 362 underprivileged students in 61 schools. Mynews ATA will reach more students as the fund grow with time and our business.



**NO. OF STUDENTS  
BENEFITED**

362 students

**CONTRIBUTION MADE**

RM434,400

#### COVID 19 – Support to Frontliners

In challenging times of COVID 19, Mynews recognised the hardwork and sacrifices of our frontliners. Mynews contributed fresh food and refreshment to hospitals, and police stations and road-blocks as a token of appreciation for their invaluable contributions in saving lives.

Mynews also issued cash vouchers through its website to journalists in the field to allow them to redeem products at the outlets. The fresh foods and beverages would be refreshing for those out there. Mynews believed that during the pandemic the media have done a great and difficult job in disseminating important and useful information to keep the public calm and safe.



## Sustainability Statement

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# Corporate Governance

## Overview Statement

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 31 October 2020. This CG Overview Statement is prepared pursuant to paragraph 15.25(1) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR")

The Board has been guided by the Malaysian Code on Corporate Governance 2017 ("MCCG") in its implementation of CG practices. Whilst ensuring compliance with the Listing Requirements and the Companies Act 2016, it is always keeping abreast with the developments in industry practices and the requirements by other relevant regulations for Mynews to uphold the highest level of corporate governance throughout the Group.

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the FY 2020, which are as follows:-

Principle A: Board Leadership and Effectiveness.

Principle B: Effective Audit and Risk Management.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### 1. BOARD RESPONSIBILITIES

##### Clear Functions of the Board and Management

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives. It regularly reviews the Group's business operations and maintains full and effective oversight over the management of Mynews. The roles and responsibilities of the Board in discharging its fiduciary and leadership function has been formalized in the Board Charter.

##### Chairman and GCEO

The position of the Chairman and the Group Chief Executive Officer ("GCEO") are held by two (2) different individuals namely, Mr. Ding Lien Bing and Mr. Dang Tai Luk respectively whose responsibilities are segregated and clearly defined to ensure there is an appropriate balance of power and authority with neither of them having the unfettered power of decision making.

The Chairman provides leadership and manages the interface between the Board and Management and also ensures active participation from the Board for decision making whereas the GCEO is involved in the day-to-day management of the Group by contributing strategies and insights to enable the Group to achieve its goals and objectives efficiently. The GCEO briefs the Board on the Group's business operations and Management's initiatives during the quarterly Board meetings.

##### Non-Executive Directors

The Non-Executive Directors are not involved in the day-to-day management but contribute their expertise and experience in the development of the business strategies of the Group. They make insightful contribution during the Board's deliberation. They enforce good CG practices for the good of the Group.

There are three (3) Independent Non-Executive Directors who provide the required check and balance on the decision-making process of the Board. These Independent Non-Executive Directors are essential in providing unbiased and impartial opinions, advice and judgements to ensure the interest of the Group, shareholders, employees, customers and other stakeholders related to the Group are well represented and taken into account in every decision and action made.

# Corporate Governance

## Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### 1. BOARD RESPONSIBILITIES (cont'd)

##### Board Committees

The Board has also delegated certain responsibilities to the various Board Committees, which operate within their respective terms of reference that are clearly defined according to their respective functions and authorities. The Board has established four (4) committees to assist in the execution of its roles and responsibilities. They are:

- ❖ Audit Committee
- ❖ Risk Management Committee
- ❖ Nominating Committee
- ❖ Remuneration Committee

The minutes of each committee are circulated to the Board together with the quarterly Board meeting papers. The Chairman of each committee will update the Board on the matters and outcome of each meeting. It is the Company's practice that all major decisions are deliberated and decided by the Board collectively.

##### Company Secretary

The Company possessed qualified Company Secretary pursuant to Section 235 of the Companies Act 2016. The Company Secretary play an advisory role, advising the Board and its Board Committees on matters pertaining to compliance, legal, regulatory, listing requirements, statutory requirements and best practices. The Company Secretary ensure that meetings are properly convened, meeting minutes are properly documented, and the records of resolutions passed by the Board and proceedings of Board Meetings, Board Committee Meetings and Annual General Meeting are properly and systematically filed for ease of retrieval and future reference.

##### Board Meeting and Meeting Materials

To discharge its responsibilities effectively, the Board meets regularly at least on a quarterly basis. Additional or special Board Meetings are convened as and when necessary to consider and deliberate on any urgent proposals or matters arising under their purview and requires the Board's review or consideration. Such meetings will enable the Board members to effectively assess the subject matter such as viability of a business and corporate proposal and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with relevant information and explanations required in the decision making.

Five (5) business days prior to the Board Meeting, the Directors would be provided with the agenda and Board papers to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications if any.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### 1. BOARD RESPONSIBILITIES (cont'd)

##### Access to Information and Advice

The Board is provided with board papers containing the relevant and comprehensive information with sufficient notice prior to the Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner.

The Quarterly Board Meetings paper includes, amongst others, Quarterly Financial Results and the announcements to be made to Bursa Malaysia, Internal Audit Report, Risk Management Report, minutes of all Board Committees previous meetings, list of announcements made, list of Board Circular Resolutions passed (for the periods commencing the last board meeting date to the latest practical date before the current meeting) and any other papers to support the discussion on matters requiring Board's approval at the meeting. Where necessary, the relevant person from the Management team, external auditors and outsourced internal auditors are invited to attend the Board and Board Committee meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda.

The Non-Executive Directors are given unrestricted access to all Company's information and personnel, either as a full board or in their individual capacity in order to better discharge their responsibilities. They are also permitted to seek external professional consultation and advices if so necessary for them to execute their fiduciary duties.

##### Demarcation of Responsibilities

###### a) Board Charter

The Board has a formalised Board Charter, which sets out the roles, functions, composition, and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good CG. The Board Charter acts as a point of reference for Board members and the same is accessible by the public on the Company's website at [www.mynews.com.my](http://www.mynews.com.my)

###### b) Code of Ethics and Conduct for Directors

The Board is committed to establish a corporate culture that fosters common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has adopted the Code of Ethics and Conduct for Directors which upholds integrity, transparency and ethical practices of the business activity. The Code of Ethics and Conduct is published in the Company's website at [www.mynews.com.my](http://www.mynews.com.my)

###### c) Whistleblowing Policy

The Board has in place a Whistleblowing Policy which provides an avenue for employees, public, vendors, contractors, suppliers and other business associates to raise genuine concerns and to disclose allegations, suspicions or actual wrongdoings or improper conducts on a confidential basis, without fear of any form of victimization, harassment or retaliation.

The Whistleblowing Policy is available on the Company's website at [www.mynews.com.my](http://www.mynews.com.my). Any enquiries and complaints can be sent to mynews careline at [mynewscareline@mynews.com.my](mailto:mynewscareline@mynews.com.my)

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### 1. BOARD RESPONSIBILITIES (cont'd)

###### Demarcation of Responsibilities (cont'd)

###### d) Business Sustainability

The Board is committed to deliver long term sustainable values to all its stakeholders, both internal and external. Thus, in all its business decisions the Board is always mindful that amongst the key considerations are business sustainability and ethical practices. To build business sustainability and maintain ethical practices, the Board continuously instills the need to cultivate and promote good corporate values throughout the organization by upholding the virtue of "Tone from the top".

##### 2. BOARD COMPOSITION

###### Strengthening the Board's composition

The Board comprises six (6) Directors, three (3) of them are independent Non-Executive Directors which complied with MCCG Practice 4.1 that requires at least half of the Board members to be Independent Directors. These independent directors participate actively to provide independent advice, views and judgement in the decision-making process, always ensuring that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.

###### Board Meetings

During FY 2020, seven (7) Board meetings were held with the presence of the Company Secretary. The Directors' attendance is as follows:

Director	Directorate	Total Meeting Attendance
Mr Ding Lien Bing	Independent Non-Executive Chairman	7/7
Ms Soon Dee Hwee	Senior Independent Non-Executive Director	7/7
En Mohd Suffian Bin Suboh	Independent Non-Executive Director	7/7
Mr Dang Tai Luk	Executive Director / Group Chief Executive Officer	7/7
Mr Dang Tai Wen	Executive Director / Deputy Group Chief Executive Officer	6/7
Mr Dang Tai Hock	Executive Director / Chief Executive Officer - Food	7/7

All Directors participated fully in the discussions during the Board meetings. There had been no Board dominance by any individual and the Directors were free to express their views and opinions during the Board meetings. In arriving at the Board decisions, the view of the majority prevails at all times.

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### 2. BOARD COMPOSITION (cont'd)

###### Board Diversity

The Board acknowledges the importance of Board diversity in the Board composition, including gender, experience, age, and skill sets for the effective functioning of the Board.

The Nominating Committee ("NC") is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committee. In assessing and recommending to the Board suitable candidates, the NC will take into consideration the following:

- Competencies – qualifications, knowledge, industrial experience/expertise and past achievements.
- Contributions – appointment scope, role, commitment level, professionalism and integrity.
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies.

A brief description of each Director's background is presented in the Directors' Profile of this Annual Report.

In respect of Board size and composition, the Board is of the view that its size, mix and competencies and diversity representation as well as the balance between executive, non-executive and independent Directors are adequate and in line with the Group's business operations and needs.

As of the date of this statement, one (1) out of the six (6) Board members or 17% is a female and both the Board and NC will strive to increase the female participation in the Board.

###### Tenure of Independent Directors

The Board Charter has adopted Practice 4.2 of the MCGG that stipulates the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent-Non-Executive Director or the Board seek annual shareholder' approval with justification if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term.

The Company was listed on the Main Market of Bursa Securities on 29 March 2016 and none of the Independent Directors have exceeded the nine (9) years term of service yet.

###### Foster Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavour to attend meetings. None of the members of the Board has directorship in other public listed companies except for Ms. Soon Dee Hwee who sits on the Board of another company which is listed on the Main Market of Bursa Securities.



## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### 2. BOARD COMPOSITION (cont'd)

##### Time Commitment

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. The Board met seven (7) times and all directors that attended had contributed to the meeting.

##### Director's Training

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge to enable them to discharge their duties effectively. As such, the Directors continuously attend the necessary training to keep abreast of updates and changes in all aspect relating to Mynews, be they operations, financial related matters, rules and regulations or others.

Details of the seminars and workshops attended by the Directors during FY 2020 are as follows:

Director	Seminars/Workshops	Date of Attendance
Mr. Ding Lien Bing	1) Grant Thornton - Seminar on Recent MFRS Developments - Highlight on the Practical Application Issues of MFRS 15 Revenue from Contracts with Customers and MFRS 16 Leases	10 December 2019
	2) Tricor Webinar - What are the Temporary Relief Measures for Listed Issuers during COVID-19 Pandemic	15 May 2020
	3) Deloitte Academy   Tax - Equity-based income: A formula that drives business performance	7 July 2020
	4) MIRA Webinar - Importance of Effective IR Engagement During COVID-19 Pandemic	11 August 2020
	5) Deloitte Academy - MFRS 16 Leases Live webcast	19 August 2020

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### Director's Training (cont'd)

Director	Seminars/Workshops	Date of Attendance
Mr. Dang Tai Luk	1) Bursa Malaysia Berhad - Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009	5 November 2019
	2) EY Thought Center webcast - The CEO perspective: How COVID-19 is defining business purpose	18 April 2020
	3) Panelist for SOBA SMEBiz - Resilient Leadership During COVID-19	23 April 2020
	4) EY Events Team - Navigating COVID-19: Adjusting to the "new" normal - Retail in the time of and post COVID-19	30 April 2020
	5) Star Media Group Online Seminar - The New Normal: Biz & Management Innovation in a New Crisis	5 May 2020
	6) Tricor Webinar - What are the Temporary Relief Measures for Listed Issuers during COVID-19 Pandemic	15 May 2020
	7) Panel Speaker for Digital Forum - "Will the COVID-19 Pandemic Finally Kill the Print Media?"	22 May 2020
	8) Panel Speaker - EY Unstoppable Entrepreneurs webinar: Retail and F&B - Being unstoppable in challenging times	16 June 2020
	9) Credit Suisse H2 Market Outlook Webinar	3 July 2020
	10) Tricor's Webinar - Business Resilience Webinar Series: Tricor Agile Work- The Economics of Remote Work	26 August 2020
	11) MIRA Webinar - The Sustainability Accelerator	3 August 2020
	12) MIRA Webinar - The Sustainability Accelerator (Second Module -Workshop B)	14 September 2020
	13) MIRA Webinar - The Sustainability Accelerator (Third Module -Workshop C)	26 October 2020

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### Director's Training (cont'd)

Director	Seminars/Workshops	Date of Attendance
Ms. Soon Dee Hwee	1) Securities Commission - Malaysia's Audit Oversight Board Conversation with Audit Committee	8 November 2019
	2) ICAEW Webinar - Climate Change and the Role of Business and Accountants	29 April 2020
	3) PWC Webinar - Governance & Risk – An Uncertain World, a Riskier Landscape	30 April 2020
	4) FIDE Forum - Outthink the Competition - Excelling in a Post COVID-19 World	5 May 2020
	5) KPMG - Audit Committee Institute Virtual Roundtable 2020 Webinar	12 May 2020
	6) ICLIF Webinar – Flatten the Curve: Then What?	13 May 2020
	7) Boardroom Business Solutions Sdn Bhd - The Future of AGM – fully virtual/hybrid AGMs	14 May 2020
	8) Tricor Services (Malaysia) Sdn Bhd - Webinar: What are the temporary relief measures for listed issuers during COVID-19 Pandemic	15 May 2020
	9) Credit Suisse H2 Market Outlook Webinar	3 July 2020
	10) FIDE Forum - Webinar: Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses	21 July 2020
	11) KPMG - Webinar: Captain's Forum – Transformation towards Recovery – Session 1: Financial Resilience	25 September 2020
	12) KPMG - Webinar: Captain's Forum – Transformation towards Recovery - Session 2: Operational Resilience	9 October 2020
	13) KPMG - Webinar: Arm's Length Conditions in the "New Norm"	20 October 2020
Mr. Dang Tai Wen	1) MIRA Webinar - The Sustainability Accelerator	3 August 2020
	2) MIRA Webinar - The Sustainability Accelerator (Second Module -Workshop B)	14 September 2020
	3) MIRA Webinar - The Sustainability Accelerator (Third Module -Workshop C)	26 October 2020

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### Director's Training (cont'd)

Director	Seminars/Workshops	Date of Attendance
Mr. Dang Tai Hock	1) MIRA Webinar - Importance of Effective IR Engagement During COVID-19 Pandemic	11 August 2020
En. Mohd Suffian Bin Suboh	1) MIRA Webinar - Managing Risk in the New Normal	9 September 2020

The Board continuously evaluates and determines the training needs of each Director, particularly on relevant new laws and regulations and the essential practices to enable the Directors to effectively discharge their duties.

##### Nominating Committee ("NC")

The NC comprises exclusively of Independent Non-Executive Directors of the Company. It is established and maintained to ensure that there is a formal and transparent procedure for the appointment of senior management personnel especially the C-suites, new Directors to the Board and new members to the Board Committees and to assess the performance of the Board, Board Committees and Directors. The current members of the NC are as follows:

Chairman	:	Mr. Ding Lien Bing ( <i>Independent Non-Executive Chairman</i> )
Member	:	Ms. Soon Dee Hwee ( <i>Senior Independent Non-Executive Director</i> )
Member	:	En. Mohd Suffian Bin Suboh ( <i>Independent Non-Executive Director</i> )

During the financial year under review, one (1) meeting was held and attended by all members. The main activities carried out by the NC during the financial year under review are as follows:

- Review and assess the effectiveness of the Board as a whole
- Review and assess the contribution and performance of each Director
- Review and assess the contribution and performance of the Board Committees (Audit Committee, Risk Management Committee, Remuneration Committee, Nominating Committee)
- Review and assess the independence of the Independent Non-Executive Directors

The NC is satisfied with the effectiveness of the Board and its Committees, including the contributions by each of the members based on the annual assessments conducted and affirmed by each of the members of the Board. The NC is confident that each of the members of the Board and its Board Committees will continue to operate and contribute effectively.

## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### 3. REMUNERATION

##### Remuneration Committee

The Board had established the Remuneration Committee to review and recommend the appropriate level of remuneration for the Board, its Executive and Non-Executive Directors, C-Level personnel and the Group's bonus payout taking into consideration the Group's performance. The current members of the Remuneration Committee are as follows:

Chairman	:	En. Mohd Suffian Bin Suboh ( <i>Independent Non-Executive Director</i> )
Member	:	Ms. Soon Dee Hwee ( <i>Senior Independent Non-Executive Director</i> )
Member	:	Mr. Ding Lien Bing ( <i>Independent Non-Executive Chairman</i> )

During the financial year under review, two (2) meetings were held and attended by all members. The main activities carried out by the Remuneration Committee during the financial year under review are as follows:

- Reviewed and approved the Service Agreement of the Executive Directors prior to recommending to the Board for execution
- Reviewed and recommend to the Board for approval, the remuneration structure for the Group
- Reviewed and recommend to the Board on the Remuneration Package of the Executive Directors

The Executive Directors' remunerations are designed to link rewards to the Company's and individual's performances whilst the remunerations of the Non-Executive Director are determined in accordance with their experience and the level of responsibilities assumed. In ensuring that the Directors' remunerations are in line with the market expectation and competition to retain and attract talents.

The Executive Directors do not take part in the decision on their own remuneration. Likewise, the remuneration of the Non-Executive Directors is a matter for the Board as a whole, with individual Director abstaining from the discussion of their own remuneration.

Based on the assessment carried out for FY 2020, the Board is satisfied that the Remuneration Committee had fulfilled its role and discharged its duties effectively.

##### Directors Remuneration

The Directors' remuneration for FY 2020 is as follows:

	Fees	Meeting Allowance	Salaries & Bonuses	Benefits' in-kind	Total
	RM	RM	RM	RM	RM
<b>Executive Directors</b>					
Mr. Dang Tai Luk	-	-	700,700	23,950	724,650
Mr. Dang Tai Wen	-	-	631,458	24,000	655,458
Mr. Dang Tai Hock	-	-	251,561	4,004	255,565
<b>Non-Executive Directors</b>					
Mr. Ding Lien Bing	90,000	13,000	-	-	103,000
Ms. Soon Dee Hwee	75,000	13,000	-	-	88,000
En. Mohd Suffian Bin Suboh	70,000	13,000	-	-	83,000



## Corporate Governance

### Overview Statement

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

##### 3. REMUNERATION (cont'd)

###### Top five (5) Senior Management's remuneration

Detailed remuneration on the top (5) five senior management is not disclosed as the Board is of the view that the disclosure of such information may put the Company in a disadvantage position given the keen competition for talent in the industry which the Group operates in.

#### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

##### 4. AUDIT COMMITTEE

###### Effective and Independent Audit Committee ("AC")

The composition and details of activities carried out by the AC during the financial year ended 31 October 2020 are set out in the Audit Committee Report of this Annual Report.

The AC members possess a wide range of skills, and they are financially literate and able to understand matters within the purview of the AC including the financial reporting and performance of the Group. Two (2) members from the AC are professionally qualified accountants having vast experience in the finance industry including financial reporting process.

The outsourced Internal Auditors, Messrs. Tricor Axcelasia Sdn Bhd communicates regularly with and reports directly to the AC. The internal audit function conducts regular audit to review and provide assurance to the AC on the adequacy and effectiveness of the Group's internal control and governance process. The outsourced Internal Auditor attended all four (4) meetings of the AC in FY 2020. In the annual assessment, the AC was satisfied with the performance of the Internal Auditors in terms of effectiveness and efficiency in the conduct of their review of the Group's internal control system and risk management.

An annual assessment had also been conducted on the External Auditors and the AC was satisfied with the performance and independence of the external auditors as well as the fulfillment of criteria based on several factors, including independence of the external auditors, quality of audit review, expertise and its resources to carry out the audit work that they were task with.

##### 5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board believes that effective oversight review of risk management and internal control is important to help the Group to achieve its corporate goals and objectives and striking a balance to safeguard the interest of its many stakeholders and protecting the Group's assets and investments.

The Group adopts a 3 line of defense structure for the governance and management of system of internal controls. The AC is assisted by the outsourced Internal Audit Function which reports directly to the AC. The Risk Management and Internal Control Department provides support and facilitates the implementation of an enterprise wide risk management and internal control functions.

The Statement of Risk Management and Internal Control is set out in the Annual Report to provide an overview of the state of the risk management and internal controls within the Group.

## Corporate Governance

### Overview Statement

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

##### 6. COMMUNICATION WITH STAKEHOLDERS

###### Continuous Communication and Investor Relations

The Board recognises the importance of being transparent and accountable to its shareholders and has used various channels of communication to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public.

The various channels of communication with stakeholders are through the following:-

- The quarterly announcement on financial results to Bursa Securities.
- Circulars and annual reports.
- General meetings of shareholders.
- Meetings with investors, analysts and fund managers.
- Company website at [www.mynews.com.my](http://www.mynews.com.my), can have easy access to press releases, financial information, Company announcement and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

##### 7. CONDUCT OF GENERAL MEETINGS

###### Shareholders' Participation at General Meetings

The Board has oversight over the implementation and required maintenance of effective communications and engagements with Shareholders.

The annual general meetings are principal forum for dialogue with Shareholders. At the Company's 2020 virtual AGM, the CEO presented the overall performance of the Group to the shareholders, Shareholders were provided with an opportunity to participate in the questions and answers session at which Shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's business and affairs. All directors attended the meeting and all the resolutions tabled were approved and passed by its shareholders.

The Company held its 7th AGM at Mynews Headquarters, Kota Damansara and shareholders participated in the AGM via live streaming. The Notice of AGM together with the Company's Annual Report for the financial year ended 31 October 2019 were dispatched on 28 February 2020 which fulfilled the 28 days' notice requirement for the meeting. However, due to COVID-19 pandemic, the AGM was postponed and carried out virtually on 25 June 2020.

# Audit Committee Report

The Audit Committee ("AC") of Mynews is pleased to present its report for FY 2020.

## Audit Committee Members

- Ms. Soon Dee Hwee - Chairperson, Senior Independent Non-Executive Director
- Mr. Ding Lien Bing - Member, Independent Non-Executive Chairman
- En. Mohd Suffian Bin Suboh - Member, Independent Non-Executive Director

## Number of Meetings Held and Details of Attendance

The attendance of the members at the AC meetings held during FY 2020 is as follows:

Members	Designation	Attendance of Meeting	
Ms. Soon Dee Hwee	Chairperson	5/5	100%
Mr. Ding Lien Bing	Member	5/5	100%
En. Mohd Suffian Bin Suboh	Member	5/5	100%

## Composition Compliance

The AC consists of three (3) members who are all independent non-executive directors. Two of the members are members of the MIA, namely, Ms Soon Dee Hwee and Mr Ding Lien Bing. The composition of the AC complies with the Listing Requirements as well as fulfills the financial literacy and independence elements outlined in the MCCG (Practice 8.5 and Step Up 8.4)

## Terms of Reference

The Terms of Reference of the AC is available on the Company's website, [www.mynews.com.my](http://www.mynews.com.my). The Board is satisfied that the AC and each of the members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference.

## Summary of Work Carried Out During FY 2020

During FY 2020, the AC had carried out the following activities in discharging its functions and duties:

### a) Financial Reporting

- Reviewed the unaudited quarterly financial statements before recommending to the Board for approval and releasing of the Group's financial results to Bursa Malaysia.
- Reviewed the annual audited financial statements of the Group for financial year ended 31 October 2020 before recommending to the Board for approval.
- Reviewed the application of major accounting policies and practices to ensure that the Group's financial statements had been prepared in compliance with approved accounting standards, and that Mynews had adhered to all legal and regulatory requirements.

## Audit Committee Report

### Summary of Work Carried Out During FY 2020 (cont'd)

During FY 2020, the AC had carried out the following activities in discharging its functions and duties (cont'd):

#### b) External Audit

- Reviewed the external auditors audit plan, which outlined the work scope, audit strategy and approach for the financial year ended 31 October 2020.
- Discussed with the external auditors on the results of the audit, their findings and the resolutions of the findings.
- Reviewed the audited financial statements with the external auditors and company's management before recommending it to the Board for adoption.
- Assessed the effectiveness of the external audit process to ensure high standards of professionalism and effectiveness of the external audit carried out.
- Had one (1) private meeting with the external auditors, Grant Thornton without the presence of the Executive Directors and Management on 22 January 2020.
- Reviewed the proposed audit fees for FY 2020 before recommending them to the Board for approval.
- Reviewed and deliberated the performance of the external auditors and made recommendations to the Board on their re-appointment for the ensuing year.

#### c) Internal Audit

- Reviewed and approved the risk-based annual audit plan to ensure adequate scope and comprehensive coverage of the Group's activities.
- Reviewed and discussed with the internal auditors the internal audit findings and progress on each of the issues arising from the internal audit, amongst others, the following key audit areas:

Key audit areas
<ol style="list-style-type: none"> <li>1. Supply Chain Management</li> <li>2. Fresh Food Management (Counter Food)</li> <li>3. Bakery (Ryoyupan) Food Processing Centre</li> <li>4. Ready-to-Eat Meals (Kineya) Food Processing Centre</li> <li>5. Safety, Health &amp; Environment &amp; Maintenance</li> <li>6. Hostel Management</li> <li>7. Internal Control Department</li> <li>8. Review of Recurrent Related Party Transactions Procedures</li> </ol>

## Audit Committee Report

### Summary of Work Carried Out During FY 2020 (cont'd)

During FY 2020, the AC had carried out the following activities in discharging its functions and duties (cont'd):

#### c) Internal Audit (cont'd)

- Reviewed the audit recommendations and representations made and corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- Monitored the implementation of mitigating actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.
- Met with the internal auditors during the financial year on 29 September 2020 without the presence of Executive Directors and Management for discussion on internal audit related matters.

#### d) Related Party Transactions

The AC had reviewed the related party transactions including the recurrent related party transactions on a quarterly basis to ensure that related parties are appropriately identified and that the persons connected thereto had declared their interests thereon the transactions and reported accordingly.

For FY 2020, the AC is satisfied that Mynews had complied with the financial and regulatory reporting where the related party transactions and recurrent related party transactions were carried out in the ordinary course of business and undertaken at arm's length, on normal commercial terms of Mynews which were not more favourable to the related parties than those generally available to the public and were not detrimental to the minority shareholders.

#### Internal Audit Function

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to Tricor Axcelasia Sdn. Bhd ("Tricor Axcelasia"). The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework.

During FY 2020, the outsourced internal audit function conducted reviews in accordance with the risk-based internal audit plan approved by the Audit Committee.

Findings from the internal audit reviews, including the recommended corrective actions, were discussed with Senior Management and the relevant head of departments prior to presentation to Audit Committee at their scheduled meetings on a quarterly basis.

In addition, follow up review was conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material loss, contingencies or uncertainties that would require a separate disclosure in this annual report.

The fee incurred for FY 2020 in relation to the outsourced internal audit functions was RM86,000 which is exclusive of out-of-pocket expenses.



# Risk Management Committee Report

The Risk Management Committee of Mynews is pleased to present its report for FY 2020.

The Risk Management Committee ("RMC") was set up on 1 March 2018 to oversee the risk management of Mynews pursuant to step up Practice 9.3 of the MCCG.

## Risk Management Committee Members

- Mr. Dang Tai Hock - Chairman, Executive Director/Chief Executive Officer – Food
- Mr. Ding Lien Bing - Member, Independent Non-Executive Chairman
- En. Mohd Suffian Bin Suboh - Member, Independent Non-Executive Director

## Number of Meetings Held and Details of Attendance

The attendance of the members at the RMC meetings held during FY 2020 is as follows:

	Members	Designation	Attendance of Meeting	
1	Mr. Dang Tai Hock	Chairman	4/4	100%
2	Mr. Ding Lien Bing	Member	4/4	100%
3	En. Mohd Suffian Bin Suboh	Member	4/4	100%

## Composition Compliance

The RMC Consists of three (3) members, two of them are independent which satisfy the Corporate Governance step up Practice 9.3 requirement of majority independent directors.

## Terms of Reference

The Terms of Reference of the RMC is available on the Company's website, [www.mynews.com.my](http://www.mynews.com.my). The Board is satisfied that the RMC and each of the members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

## Summary of Risk Management Work activities

The RMC assists the Board to oversee the risk management of the Group and ensures that there are sufficient and effective controls and initiatives put in place to manage the Group's risks. The Group has a formal risk management policy and framework approved by the Board and the RMC is supported by the Risk Management Department ("RMD") to discharge its responsibilities and role in overseeing the Group's risk management.

For risk management, the Group has in place an on-going process for identifying, assessing and evaluating the principal risks that may affect its goals and objectives. To ensure that the risk management framework is effective, Mynews has designed it in conformance with internationally recognised standards, the ISO 31000 Risk Management – Principles and Guidelines.

## Risk Management Committee Report

### Summary of Risk Management Work activities (cont'd)

The Group maintains a Risks Register which records the key risks anticipated by the Group, including their likelihood of occurrence, impact as well as controls and procedures in place to mitigate such risks. A risk management report is presented to the RMC on a quarterly basis by the RMD to report the findings, highlight risk exposures and threats to allow RMC to assess the appropriateness of management's action plans to manage the risks within the Group's risk appetite.

In FY 2020, the RMC carried out its oversight roles by evaluating key areas of risk exposure. Risk management practices were explained to the concerned department heads and staff to educate and spread awareness throughout the organization on the role of risk management. The RMD and the concerned departmental heads had proactively and frequently sat to discuss significant risks and how to effectively manage the significant risks that might affect the Group's objectives.

The RMC had made management and staff acknowledge and aware of the enforcement of Corporate Liability Provision on Anti-Corruption Anti-Bribery set by MACC which become effective on June 2020.

### Control Environment

#### ❖ Whistleblowing Policy

The Group has in place a whistleblowing policy that provides a mechanism to report concerns about any suspected misconduct, wrongdoing, corruption, fraud at Mynews workplace. The whistleblowing and complaints can reach out to Mynews' careline at [mynewscareline@mynews.com.my](mailto:mynewscareline@mynews.com.my)

#### ❖ Anti-Bribery and Anti-Corruption

The Group has adopted a zero tolerance policy against all forms of bribery and corruption. Mynews is committed to prevention, deterrence and detection of fraud, bribery and any other corrupt business practices. It is Mynews' policy to conduct all its business activities with honesty, integrity and the highest possible ethical standards and vigorously enforce its good business practices.

#### ❖ Business Continuity Management

The Management recognizes the importance of business continuity and sustainability. In view of the COVID-19 pandemic, the management has put in place a BCP and DRP to ensure that the Group is able to respond and recover quickly from any significant unexpected event which could disrupt its business activities.

### Annual Review and Performance Evaluation

The RMC had considered the risk management process during the year and deemed it to be effective in relation to identifying, assessing and monitoring the Group's risks. No major weaknesses have been found to have caused any material losses, contingencies or uncertainties.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board is pleased to provide this Statement on Risk Management and Internal Control of Mynews for FY 2020 which is required pursuant to Paragraph 15.26(b) of the Listing Requirements.

## BOARD RESPONSIBILITY

The Board is responsible for Mynews' risk management and internal control system and to ensure that it is adequate and effective. It also provides risk oversight, sets the tone at the top, develops risk culture and reviews the business objectives to be in line with the Group's risk profile. The Board recognises that the internal controls system is designed to manage and minimise rather than eliminate the risks and to provide reasonable but not absolute assurance against material losses or failure associated with risks to achieve Mynews' corporate objectives.

## RISK MANAGEMENT

The Risk Management Committee ("RMC") has been established to assist the Board in ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group. The RMC's roles include identifying significant risks, ensuring an effective risk management framework is in place to manage the overall risk exposure of the Group and regularly reviewing the effectiveness of the risk management framework.

The Risk Management Policy and Framework include all necessary policies and mechanism to manage the overall risk exposure of Mynews, set out clear risk management guidelines and assess the level of risks in accordance to Mynews' risk appetite. The framework has been designed to ensure the proper management of risks so as not to impede the achievement of Mynews' goals and objectives.

The RMC, supported by Risk Management Department has an on-going process for identifying, assessing and evaluating the principal risks that affect Mynews' achievement of its goals and objectives. To ensure that the risk management framework is in conformance with internationally recognised standards, Mynews has adopted ISO 31000 Risk Management – Principles and Guidelines in setting up its risk management framework.

## INTERNAL CONTROL

Mynews' internal audit function is outsourced to Messrs. Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"), a professional service firm, to assist the Board and Audit Committee in providing independent assessment on the adequacy, integrity and effectiveness of the Group's internal control system. During FY 2020, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the Audit Committee. The internal audit was conducted using a risk-based approach and were guided by the International Professional Practice Framework (IPPF).

The results of their review presented in the Internal Audit Report, which includes internal audit findings, priority ratings, root causes, implications, recommendations and management action plans were discussed with Senior Management and subsequently presented to the Audit Committee. Follow up visits were also conducted by Internal Auditors to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed.

Mynews also has an in-house Internal Control Department that carries out daily operational audits to assess and ensure the internal controls is in place at the operational units, principally the retail outlets are effective and that the staff are conducting their activities in compliance with the respective Standard Operating Procedures. Observations/findings and action plans to rectify and improve the internal controls and effectiveness of the internal controls are reported to the respective Heads of Department and Senior Management.

## Statement on Risk Management and Internal Control

### INTERNAL CONTROL (cont'd)

The RMC and Senior Management frequently review the internal control mechanism to ensure that it provides the required level of assurance that the business is operating in an orderly manner and that the likelihood of a significant adverse impact on its objectives arising from a future event is at an acceptable level to Mynews.

Mynews' internal control system consists of the following key processes:

1. **Organisation Structure** – Mynews has a defined organisation structure with clear lines of accountability and responsibility. The Heads of Department are empowered with the responsibility of managing their respective operations.
2. **Authority and Responsibility** – The day to day operations of Mynews is guided by the approved authority matrix for reviewing and approval which is documented in the Delegation of Authority ("DOA"). The DOA is reviewed periodically and/or when the need arises to ensure that it stays relevant.
3. **Management Meetings** – Management meetings are held fortnightly and are attended by the Heads of Department to discuss on departmental performance matters. Regular meetings are convened with the related departments to ensure smooth execution of projects planned.
4. **Standard Operating Procedures ("SOP")** – the SOPs collectively serves as instructions and guidance for work processes. It sets the rules and expectations, helps to enhance staff understanding, provides guidance of job expectations and develops consistency to everyday work. It also helps to protect the Group from knowledge loss and saves training cost and time on new staff. Each department's SOP is reviewed periodically to be aligned with the best practices in the industry.
5. **Key Performance Indicator ("KPI")**. The KPI is an integral part of Mynews to measure, monitor and track performance. The KPIs are frequently reviewed by the Senior Management during the management meeting to identify the areas for improvement and understand the strength of Mynews.
6. **Staff competency** – work quality is regarded with utmost importance and it is Mynews' policy to provide training and develop programmes for its staff, for example, the front-end staff are trained on customer services and operational efficiencies before being posted to the outlets and thereafter are provided with on the job training on a regular basis. Management staff are trained internally or by external professionals to improve their competency and kept updated on the latest technical and/or regulatory updates to carry out their responsibilities towards achieving the Group's objectives.

## Statement on Risk Management and Internal Control

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirement of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness on the risk management and internal control systems of the Group.

Based on the procedures formed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

### CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's Risk Management and Internal Control for the year under review and up to the date of approval of this statement for inclusion in the Annual Report, and is of the view that the Risk Management and Internal Control system has been satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

This Statement on Risk Management and Internal Control was approved by the Board on 22 January 2021.



## Statement on Directors' Responsibility

The Companies Act 2016 requires the Directors of the Company to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company and the Group as at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

The Directors are responsible to ensure that the Company and the Group keep proper accounting records to sufficiently explain all transactions and financial position of the Company and Group and that these records are accurate and reliable.

In the preparation of the financial statements the Directors have ensured that:

- The financial statements were prepared on a going concern basis and in compliance with all applicable accounting standards where material departures, if any, were disclosed;
- Appropriate accounting policies were adopted and consistently applied; and
- Estimates and judgements made were reasonable and prudent.

The Directors, also have the responsibility to ensure that the Company and the Group have a sound system of internal controls to safeguard their assets, to prevent and detect fraud and other irregularities and that all transactions are properly authorised and recorded to enable the preparation of true and fair financial statements.

This Statement on Directors' Responsibility for preparing the financial statements was approved by the Board at its meeting on 22 January 2021.



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# Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of these principal activities of the Company and of its subsidiaries during the financial year.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	<u>(15,900)</u>	<u>7,039</u>
Attributable to:-		
Owners of the Company	(9,842)	
Non-controlling interests	<u>(6,058)</u>	
	<u>(15,900)</u>	

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company during the financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## HOLDING COMPANY

The holding company is D&D Consolidated Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

## Directors' Report

### DIRECTORS

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

Ding Lien Bing  
Dang Tai Luk\*  
Dang Tai Wen\*  
Soon Dee Hwee  
Dang Tai Hock\*  
Mohd Suffian Bin Suboh

\* Directors of the Company and its subsidiaries

The names of the Directors of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above are as follows:-

Koji Higashiawatoko  
Toshiki Shimizu  
Keiya Sato  
Hiroshi Chiyoda  
Takehiko Abe  
Manabu Fujimoto (appointed on 16.1.2020)  
Low Chooi Hoon (appointed on 8.10.2020)  
Blake Dang Kuok Siang (appointed on 8.10.2020)  
Chong Siew Hoong (resigned on 19.3.2020)  
Shunsuke Ishimoto (resigned on 31.12.2019)

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at the end of the financial year are as follows:-

	Balance at <u>1.11.2019</u>	<u>Number of ordinary shares</u>		Balance at <u>31.10.2020</u>
		<u>Addition</u>	<u>Sold</u>	
<b>The Company</b>				
<u>Direct interests</u>				
Ding Lien Bing	400,000	205,000	-	605,000
Soon Dee Hwee	400,000	-	-	400,000
Mohd Suffian Bin Suboh	90,000	-	-	90,000

## Directors' Report

### DIRECTORS' INTERESTS (cont'd)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at the end of the financial year are as follows (cont'd):-

	Balance at <u>1.11.2019</u>	<u>Number of ordinary shares</u>		Balance at <u>31.10.2020</u>
		<u>Addition</u>	<u>Sold</u>	
<b>The Company (cont'd)</b>				
<u>Indirect interests</u>				
Dang Tai Luk #	394,721,400	776,800	-	395,498,200
Dang Tai Wen #	394,721,400	776,800	-	395,498,200
Dang Tai Hock #	394,721,400	776,800	-	395,498,200
<b>Direct interest in the shares of the holding company D&amp;D Consolidated Sdn. Bhd.</b>				
<u>Ordinary shares</u>				
Dang Tai Luk	4,341	-	-	4,341
Dang Tai Wen	1,648	-	-	1,648
Dang Tai Hock	3,241	-	-	3,241
<u>Preference shares</u>				
Dang Tai Wen	15,965	-	-	15,965
Dang Tai Hock	30,448	-	-	30,448

# Indirect interests by virtue of their shareholdings in D&D Consolidated Sdn. Bhd. and their parent's shareholding in Red Orchid Sdn. Bhd.

By virtue of their interests in the shares of the holding company, Dang Tai Luk, Dang Tai Wen and Dang Tai Hock are also deemed to have interests in the ordinary shares of its related corporations to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 28 and 29 to 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.

### ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares and debentures during the financial year.

## Directors' Report

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amounts of indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year were RM10,000,000 and RM35,000 respectively.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) 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 satisfied themselves that all known bad debts had been written off and no provision for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
- (c) 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; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report 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 current financial year in which this report is made.



## Directors' Report

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

The significant events during the financial year and after the reporting date are disclosed in Note 34 to the Financial Statements.

### AUDITORS

Details of auditors' remuneration are set out in Note 24 to the Financial Statements.

The Company has agreed to indemnify the Auditors, Grant Thornton Malaysia PLT, to the extent permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 October 2020.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

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

.....	)	
DANG TAI LUK	)	
	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
.....	)	
DANG TAI WEN	)	

Kuala Lumpur  
5 February 2021

# Statement By Directors and Statutory Declaration

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 72 to 143 are 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 October 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....  
DANG TAI LUK

Kuala Lumpur  
5 February 2021

.....  
DANG TAI WEN

## STATUTORY DECLARATION

I, Dang Tai Luk, being the Director primarily responsible for the financial management of Mynews Holdings Berhad do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 72 to 143 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed at Kuala Lumpur in  
the Federal Territory this day of  
5 February 2021

)  
)  
)  
) .....  
DANG TAI LUK

Before me:

VALLIAMAH A/P PERIAN (W594)  
Commissioner for Oaths  
Kuala Lumpur  
5 February 2021

# Independent Auditors' Report

## To The Members of Mynews Holdings Berhad

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Mynews Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 October 2020, 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 and other explanatory information, as set out on pages 72 to 143.

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 October 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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. 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.

#### Group

##### Risk of valuation and existence of inventories

##### *The risk -*

As at 31 October 2020, the Group's inventories balances amounting to RM66.9 million as disclosed in Note 12 to the Financial Statements is significant to the total assets of the Group. Valuation and existence of inventories were an audit focus area because of the numerous of outlets/locations that inventories were held at and the judgement applied in the valuation of inventories that measured at the lower of cost and net realisable value ("NRV"). At financial year end, the valuation of inventories is reviewed by management and the costs of inventories are reduced where inventories are forecasted to be sold below cost. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

# Independent Auditors' Report

## To The Members of Mynews Holdings Berhad

### Report on the Audit of the Financial Statements (cont'd)

#### Key Audit Matters (cont'd)

#### Group (cont'd)

#### Risk of valuation and existence of inventories (cont'd)

##### *Our response -*

In addressing this area of focus, we have performed, amongst others, the following procedures:-

- obtained an understanding and reviewed the internal control over the process of the inventories recognition.
- for a sample of inventory items, compared the unit cost to the last purchase invoices.
- obtained an understanding and reviewed the management's assessment of NRV of the inventories and on a sample basis, tested the subsequent selling price of inventories.
- examined the condition and existence of selected inventories by attending physical stock count at financial year end at selected locations.
- considered the adequacy of the Group's disclosures in respect of inventories valuation.

#### Revenue involving enormous volume of insignificant transactions

##### *The risk -*

The Group relies heavily on the information technology system to account for cash sales generated from outlets. The system processes high volume of transactions on a daily basis in order to accurately capture and record them in the Group's financial reporting system.

Revenue generated from cash sales is regarded as key audit matter because the amount of revenue contributed is significant to the financial statements of the Group and they involved in processing of large volume of individually insignificant transactions using the Group's information technology system. During the financial year, sales from outlets represented 86% of the Group's total revenue.

##### *Our response -*

In addressing this area of focus, we have performed, amongst others, the following procedures:-

- obtained an understanding and reviewed the internal control over the process of recording cash sales from outlets.
- tested the operating effectiveness of the information system control over cash sales process by performing test of control. We have also involved our internal information technology team to test the reliability of the system through the performance of information technology general control testing.
- test checked the reconciliation of cash receipts to the revenue recognised during the financial year.
- evaluated cash sales recorded close to the financial year end and cash sales after the financial year end to determine whether those transactions were recorded in the proper accounting period.

#### Right-of-use assets and leases involving significant volume

##### *The risk -*

Due to nature in convenient stores business, the Group has numerous of lease contracts and the significant amount of right-of-use assets have been identified and recognised as disclosed in Note 5 to the Financial Statements. MFRS 16 Leases is regarded as key audit matter because it involved the extraction of large volume of data in preparing the leases schedule by the management and also required significant assumptions made by the management which includes determination of lease term, discount rate, lease options and others measurement principles.

## Independent Auditors' Report To The Members of Mynews Holdings Berhad

### Report on the Audit of the Financial Statements (cont'd)

#### Key Audit Matters (cont'd)

#### Group (cont'd)

##### Right-of-use assets and leases involving significant volume (cont'd)

##### *Our response -*

In addressing this area of focus, we have performed, amongst others, the following procedures:-

- obtained an understanding and reviewed the process of preparation of the leases schedule.
- tested the accuracy of the information stated in leases schedule by sighting to lease contracts.
- assessed the accounting treatment to ensure the compliance with the requirements of MFRS 16 including the appropriateness of the assumptions and judgement made by the management.
- recalculation performed to ensure mechanical accuracy of leases schedule provided.
- considered the adequacy of the disclosures in respect of leases.

#### Company

There is no key audit matter to be communicated in respect of the audit of the 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 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.

##### *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 Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 Group's and the Company's ability 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.

# Independent Auditors' Report

## To The Members of Mynews Holdings Berhad

### Report on the Audit of the Financial Statements (cont'd)

#### *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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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.
- 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 Group's or the Company's ability 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.
- 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.
- 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 Mynews Holdings Berhad

### Report on the Audit of the Financial Statements (cont'd)

#### *Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

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 identified during our audit.

We also provided 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, related safeguards.

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.

### 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.

**GRANT THORNTON MALAYSIA PLT**  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

**LIM SOO SIM**  
(NO: 03335/11/2021 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
5 February 2021

# Statements of Financial Position

As At 31 October 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	210,183	197,461	-	-
Right-of-use assets	5	128,284	107,669	-	-
Investment properties	6	12,110	12,140	-	-
Investment in subsidiaries	7	-	-	177,152	177,152
Investment in jointly controlled entity	8	6,783	9,500	-	-
Deferred tax assets	9	837	837	-	-
Other investments	10	-	5	-	-
Fixed deposits with licensed banks	11	163	913	-	-
Total non-current assets		358,360	328,525	177,152	177,152
<b>Current assets</b>					
Inventories	12	66,936	62,086	-	-
Contract assets	22	15,011	10,603	-	-
Trade receivables	13	5,945	13,176	-	-
Other receivables	14	32,927	33,758	13	9
Amount due from subsidiaries	7	-	-	38,484	27,124
Amount due from jointly controlled entity	8	287	312	-	-
Tax recoverable		3,823	47	8	-
Other investments	10	4,913	18,296	-	4,401
Fixed deposits with licensed banks	11	1,308	500	-	-
Cash and bank balances		39,070	13,736	69	50
Total current assets		170,220	152,514	38,574	31,584
<b>Total assets</b>		<b>528,580</b>	<b>481,039</b>	<b>215,726</b>	<b>208,736</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to owners of the Company:</b>					
Share capital	15	201,581	201,581	201,581	201,581
Revaluation reserve	16	9,392	9,392	-	-
Merger deficit	17	(45,952)	(45,952)	-	-
Retained earnings		108,830	118,672	13,865	6,826
		273,851	283,693	215,446	208,407
Non-controlling interests		12,266	18,324	-	-
<b>Total equity</b>		<b>286,117</b>	<b>302,017</b>	<b>215,446</b>	<b>208,407</b>

## Statements of Financial Position

### As At 31 October 2020 (cont'd)

		Group		Company	
	<u>Note</u>	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payables	18	2,175	2,005	-	-
Bank borrowings	19	49,193	15,109	-	-
Lease liabilities	5	56,929	40,954	-	-
Deferred tax liabilities	20	6,766	6,038	-	-
<b>Total non-current liabilities</b>		<u>115,063</u>	<u>64,106</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Contract liabilities	22	945	522	-	-
Trade payables	21	34,935	33,367	-	-
Other payables	18	40,266	41,800	280	329
Bank borrowings	19	18,362	10,950	-	-
Lease liabilities	5	32,555	26,920	-	-
Tax payable		337	1,357	-	-
<b>Total current liabilities</b>		<u>127,400</u>	<u>114,916</u>	<u>280</u>	<u>329</u>
<b>Total liabilities</b>		<u>242,463</u>	<u>179,022</u>	<u>280</u>	<u>329</u>
<b>Total equity and liabilities</b>		<u>528,580</u>	<u>481,039</u>	<u>215,726</u>	<u>208,736</u>

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 October 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	22	489,391	517,725	7,529	7,170
Cost of sales		(329,588)	(331,905)	-	-
Gross profit		159,803	185,820	7,529	7,170
Finance income		251	426	1	18
Other income	23	2,350	2,449	2	50
Administration expenses		(27,087)	(27,326)	(496)	(625)
Selling and distribution expenses		(87,735)	(84,677)	-	-
Other expenses	23	(55,086)	(43,474)	-	-
Impairment loss on financial assets		-	(182)	-	-
Fair value (loss)/gain on investment properties		(30)	149	-	-
Finance costs		(5,197)	(3,457)	-	-
Share of (loss)/profit of jointly controlled entity	8	(1,367)	3,238	-	-
(Loss)/Profit before tax	24	(14,098)	32,966	7,036	6,613
Tax (expense)/income	25	(1,802)	(8,642)	3	(7)
Net (loss)/profit for the financial year		(15,900)	24,324	7,039	6,606
<b>Other comprehensive income:</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation surplus on land and buildings, net of tax		-	3,548	-	-
Total comprehensive (loss)/income		(15,900)	27,872	7,039	6,606
<b>Net (loss)/profit for the financial year attributable to:-</b>					
Owners of the Company		(9,842)	27,564	7,039	6,606
Non-controlling interests		(6,058)	(3,240)	-	-
		(15,900)	24,324	7,039	6,606
<b>Total comprehensive (loss)/income attributable to:-</b>					
Owners of the Company		(9,842)	31,112	7,039	6,606
Non-controlling interests		(6,058)	(3,240)	-	-
		(15,900)	27,872	7,039	6,606
<b>Earnings per share</b>					
Basic (loss)/earnings per share attributable to owners of the Company (sen)	26	(1.44)	4.04		

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

# Statements of Changes in Equity

## For The Financial Year Ended 31 October 2020

Group	Note	Non-distributable		Distributable		Non-controlling interests	Total
		Share capital	Revaluation	Merger	Retained		
		RM'000	reserve	deficit	earnings	RM'000	RM'000
<b>Balance at 1 November 2018</b>		201,581	5,844	(45,952)	99,834	19,394	280,701
Effect of adoption of MFRS 16, leases		-	-	-	(1,904)	-	(1,904)
<b>At 1 November 2018, restated</b>		201,581	5,844	(45,952)	97,930	19,394	278,797
<b>Transaction with owners</b>							
Dividend	27	-	-	-	(6,822)	-	(6,822)
Capital contribution from non-controlling interests		-	-	-	-	2,170	2,170
Net profit for the financial year		-	-	-	27,564	(3,240)	24,324
Other comprehensive income for the financial year		-	3,548	-	-	-	3,548
Total comprehensive income for the financial year		-	3,548	-	27,564	(3,240)	27,872
<b>Balance at 31 October 2019</b>		201,581	9,392	(45,952)	118,672	18,324	302,017
Net loss for the financial year/		-	-	-	(9,842)	(6,058)	(15,900)
Total comprehensive loss for the financial year		-	-	-	(9,842)	(6,058)	(15,900)
<b>Balance at 31 October 2020</b>		201,581	9,392	(45,952)	108,830	12,266	286,117

## Statements of Changes in Equity

### For The Financial Year Ended 31 October 2020 (cont'd)

	<u>Note</u>	<u>Share capital</u> RM'000	<u>Distributable</u> <u>Retained</u> <u>earnings</u> RM'000	<u>Total</u> RM'000
<b>Company</b>				
<b>Balance at 1 November 2018</b>		201,581	7,042	208,623
<i>Transaction with owners</i>				
Dividend	27	-	(6,822)	(6,822)
Total comprehensive income for the financial year		-	6,606	6,606
<b>Balance at 31 October 2019</b>		201,581	6,826	208,407
Total comprehensive income for the financial year		-	7,039	7,039
<b>Balance at 31 October 2020</b>		201,581	13,865	215,446

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



# Statements of Cash Flows

For The Financial Year Ended 31 October 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(14,098)	32,966	7,036	6,613
<b>Adjustments for:</b>					
Bad debts written off		440	-	-	-
Depreciation of property, plant and equipment		19,298	13,390	-	-
Depreciation of right-of-use assets		35,604	30,371	-	-
Dividend income from other investments		(277)	(950)	(29)	(170)
Dividend income from a subsidiary		-	-	(7,500)	(7,000)
Loss on lease modification of leases		184	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		246	(275)	-	-
Fair value gain on other investments		(2)	(50)	(2)	(50)
Fair value loss/(gain) on investment properties		30	(149)	-	-
Impairment loss on financial assets		-	182	-	-
Interest expenses		5,197	3,457	-	-
Interest income		(251)	(426)	(1)	(18)
Inventories written off and wastages		7,959	5,471	-	-
Property, plant and equipment written off		2,346	1,200	-	-
Rental rebates		(2,166)	-	-	-
Share of loss/(profit) of jointly controlled entity		1,367	(3,238)	-	-
Operating profit/(loss) before working capital changes		55,877	81,949	(496)	(625)
<b>Changes in working capital:-</b>					
Inventories		(12,809)	(23,246)	-	-
Receivables		7,622	11,347	(4)	(1)
Payables		(296)	25,985	(49)	208
Jointly controlled entity		25	(200)	-	-
Contract assets		(4,408)	(4,401)	-	-
Contract liabilities		423	(1,620)	-	-
Cash generated from/(used in) operations		46,434	89,814	(549)	(418)
Tax refunded		94	337	-	-
Tax paid		(5,964)	(7,021)	(5)	(9)
Net cash from/(used in) operating activities		40,564	83,130	(554)	(427)

## Statements of Cash Flows

For The Financial Year Ended 31 October 2020 (cont'd)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>INVESTING ACTIVITIES</b>					
Dividend received from jointly controlled entity		1,350	-	-	-
Dividend received from a subsidiary		-	-	7,500	7,000
Advances to subsidiaries		-	-	(11,360)	(13,819)
Proceeds from disposal of other investments - quoted shares		13,667	33,800	4,432	14,000
Placement of funds in other investments		-	(6,000)	-	-
Proceeds from disposal of property, plant and equipment		2,167	910	-	-
Purchase of property, plant and equipment		(36,779)	(104,657)	-	-
Placement of fixed deposits		-	(113)	-	-
Uplifted of pledged fixed deposit with licensed banks		13	-	-	-
Interest received		251	426	1	18
Net cash (used in)/from investing activities		(19,331)	(75,634)	573	7,199
<b>FINANCING ACTIVITIES</b>					
Dividend paid		-	(6,822)	-	(6,822)
Capital contribution from non-controlling interests		-	2,170	-	-
Interest paid		(5,197)	(3,457)	-	-
Payment of lease liabilities	A	(32,127)	(30,544)	-	-
Repayment of bank borrowings	A	(15,154)	(3,525)	-	-
Drawdown of bank borrowings	A	56,650	25,300	-	-
Net cash from/(used in) financing activities		4,172	(16,878)	-	(6,822)
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		25,405	(9,382)	19	(50)
At beginning of financial year		14,236	23,618	50	100
At end of financial year	B	39,641	14,236	69	50

## Statements of Cash Flows

For The Financial Year Ended 31 October 2020 (cont'd)

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	At beginning of financial year RM'000	Others RM'000		Cash flows RM'000	At end of financial year RM'000
<b>2020</b>					
Lease liabilities	67,874	53,737	(a)	(32,127)	89,484
Bank borrowings	<u>26,059</u>	<u>-</u>		<u>41,496</u>	<u>(b) 67,555</u>
<b>2019</b>					
Lease liabilities	1,142	97,276	(c)	(30,544)	67,874
Bank borrowings	<u>4,284</u>	<u>-</u>		<u>21,775</u>	<u>(b) 26,059</u>

(a) Being additions, lease modification and rental rebates of lease liabilities as disclosed in Note 5.1 to the Financial Statements.

(b) The amounts are net of drawdown and repayment during the financial year.

(c) Being adjustment on initial application of MFRS 16 and addition of lease liabilities as disclosed in Note 5.1 to the Financial Statements.

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:-

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Fixed deposits with licensed banks	1,471	1,413	-	-
Cash and bank balances	<u>39,070</u>	<u>13,736</u>	<u>69</u>	<u>50</u>
	40,541	15,149	69	50
Less: Fixed deposits pledged to licensed banks (Note 11)	(163)	(913)	-	-
Less: Fixed deposits with maturity more than 3 months	<u>(737)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>39,641</u>	<u>14,236</u>	<u>69</u>	<u>50</u>

## Statements of Cash Flows

### For The Financial Year Ended 31 October 2020 (cont'd)

#### C. CASH OUTFLOWS FOR LEASES AS A LESSEE

		Group	
	Note	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Included in net cash flows from operating activities:</u>			
Payment relating to short-term leases	5	8,576	10,251
Payment relating to variable lease payments not included in the measurement of lease liabilities	5	899	3,481
<u>Included in net cash flows from financing activities:</u>			
Payment of lease liabilities		32,127	30,544
Payment on interest of lease liabilities	5	<u>4,011</u>	<u>2,854</u>
		<u>45,613</u>	<u>47,130</u>

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

# Notes To The Financial Statements

## 31 October 2020

### 1. GENERAL INFORMATION

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 is located at Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

The holding company is D&D Consolidated Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors passed on 5 February 2021.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

#### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting year as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

##### 2.2 Basis of measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability 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 Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure for value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

##### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM'000 except when otherwise stated.

##### 2.4 Adoption of new standards/amendments/improvements to MFRS

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements except those new standards as mentioned below.

###### 2.4.1 Adoption of new standards effective from the financial period beginning on or after 1 November 2019

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRS which are mandatory for the current financial year. The initial application of the new standards/amendments/improvement to standards did not have any material impact on the financial statements.



## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

#### 2.4 Adoption of new standards/amendments/improvements to MFRS (cont'd)

##### 2.4.2 Early adoption of new standard for financial period beginning on or after 1 November 2019

##### Amendment to MFRS 16 "COVID-19 – Related rent concessions"

The Group has elected to early adopt amendment to MFRS 16 "COVID-19 – Related rent concessions" which will take effect on or after 1 June 2020.

In accordance with the transitional provisions provided in the amendment to MFRS 16, the comparative information was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16.

The accounting policies and impact of changes upon early adoption of amendment to MFRS 16 is disclosed in Note 3.7.1.3 and Note 5 to the Financial Statements.

#### 2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRS and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

##### Amendments to MFRS and IC Interpretations effective 1 January 2020:-

Amendments to MFRS 3*#	Definition of a Business
Amendments to MFRS 7, 9 and 139*#	Interest Rate Benchmark Reform
Amendments to MFRS 101 and 108	Definition of Material
Amendments to References to the Conceptual Framework on MFRS Standards	

##### Amendments to MFRS effective 1 January 2022:-

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137*#	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020 (MFRS 1*, 9, 16 and 141*)	

##### MFRS and Amendments to MFRS effective 1 January 2023:-

MFRS 17 and amendments to MFRS 17*#	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

##### Amendments to MFRSs – effective date deferred indefinitely:-

Amendments to MFRS 10 and 128#	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Group's operations

# Not applicable to the Company's operations

The initial application of the above standards, amendments and interpretation are not expected to have any significant financial impacts to the financial statements.

## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

##### 2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

##### 2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

###### Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair value except for newly acquired or constructed properties as their carrying amounts approximate the fair value as determined by the Directors.

The carrying amount of the land and buildings at the reporting date and the relevant revaluation basis are disclosed in Note 4 to the Financial Statements.

###### Fair value of investment properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. The Group engages independent valuation specialists to determine fair values.

The carrying amount of the investment properties at the end of the reporting year and the relevant revaluation basis are disclosed in Note 6 to the Financial Statements.

###### Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 October 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to changes in the expected level of usage and technological developments, resulting in the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 4 to the Financial Statements.

## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

##### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.1 Estimation uncertainty (cont'd)

###### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to asset-specific risk factors.

###### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to social preference and economical changes which may cause selling prices to change rapidly and the Group's result to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 12 to the Financial Statements.

###### Provision for expected credit losses ("ECLs") of receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 32.2.

## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.1 Estimation uncertainty (cont'd)

###### Recognition of rebates and incentives income from suppliers

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse rebates.

Certain incentives and rebates recognised in profit or loss were estimated based on terms and rates in trade agreements entered into with suppliers. Actual amounts received from suppliers may differ from the amounts initially estimated.

###### Recognition of loyalty programme

The fair value of the customer loyalty programme is estimated by reference to the monetary value attributable to the awarded gift redemption and rebates.

The loyalty programme is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or where there is indication of a material change.

###### Fair value of financial instruments

The fair value of financial instruments are based on active market quotes. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting year.

###### Provision for restoration costs

As part of the identification and measurement of right-of-use assets, the Group has recognised a provision for restoration costs. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to remove the facilities and restoring the premises. The carrying amount of the provision at the reporting date is disclosed in Note 18 to the Financial Statements.

###### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

## Notes To The Financial Statements

### 31 October 2020

#### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.1 Estimation uncertainty (cont'd)

###### Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

###### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### 2.6.2 Significant management judgements

###### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

###### Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has numerous lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in these financial statements, except when otherwise stated.

##### 3.1 Consolidation

###### 3.1.1 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

###### Merger method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Mynews Retail Sdn. Bhd., Mynews Kukuh Sdn. Bhd., MYCU Retail Sdn. Bhd. (formerly known as Eemerge Incorporated Sdn. Bhd.) and Bison Foods Sdn. Bhd., resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.1 Consolidation (cont'd)

##### 3.1.1 Basis of consolidation (cont'd)

###### Acquisition method

The Company applies the acquisition method for those entities controlled by the Company. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed off and included in administrative expenses.

##### 3.1.2 Joint arrangement

A joint venture is a type of joint arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, investment in a joint venture is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit.

When the Group's share of losses exceed its interest in a joint venture, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

The financial statements of the joint venture are prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at each end of the reporting year whether there is any objective evidence that the investments in the joint venture is impaired.

# Notes To The Financial Statements

## 31 October 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Consolidation (cont'd)

##### 3.1.2 Joint arrangement (cont'd)

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and their carrying value, then recognises the amount in the "share of profit of investment accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in a joint venture 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.

##### 3.1.3 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in subsidiaries not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if that results in a deficit balance.

#### 3.2 Property, plant and equipment

Property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are initially measured at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment losses, if any, after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting year.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity.



## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.2 Property, plant and equipment (cont'd)

To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight line method in order to write off the cost or valuation of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated.

The principal annual depreciation rates used are as follows:-

Buildings	2 %
Computers and software	20 %
Furniture, fittings, renovation and electrical installation	10 %
Motor vehicles	20 %
Office/warehouse equipment and signboards	10 %
Kitchen equipment, plant and machinery	10 %

Capital work-in-progress consists renovation of outlet premises in progress. The amount is measured at cost and not depreciated until they are completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

##### 3.3 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statement of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period which they arise.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.3 Investment properties (cont'd)

The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and are supported by market evidence.

Investment properties are derecognised when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from these properties. Any gain or loss on the retirement or disposal of investment properties is recognised in profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property, plant and equipment up to the date of change.

##### 3.4 Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### 3.4.1 Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price as disclosed in Note 3.10 to the Financial Statements.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.4 Financial instruments (cont'd)

##### 3.4.1 Financial assets (cont'd)

###### Initial recognition and measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commits to purchase or sell the asset.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on its statements of financial position.

###### Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade, other receivables, amounts due from subsidiaries/jointly controlled entity, fixed deposits with licensed banks and cash and cash equivalents.

###### Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes other investments which the Group and the Company have not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as revenue in the statements of profit or loss when the right of payment has been established.

The Group's and the Company's financial assets at fair value through profit or loss comprise other investment at fair value through profit or loss.

# Notes To The Financial Statements

## 31 October 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Financial instruments (cont'd)

##### 3.4.1 Financial assets (cont'd)

##### Subsequent measurement (cont'd)

##### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise investment in real estate investment trust which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

On disposal of this investment, any related balance within the fair value reserve is reclassified to retained earnings.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

##### Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability weighted estimate of credit losses.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.4 Financial instruments (cont'd)

##### 3.4.1 Financial assets (cont'd)

###### Impairment (cont'd)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. 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 estimates the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

##### 3.4.2 Financial liabilities

###### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.4 Financial instruments (cont'd)

##### 3.4.2 Financial liabilities (cont'd)

###### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on its statements of financial position.

###### Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade, other payables and borrowings.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### 3.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.5 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

# Notes To The Financial Statements

## 31 October 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Inventories

Inventories which comprise raw materials, trading goods, trading currencies and packing materials are stated at the lower of cost and net realisable value.

Cost of raw materials, trading goods, trading currencies and packing materials is determined on a first-in first-out method and comprises costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs necessary to make the sale.

#### 3.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 3.7.1 As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 3.7.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land	89 years
Outlet premises	2 to 6 years
Motor vehicles	5 years
Staff accommodation	2 years
Warehouse and kitchen equipments	10 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

For right-of-use buildings that meets the definition of investment properties are classified under investment properties as leasehold buildings applying the requirement in accordance with MFRS 140 "Investment Properties" as stated in Note 3.3 to the Financial Statements.

The right-of-use assets are also subject to impairment as detailed in Note 3.5 to the Financial Statements.



## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.7 Leases (cont'd)

##### 3.7.1 As lessee (cont'd)

##### 3.7.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### 3.7.1.3 COVID-19-related rent concession

As at the reporting date, the accounting required by MFRS 16 for a change in lease payments, other than those arising from a change in amounts expected to be a payable under residual value guarantees to determine lease payments.

If a rent concession results from a lease modification, the Group accounts for the rent concession as either a new lease or as a remeasurement of an existing lease liability.

If a rent concession does not result from a lease modification, the Group recognise the rent concession as rental rebates in the period in which the event or condition that triggers the reduced payment occurs.

During the financial year, the Group elects to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:-

- i. the change in lease payments results in revised consideration for the lease that is substantially the same as or less than, the consideration for the lease immediately preceding the change;
- ii. any reduction in lease payments affects only payments due on or before 30 June 2021; and
- iii. there is no substantive change to other terms and conditions of the lease.

The Group accounts for such COVID-19-related rent concession as rental rebates in which the event or condition that triggers the reduced payment occurs. The Group presents the impacts of rent concessions within selling and distribution expenses.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.7 Leases (cont'd)

##### 3.7.1 As lessee (cont'd)

##### 3.7.1.4 Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### 3.7.2 As lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### 3.8 Borrowing costs

Borrowing costs are recognised as expenses in the profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with borrowing of funds.

##### 3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits with licensed banks which are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

##### 3.10 Revenue

##### 3.10.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services for provision of in-store services, because it typically controls the goods or services before transferring them to the customer.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.10 Revenue (cont'd)

##### 3.10.1 Revenue from contracts with customers (cont'd)

###### (a) Sale of goods

Revenue from sale of general merchandise is recognised at the point in time when control of the asset is transferred to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points).

###### Loyalty points programme

The Group's loyalty points programme allows customers to accumulate points that can be redeemed for free products and set off with future purchases.

The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a regular basis and any adjustments to the contract liability balance are charged against revenue.

###### (b) Provision of in-store services income

The Group acts as an agent in providing in-store services to its customers.

When another party is involved in providing services to its customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. When the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

###### (c) Promotional income

Promotional income mainly comprises in-store displays and advertisements for specific products. Promotional income is recognised over time when the performance obligations have been fulfilled by the Group in accordance with the term as stipulated in the agreements with vendors.

###### (d) Other service income

Other service income consists of distribution, printing and other general services provided by the Group. The other service income is recognised at a point in time upon service rendered.

# Notes To The Financial Statements

## 31 October 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Revenue (cont'd)

##### 3.10.2 Other income

###### (a) Rental income

Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

###### (b) Interest income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

###### (c) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

###### (d) Management fee

Management fee is recognised when services are rendered.

#### 3.11 Contract balances

##### 3.11.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### 3.11.2 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### 3.12 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursements is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.12 Provision (cont'd)

###### 3.12.1 Provision for restoration

A provision for restoration is recognised when there is a present obligation as a result of operational activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas.

##### 3.13 Employees' benefits

###### 3.13.1 Short-term employees' benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### 3.13.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees' services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

##### 3.14 Equity and reserves

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

Retained earnings include all current and prior years' retained profits.

The revaluation reserve within equity represents revaluation surplus of land and buildings, net of deferred tax.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

All transactions with the owners of the Company are recorded separately within equity.

##### 3.15 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

## Notes To The Financial Statements

### 31 October 2020

#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### 3.15 Tax expenses (cont'd)

###### 3.15.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

###### 3.15.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### 3.16 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

##### 3.17 Earnings per ordinary share

The Group presents basic and dilute earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

## Notes To The Financial Statements

### 31 October 2020

#### 4. PROPERTY, PLANT AND EQUIPMENT

##### Group

	At valuation/ cost		At cost							
	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Computers and software RM'000	Furniture, fittings, renovation and electrical installation RM'000	Motor vehicles RM'000	Office/ warehouse equipment and signboards RM'000	Kitchen equipment, plant and machinery RM'000	Total RM'000
<b>Valuation/cost</b>										
At 1 November 2018	21,334	39,729	26,982	9,190	9,238	48,142	3,804	25,677	592	184,688
Adjustment on initial application of MFRS 16	-	(39,729)	(5,150)	-	-	-	(1,158)	(168)	-	(46,205)
At 1 November 2018, restated	21,334	-	21,832	9,190	9,238	48,142	2,646	25,509	592	138,483
Additions	-	-	21,742	10,038	4,055	18,196	393	29,121	21,112	104,657
Disposals	-	-	-	-	(161)	(118)	(1,722)	(405)	(7)	(2,413)
Written off	-	-	-	-	(16)	(2,047)	(110)	(615)	(15)	(2,803)
Reclassification	-	-	408	(7,352)	1,238	5,618	-	88	-	-
Revaluation	2,734	-	1,571	-	-	-	-	-	-	4,305
Transferred to investment properties	(6,983)	-	(561)	-	-	-	-	-	-	(7,544)
At 31 October 2019	17,085	-	44,992	11,876	14,354	69,791	1,207	53,698	21,682	234,685
Additions	-	-	-	19,891	4,694	4,939	3,798	3,336	121	36,779
Disposals	-	-	-	-	(410)	(2,508)	(125)	(1,321)	-	(4,364)
Written off	-	-	-	(762)	(2)	(2,811)	-	(79)	-	(3,654)
Reclassification	-	-	-	(18,649)	766	10,306	-	7,577	-	-
At 31 October 2020	17,085	-	44,992	12,356	19,402	79,717	4,880	63,211	21,803	263,446

# Notes To The Financial Statements

## 31 October 2020

31 October 2020

#### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	At valuation/ cost			At cost						
	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Computers and software RM'000	Furniture, fittings, renovation and electrical installation RM'000	Motor vehicles RM'000	Office/ warehouse equipment and signboards RM'000	Kitchen equipment, plant and machinery RM'000	Total RM'000
<b>Accumulated depreciation</b>										
At 1 November 2018	-	184	1,176	-	4,029	14,891	2,361	6,338	28	29,007
Adjustment on initial application of MFRS 16	-	(184)	(275)	-	-	-	(281)	(7)	-	(747)
At 1 November 2018, restated	-	-	901	-	4,029	14,891	2,080	6,331	28	28,260
Charge for the year	-	-	716	-	1,752	5,740	238	3,744	1,200	13,390
Disposals	-	-	-	-	(126)	(54)	(1,460)	(134)	(4)	(1,778)
Written off	-	-	-	-	(10)	(1,136)	(20)	(422)	(15)	(1,603)
Revaluation	-	-	(1,009)	-	-	-	-	-	-	(1,009)
Transferred to investment properties	-	-	(36)	-	-	-	-	-	-	(36)
At 31 October 2019	-	-	572	-	5,645	19,441	838	9,519	1,209	37,224
Charge for the year	-	-	928	-	2,617	7,455	195	5,916	2,187	19,298
Disposals	-	-	-	-	(270)	(1,287)	(10)	(384)	-	(1,951)
Written off	-	-	-	-	(2)	(1,267)	-	(39)	-	(1,308)
At 31 October 2020	-	-	1,500	-	7,990	24,342	1,023	15,012	3,396	53,263
<b>Net carrying amount</b>										
At 31 October 2020	17,085	-	43,492	12,356	11,412	55,375	3,857	48,199	18,407	210,183
At 31 October 2019	17,085	-	44,420	11,876	8,709	50,350	369	44,179	20,473	197,461



## Notes To The Financial Statements

### 31 October 2020

#### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the depreciation of property, plant and equipment amounted to RM2,181,000 (2019: RM1,217,000) are classified in cost of sales.

##### (a) Revaluation of land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and accumulated impairment losses.

Fair values of freehold land and buildings were derived by using the Comparison Method of Valuation.

Fair values of self-constructed buildings on leasehold land were derived by using the Cost Method of Valuation.

Comparison Method of Valuation entails comparing the sales price of the properties in close proximity. Sales price of the properties are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Cost Method of Valuation entails adopting the current replacement cost arrived at by determining the construction cost, financing charges, professional fees and other incidental expenses building the structure, less depreciation.

The Group engaged external, independent and qualified valuers to determine the fair values of the freehold land and buildings as at 31 October 2019.

After take into consideration that the construction of related buildings was completed on June 2019, the Directors of the Group assessed that the carrying amounts are approximately the fair value as at the year end.

The fair value hierarchy of the Group's property, plant and equipment as at the reporting date is as follows:-

	<u>2020</u>		<u>2019</u>	
	<b>Level 2</b> RM'000	<b>Level 3</b> RM'000	<b>Level 2</b> RM'000	<b>Level 3</b> RM'000
<b>Recurring</b>				
Freehold land	17,085	-	17,085	-
Buildings	<u>10,695</u>	<u>32,797</u>	<u>10,915</u>	<u>33,505</u>

## Notes To The Financial Statements

### 31 October 2020

#### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

##### (a) Revaluation of land and buildings (cont'd)

Details of Level 3 fair value measurement are as follows:-

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
<u>Buildings</u>		
Cost method which estimates the amount of reconstruction cost of the building based on current market prices net of depreciation.	Estimated replacement costs.	The higher the estimated replacement cost, the higher the fair value.

There was no transfer between the fair value hierarchies during the financial year.

The carrying amount of revalued land and buildings of the Group that would have been included in the statements of financial position had these assets been carried at cost less accumulated depreciation and impairment losses are as follows:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Freehold land	10,362	10,362
Buildings	<u>38,213</u>	<u>39,045</u>

(b) The carrying amount of property, plant and equipment pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 19 to the Financial Statements are as follows:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Freehold land	14,800	14,800
Buildings	<u>39,827</u>	<u>40,705</u>

#### 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

##### 5.1. As lessee

The Group has lease contracts for premises mainly retail stores, motor vehicles, warehouse, kitchen equipment and hostels used for its operations purposes. There are several lease contracts that include extension options and variables lease payments, which are further discussed below.

The Group also has certain leases of premises with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

## 5.1. As lessee (cont'd)

## Right-of-use assets

Set out below are carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	Leasehold land RM'000	Leasehold building RM'000	Outlet Premises RM'000	Warehouse equipment RM'000	Motor vehicles RM'000	Kitchen equipment RM'000	Staff accommodation RM'000	Total RM'000
<b>Cost</b>								
At 1 November 2018	-	-	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	39,729	5,150	76,895	168	1,158	-	-	123,100
At 1 November 2018, restated	39,729	5,150	76,895	168	1,158	-	-	123,100
Additions	-	-	46,650	753	566	6,053	46	54,068
Transfer to investment properties	-	(5,150)	-	-	-	-	-	(5,150)
At 31 October 2019	39,729	-	123,545	921	1,724	6,053	46	172,018
Additions	-	-	56,780	-	-	-	629	57,409
Lease modification	-	-	(1,578)	-	-	-	-	(1,578)
At 31 October 2020	39,729	-	178,747	921	1,724	6,053	675	227,849
<b>Accumulated depreciation</b>								
At 1 November 2018	-	-	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	184	275	33,587	7	281	-	-	34,334
At 1 November 2018, restated	184	275	33,587	7	281	-	-	34,334
Charge for the year	441	81	29,238	54	286	252	19	30,371
Transfer to investment properties	-	(356)	-	-	-	-	-	(356)
At 31 October 2019	625	-	62,825	61	567	252	19	64,349
Charge for the year	441	-	33,873	92	345	656	197	35,604
Lease modification	-	-	(388)	-	-	-	-	(388)
At 31 October 2020	1,066	-	96,310	153	912	908	216	99,565
<b>Net carrying amount</b>								
At 31 October 2020	38,663	-	82,437	768	812	5,145	459	128,284
At 31 October 2019	39,104	-	60,720	860	1,157	5,801	27	107,669

## Notes To The Financial Statements

### 31 October 2020

#### 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

##### 5.1. As lessee (cont'd)

##### Group (cont'd)

##### Right-of-use assets (cont'd)

Included in depreciation of right-of-use assets amounted to RM853,000 (2019: RM270,000) are classified in cost of sales.

The leasehold land is pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 19 to the Financial Statements.

##### Lease liabilities

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Current</u>		
- less than 1 year	32,555	26,920
<u>Non-current</u>		
- more than 1 year but less than 5 years	55,520	38,664
- more than 5 years	1,409	2,290
	<u>89,484</u>	<u>67,874</u>

The lease liabilities bear interest at rates range from 2.3% to 5.0% (2019: 2.4% to 3.7%) per annum.

Set out below is the movements of lease liabilities during the financial year:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
At beginning of financial year	67,874	1,142
Adjustment on initial application of MFRS 16	-	43,578
Additions	57,156	53,698
Lease modification	(1,253)	-
Accretion of interest	4,011	2,854
Payments	(36,138)	(33,398)
Rental rebates	(2,166)	-
At end of financial year	<u>89,484</u>	<u>67,874</u>

During the financial year, as a result of COVID-19 pandemic, the Group has received rental reduction and recognised as rental rebates.

## Notes To The Financial Statements

### 31 October 2020

#### 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

##### 5.1. As lessee (cont'd)

##### Group (cont'd)

The following are the amounts relating to right-of-use assets and lease liabilities recognised in profit or loss:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Depreciation expense of right-of-use assets	35,604	30,371
Interest expense on lease liabilities	4,011	2,854
Expense relating to short-term leases	8,576	10,251
Variable lease payments	899	3,481
Rental rebates	<u>(2,166)</u>	<u>-</u>

##### Variable lease payments based on sales

Some leases of premises contain variable lease payments that are based on sales that the Group makes at the retail outlets. Fixed and variable rental payments were as follows:-

	<u>Fixed payments</u> RM'000	<u>Variable payments</u> RM'000	<u>Total payments</u> RM'000	<u>Estimated annual impact on rent of a 1% increase in sales</u> RM'000
<u>2020</u>				
Leases with lease payments based on sales	<u>13,163</u>	<u>889</u>	<u>14,052</u>	<u>141</u>
<u>2019</u>				
Leases with lease payments based on sales	<u>17,675</u>	<u>3,481</u>	<u>21,156</u>	<u>212</u>

##### Extension options

The Group has numerous lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

	<u>Within 2 years</u> RM'000	<u>More than 2 years</u> RM'000	<u>Total</u> RM'000
<u>2020</u>			
Extension options not reasonably certain to be exercised	<u>10,734</u>	<u>49,622</u>	<u>60,356</u>
<u>2019</u>			
Extension options not reasonably certain to be exercised	<u>12,390</u>	<u>16,750</u>	<u>29,140</u>

## Notes To The Financial Statements

### 31 October 2020

#### 6. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold building RM'000	Leasehold buildings RM'000	Total RM'000
<b>At fair value:</b>				
At 1 November 2018	-	-	-	-
Transfer from:				
- property, plant and equipment	6,983	525	-	7,508
- right-of-use assets	-	-	4,794	4,794
Fair value gain/(loss) on revaluation	17	45	(224)	(162)
At 31 October 2019	7,000	570	4,570	12,140
Fair value loss on revaluation	-	(30)	-	(30)
At 31 October 2020	7,000	540	4,570	12,110

The carrying amounts of investment properties pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 19 to the Financial Statements are as follow:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Freehold building	540	570
Leasehold buildings	<u>3,200</u>	<u>3,200</u>

#### Fair value basis of investment properties

The fair value represents the amount at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller on an arm's length basis at the reporting date.

#### Level 2 fair value

The fair values of the Group's investment properties have been arrived at on the basis of valuations carried out by a firm of independent professional valuers, who have appropriate professional qualification and recent experience in the relevant location and assets being valued. The fair values of the investment properties were determined using the Comparison Method of valuation.

Comparison Method of Valuation entails comparing the sales price of the properties in close proximity. Sales price of the properties are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfers between the fair value hierarchies during the financial year.

#### Income and expenses recognised in profit or loss

	<u>2020</u> RM'000	<u>2019</u> RM'000
Rental income	<u>60</u>	<u>2</u>
Direct operating expenses:		
- quit rent and assessment	<u>12</u>	<u>6</u>

## Notes To The Financial Statements

### 31 October 2020

#### 7. SUBSIDIARIES

##### (i) Investment in subsidiaries

	Company	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Unquoted shares, at cost	<u>177,152</u>	<u>177,152</u>

Details of the subsidiaries which all the principal place of business are located in Malaysia are as follows:-

Name of companies	Effective equity interest		Principal activities
	<u>2020</u>	<u>2019</u>	
	%	%	
Mynews Retail Sdn. Bhd.	100	100	Retailer and convenience store business
MYCU Retail Sdn. Bhd. (formerly known as Eemerge Incorporated Sdn. Bhd.) ("MYCU")	100	100	Temporary ceased its operations during the financial year. On 12 October 2020, MYCU entered into the licensing agreement with BGF Retail Co. Ltd. ("BGF"), South Korea's biggest convenience store operator and owner of the popular convenience store brand CU.
Bison Foods Sdn. Bhd.	100	100	Operator of food and beverage restaurant
Mynews Kukuh Sdn. Bhd.	100	100	Money changer business
Mynews Food Sdn. Bhd.	100	100	Investment holding
<u>Subsidiaries of Mynews Retail Sdn. Bhd.</u>			
DKE Technology Sdn. Bhd.	100	100	Implementation, maintenance and technical services relating to the software namely "Research, Development and Commercialisation of DKE Publications and Magazine Distribution of Software"
Mynews Management Sdn. Bhd.	100	100	Provision of management services
<u>Subsidiaries of Mynews Food Sdn. Bhd.</u>			
Mynews Kineya Sdn. Bhd.	51	51	Production, manufacturing and sale of prepared and ready-to-eat meals
Mynews Ryoyupan Sdn. Bhd.	51	51	Production, manufacturing and sale of bakery products

## Notes To The Financial Statements

### 31 October 2020

#### 7. SUBSIDIARIES (cont'd)

##### (ii) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:-

	Mynews Kineya <u>Sdn. Bhd.</u>	Mynews Ryoyupan <u>Sdn. Bhd.</u>	<u>Total</u>
<b>2020</b>			
<b>Percentage of equity interest and voting interest (%)</b>	49%	49%	
Carrying amount of non-controlling interests (RM'000)	<u>6,631</u>	<u>5,635</u>	<u>12,266</u>
Loss allocated to non-controlling interests (RM'000)	<u>3,262</u>	<u>2,796</u>	<u>6,058</u>

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	Mynews Kineya <u>Sdn. Bhd.</u> RM'000	Mynews Ryoyupan <u>Sdn. Bhd.</u> RM'000
<b>Financial position as at 31 October 2020</b>		
Non-current assets	32,753	27,525
Current assets	2,973	5,128
Non-current liabilities	(19,992)	(18,429)
Current liabilities	<u>(2,201)</u>	<u>(2,724)</u>
Net assets	<u>13,533</u>	<u>11,500</u>
<b>Summary of financial performance for the financial year ended 31 October 2020</b>		
Net loss /total comprehensive loss for the financial year	<u>6,656</u>	<u>5,706</u>
Included in the total comprehensive income is:		
Revenue	<u>9,224</u>	<u>5,805</u>
<b>Summary of cash flows for the financial year ended 31 October 2020</b>		
Net cash outflows from operating activities	(2,482)	(3,154)
Net cash inflows from investing activities	4,371	4,588
Net cash outflows from financing activities	<u>(1,985)</u>	<u>(2,380)</u>
Net cash outflows	<u>(96)</u>	<u>(946)</u>



# Notes To The Financial Statements

## 31 October 2020

### 7. SUBSIDIARIES (cont'd)

#### (ii) Non-controlling interests in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests are as follows (cont'd):-

	Mynews Kineya Sdn. Bhd.	Mynews Ryoyupan Sdn. Bhd.	Total
<b>2019</b>			
<b>Percentage of equity interest and voting interest (%)</b>	49%	49%	
Carrying amount of non-controlling interests (RM'000)	9,893	8,431	18,324
Loss allocated to non-controlling interests (RM'000)	1,847	1,393	3,240

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	Mynews Kineya Sdn. Bhd. RM'000	Mynews Ryoyupan Sdn. Bhd. RM'000
<b>Financial position as at 31 October 2019</b>		
Non-current assets	35,971	29,569
Current assets	8,249	10,418
Non-current liabilities	(20,790)	(19,875)
Current liabilities	(3,241)	(2,906)
Net assets	20,189	17,206
<b>Summary of financial performance for the financial year ended 31 October 2019</b>		
Net loss /total comprehensive loss for the financial year	3,770	2,842
Included in the total comprehensive income is:		
Revenue	9,708	3,016
<b>Summary of cash flows for the financial year ended 31 October 2019</b>		
Net cash (outflows)/ inflows from operating activities	(4,098)	3,667
Net cash outflows from investing activities	(2,400)	(6,383)
Net cash inflows/(outflows) from financing activities	6,564	(144)
Net cash inflows/(outflows)	66	(2,860)

#### (iii) Amount due from subsidiaries

Amount due from subsidiaries is non-trade in nature, unsecured, bears no interest and repayable on demand.

## Notes To The Financial Statements

### 31 October 2020

#### 8. JOINTLY CONTROLLED ENTITY

##### (i) Investment in jointly controlled entity

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	500	500
Share of results of jointly controlled entity	6,283	9,000
	<u>6,783</u>	<u>9,500</u>

Details of the jointly controlled entity incorporated in Malaysia are as follows:-

Name of company	Effective equity interest		Principal activity
	2020 %	2019 %	
WH Smith Malaysia Sdn. Bhd. *^	50	50	Retailer in magazines and convenience items

\* not audited by Grant Thornton Malaysia PLT

^ The latest audited financial statements for this jointly controlled entity is for the financial year ended 31 August 2020. The Directors have equity accounted for the results of this jointly controlled entity based on its 10 months adjusted audited financial statements and unaudited 2 months management financial statements as at 31 October 2020.

The following table summarises the information of the Group's jointly controlled entity:-

	2020 RM'000	2019 RM'000
<b>Financial position as at 31 October</b>		
Non-current assets	2,225	2,207
Current assets	16,403	21,883
Non-current liabilities	(15)	(24)
Current liabilities	(5,047)	(5,065)
Cash and cash equivalents	7,336	11,408
Non-current financial liabilities (excluding trade and other payables and provisions)	(15)	(24)
Current financial liabilities (excluding trade and other payables and provisions)	<u>(37)</u>	<u>(58)</u>

## Notes To The Financial Statements

### 31 October 2020

#### 8. JOINTLY CONTROLLED ENTITY (cont'd)

##### (i) Investment in jointly controlled entity (cont'd)

The following table summarises the information of the Group's jointly controlled entity (cont'd):-

	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>Summary of financial performance for the financial year ended 31 October</b>		
Net (loss)/profit/total comprehensive (loss)/income for the financial year	<u>(2,734)</u>	<u>6,477</u>
Included in net (loss)/profit/total comprehensive (loss)/income:		
Revenue	16,362	39,866
Depreciation and amortisation	(848)	(792)
Interest income	112	104
Interest expense	(15)	(8)
Tax expense	<u>(66)</u>	<u>(1,875)</u>
<b>Reconciliation of net assets to carrying amount as at 31 October</b>		
Group's share of net assets/carrying amount in the statement of financial position	<u>6,783</u>	<u>9,500</u>
<b>Group's share of results for the financial year ended 31 October</b>		
Group's share of net (loss)/profit/total comprehensive (loss)/income	<u>(1,367)</u>	<u>3,238</u>
<b>Other information</b>		
Dividend received	<u>1,350</u>	<u>-</u>

#### Contingent liabilities and capital commitments

The jointly controlled entity has no material contingent liabilities or capital commitments as at the reporting date.

##### (ii) Amount due from jointly controlled entity

Amount due from jointly controlled entity is trade in nature, unsecured, bears no interest and repayable on demand.

## Notes To The Financial Statements

### 31 October 2020

#### 9. DEFERRED TAX ASSETS

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
At beginning of financial year	837	-
Recognised in profit or loss (Note 25)	-	837
At end of financial year	<u>837</u>	<u>837</u>

The components of deferred tax assets as at the end of the reporting year are made up of the following:-

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
Property, plant and equipment	(258)	(258)
Right-of-use assets	(238)	(238)
Unabsorbed business losses	711	711
Unutilised capital allowances	622	622
	<u>837</u>	<u>837</u>

#### 10. OTHER INVESTMENTS

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>Financial asset at fair value through other comprehensive income</b>				
<u>Non-current</u>				
Quoted shares in Malaysia	-	5	-	-
<b>Financial asset at fair value through profit or loss</b>				
<u>Current</u>				
Unit trust funds	4,913	18,296	-	4,401

## Notes To The Financial Statements

### 31 October 2020

#### 10. OTHER INVESTMENTS (cont'd)

##### Movement in unit trust funds:-

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	18,296	45,096	4,401	18,181
Additions	-	6,000	-	-
Dividend income	277	950	29	170
Gain on fair value adjustment	2	50	2	50
Redemption during the financial year	<u>(13,662)</u>	<u>(33,800)</u>	<u>(4,432)</u>	<u>(14,000)</u>
At end of financial year	<u>4,913</u>	<u>18,296</u>	<u>-</u>	<u>4,401</u>

#### 11. FIXED DEPOSITS WITH LICENSED BANKS

##### Group

Fixed deposits with licensed banks earned interest at rates range from 1.25% to 3.35% (2019: 2.80% to 4.00%) per annum. RM163,000 (2019: RM913,000) of fixed deposits are pledged to licensed banks for bank guarantee facilities granted to the Group and its jointly controlled entity. Hence, are not available for general use.

#### 12. INVENTORIES

	Group	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Raw materials	542	627
Packing materials	83	155
Trading goods	66,294	61,132
Trading currencies	<u>17</u>	<u>172</u>
	<u>66,936</u>	<u>62,086</u>
<b>Recognised in profit or loss:-</b>		
- Cost of sales	315,832	320,237
- Inventories written off and wastages	<u>7,959</u>	<u>5,471</u>

## Notes To The Financial Statements

### 31 October 2020

#### 13. TRADE RECEIVABLES

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
Trade receivables	6,127	13,358
Less: Expected credit losses		
At beginning of financial year	(182)	-
Recognised	-	(182)
At end of financial year	(182)	(182)
	<u>5,945</u>	<u>13,176</u>

Trade receivables are generally on 30 to 90 (2019: 30 to 90) days term and are non-interest bearing.

#### 14. OTHER RECEIVABLES

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Other receivables	2,542	5,838	-	-
Deposits	24,903	20,300	2	2
Prepayments	5,482	3,904	11	7
Goods and services tax receivable	-	3,716	-	-
	<u>32,927</u>	<u>33,758</u>	<u>13</u>	<u>9</u>

Included in deposits is an amount of RM641,000 (2019: RM Nil) placed as indication of interest to purchase of a piece of land upon fulfilment of various pre-sale terms by the vendor and RM4,156,000 (2019: RM Nil) payment made in relation to the licensing agreement entered during the financial year, details as disclosed in Notes 34(b) to the Financial Statements.

Included in prepayment is an amount of RM155,000 (2019: RM 244,000) paid to non-controlling interest party for purchase of plant and equipment.

#### 15. SHARE CAPITAL

	Group and Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000
Issued and fully paid:-		
682,154,000 ordinary shares with no par value	<u>201,581</u>	<u>201,581</u>

## Notes To The Financial Statements

### 31 October 2020

#### 16. REVALUATION RESERVE

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
At beginning of financial year	9,392	5,844
Revaluation surplus, net of tax	-	3,860
Reversal of revaluation surplus	-	(312)
At end of financial year	<u>9,392</u>	<u>9,392</u>

The revaluation reserve represents increase in the fair value of land and buildings, net of tax.

#### 17. MERGER DEFICIT

The Group's merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares in subsidiaries acquired.

#### 18. OTHER PAYABLES

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Non-current</u>				
Provision of restoration costs	<u>2,175</u>	<u>2,005</u>	<u>-</u>	<u>-</u>
<u>Current</u>				
Other payables	7,522	17,282	5	-
Accruals	32,479	24,518	275	329
Provision of restoration costs	<u>265</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>40,266</u>	<u>41,800</u>	<u>280</u>	<u>329</u>

The movement of the provision of restoration cost is as follow:-

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
At beginning of financial year	2,005	1,634
Provision made during the financial year	500	371
Reversal of provision	(65)	-
At end of financial year	<u>2,440</u>	<u>2,005</u>
<u>Analysed as:</u>		
- Non-current	2,175	2,005
- Current	<u>265</u>	<u>-</u>

The Group has obligation to restore the rented premises after expiry/termination of the lease contracts.

## Notes To The Financial Statements

### 31 October 2020

#### 19. BANK BORROWINGS

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Non-current (secured)</u>		
- Revolving credits	22,324	13,472
- Term loans	<u>26,869</u>	<u>1,637</u>
	<u>49,193</u>	<u>15,109</u>
<u>Current (secured)</u>		
- Revolving credits	16,993	10,662
- Term loans	<u>1,369</u>	<u>288</u>
	<u>18,362</u>	<u>10,950</u>
	<u>67,555</u>	<u>26,059</u>

The term loans and revolving credits of the Group are secured by:-

- Legal charge over the Group's land and buildings as disclosed in Notes 4, 5 and 6 to the Financial Statements;
- Personal guarantee provided by certain Directors of the Company; and
- Corporate guarantee of the Company.

The term loans and revolving credits bear interest at rates range from 3.26% to 5.06% (2019: 4.55% to 5.62%) per annum.

#### 20. DEFERRED TAX LIABILITIES

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
At beginning of financial year	6,038	3,060
Recognised in profit or loss (Note 25)	728	1,524
Deferred tax relating to revaluation of land and buildings	<u>-</u>	<u>1,454</u>
At end of financial year	<u>6,766</u>	<u>6,038</u>

The components of deferred tax liabilities as at the end of the reporting year are made up of the following:-

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
Property, plant and equipment	9,727	7,958
Right-of-use assets and lease liabilities	(1,104)	(635)
Unutilised capital allowances	(1,212)	(1,239)
Others	<u>(645)</u>	<u>(46)</u>
	<u>6,766</u>	<u>6,038</u>



## Notes To The Financial Statements

### 31 October 2020

#### 21. TRADE PAYABLES

##### Group

The normal trade credit terms of trade payables range from 30 to 90 (2019: 30 to 90) days and are non-interest bearing.

Included in trade payables is RM11,000 (2019: RM58,000) due to a company connected to non-controlling interest party.

#### 22. REVENUE

##### 22.1 Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Types of revenue</b>				
Sales of merchandise goods	421,177	447,986	-	-
Provision of in-store services	3,757	4,244	-	-
Other services income	8,254	7,979	-	-
Promotional income	56,091	57,008	-	-
Dividend income	29	170	7,529	7,170
Trading currencies	83	338	-	-
	<u>489,391</u>	<u>517,725</u>	<u>7,529</u>	<u>7,170</u>
<b>Timing of recognition</b>				
Satisfied overtime	56,091	57,008	-	-
Satisfied at a point in time	<u>433,300</u>	<u>460,717</u>	<u>7,529</u>	<u>7,170</u>
	<u>489,391</u>	<u>517,725</u>	<u>7,529</u>	<u>7,170</u>

All the revenue of the Group and of the Company are generated in Malaysia.

## Notes To The Financial Statements

### 31 October 2020

#### 22. REVENUE (cont'd)

##### 22.2 Contract assets

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Current</u>		
Promotional income	<u>15,011</u>	<u>10,603</u>

Significant increase in contract assets during the financial year is resulting from new contracts secured.

##### 22.3 Contract liabilities

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Current</u>		
Loyalty points programme	774	347
Promotional income	<u>171</u>	<u>175</u>
	<u>945</u>	<u>522</u>

All the prior year contract liabilities have been recognised as revenue during the financial year.

The loyalty points programme and promotional income are for periods of one year or less. As permitted under MFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

#### 23. OTHER INCOME / EXPENSES

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>Types of revenue</b>				
Dividend income	248	780	-	-
Fair value gain on other investments	2	50	2	50
Gain on disposal of property, plant and equipment	-	275	-	-
Gain on realised foreign exchange	3	5	-	-
Management fees	-	357	-	-
Rental income	703	553	-	-
Wages subsidy	1,121	-	-	-
Other income	<u>273</u>	<u>429</u>	<u>-</u>	<u>-</u>
	<u>2,350</u>	<u>2,449</u>	<u>2</u>	<u>50</u>

## Notes To The Financial Statements

### 31 October 2020

#### 23. OTHER INCOME / EXPENSES (cont'd)

	Group	
	2020 RM'000	2019 RM'000
<b>Other expenses</b>		
Bad debts written off	440	-
Depreciation of property, plant and equipment	17,117	12,173
Depreciation of right-of-use assets	34,751	30,101
Loss on disposal of property, plant and equipment	246	-
Loss on leases modification	184	-
Loss on realised foreign exchange	2	-
Property, plant and equipment written off	2,346	1,200
	<u>55,086</u>	<u>43,474</u>

#### 24. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been determined after charging, amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit	180	181	38	35
- non-statutory audit	<u>45</u>	<u>45</u>	<u>8</u>	<u>8</u>

#### 25. TAX EXPENSE/(INCOME)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax				
- current year	811	7,244	-	7
- under/(over) provision in prior years	<u>263</u>	<u>711</u>	<u>(3)</u>	<u>-</u>
	1,074	7,955	(3)	7
Deferred tax				
- current year	976	637	-	-
- (over)/under provision in prior years	<u>(248)</u>	<u>50</u>	<u>-</u>	<u>-</u>
	728	687	-	-
	<u>1,802</u>	<u>8,642</u>	<u>(3)</u>	<u>7</u>

## Notes To The Financial Statements

### 31 October 2020

#### 25. TAX EXPENSE/(INCOME) (cont'd)

Malaysian income tax is calculated at the statutory rate of 24% (2019: 24%) of the estimated assessable profits for the financial year.

A reconciliation of tax expense applicable to (loss)/profit before tax at the statutory tax rate to income tax expense/income at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax	<u>(14,098)</u>	<u>32,966</u>	<u>7,036</u>	<u>6,613</u>
Income tax at rate of 24% (2019: 24%)	(3,383)	7,912	1,689	1,587
Non-allowable expenses	3,769	1,303	118	153
Income not subject to tax	(449)	(967)	(1,807)	(1,733)
Income exempted under pioneer status	(982)	(1,073)	-	-
Under/(over) provision in prior years	15	761	(3)	-
Deferred tax assets not recognised	2,832	1,068	-	-
Effect of adoption of MFRS 16, leases	<u>-</u>	<u>(362)</u>	<u>-</u>	<u>-</u>
Tax expense/(income) for the financial year	<u>1,802</u>	<u>8,642</u>	<u>(3)</u>	<u>7</u>

A subsidiary of the Group was granted Pioneer Status under the provisions of the promotion of Investment Act, 1986 whereby the profits earned were exempted from Malaysian Income Tax for a period of five years commencing from 16 August 2010 and subsequently, the pioneer period had been further extended by another 5 years to 15 August 2020. After the expiry date of pioneer status, the profits earned are taxable based on statutory rate at 24%.

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

	Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment	(5,970)	(4,677)
Right-of-use asset and lease liabilities	2,542	508
Unabsorbed business losses	11,107	3,460
Unutilised capital allowances	<u>8,848</u>	<u>5,435</u>
	<u>16,527</u>	<u>4,726</u>

The potential deferred tax assets of the Group have not been recognised in respect of above items as it is not certain that whether sufficient future taxable profits will be available in which the Group can utilise these benefits.

## Notes To The Financial Statements

### 31 October 2020

#### 25. TAX EXPENSE/(INCOME) (cont'd)

The unabsorbed business losses and unutilised capital allowances of the Group amounting to RM14,070,000 (2019: RM6,423,000) and RM16,490,000 (2019: RM13,190,000) respectively can be carried forward to offset against future taxable profit of the respective subsidiaries.

The expiry of the unabsorbed tax losses is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Carried forward up to year of assessment 2026	6,423,000	6,423,000
Carried forward up to year of assessment 2027	7,647,000	-
	<u>14,070,000</u>	<u>6,423,000</u>

#### 26. EARNINGS PER SHARE

##### Basic (loss)/ earnings per share

Basic (loss)/earnings per share is calculated by dividing net (loss)/profit for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Net (loss)/profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	<u>(9,842)</u>	<u>27,564</u>
Weighted average number of ordinary shares in issue (Number in '000)	<u>682,154</u>	<u>682,154</u>
Basic (loss)/earnings per share (sen)	<u>(1.44)</u>	<u>4.04</u>

##### Diluted earnings per share

No diluted earnings per share is presented as there are no potential dilutive ordinary shares at the end of the financial year.

#### 27. DIVIDENDS

	Group and Company	
	2020 RM'000	2019 RM'000
<u>In respect of the financial year ended 31 October:-</u>		
An interim single tier dividend of RM0.01 per ordinary share	<u>-</u>	<u>6,822</u>

The Directors do not recommend any final dividend payment in respect of the current financial year.

## Notes To The Financial Statements

### 31 October 2020

#### 28. EMPLOYEES' BENEFITS EXPENSES

	Group	
	2020 RM'000	2019 RM'000
Salaries and other emoluments	52,616	57,537
Directors' remuneration	2,141	2,080
Defined contribution plan	4,190	3,547
Social security contributions	664	521
	<u>59,611</u>	<u>63,685</u>

The details of the Directors' remuneration are as below:-

	Group	
	2020 RM'000	2019 RM'000
Salaries and other emoluments	1,676	1,608
Defined contribution plan	228	182
Social security contributions	2	2
Fee	235	288
	<u>2,141</u>	<u>2,080</u>

#### Company

The Directors' remuneration of the Company comprises of meeting allowances and fees amounting to RM39,000 (2019: RM49,000) and RM235,000 (2019: RM288,000) respectively.

#### 29. SIGNIFICANT RELATED PARTY DISCLOSURES

##### 29.1 Significant related party transactions

	Group	
	2020 RM'000	2019 RM'000
Dividend income received from jointly controlled entity	1,350	-
Administration fee charged to jointly controlled entity	38	42
Management fees charged to jointly controlled entity	327	797
Travelling expenses charged to jointly controlled entity	8	13
Warehouse and storage fee charged to jointly controlled entity	432	375
Purchase of raw materials from jointly controlled entity	49	-
Sales to jointly controlled entity	54	13
Advertising and promotion fee charged to related parties *	-	252
Purchases of raw materials from related parties *	3,348	5,592
Purchases of property, plant and equipment from related parties *	19	17,120
Rental of premises charged by related parties *	3	8
Management fees charged by related parties *	73	383
Lease charged by related parties *	10	34
Upkeep expenses charged by related parties *	9	-

## Notes To The Financial Statements

### 31 October 2020

#### 29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

##### 29.1 Significant related party transactions (cont'd)

	Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000
Royalty fee charged by related parties *	69	-
Medical fee charged by a related party *	71	9
Consultation fee charged by related parties *	166	38
Rental charged to related parties *	12	6
Hostel rental charged by certain Directors	-	17
Sale of motor vehicle to a Director	86	-
Dividend income from a subsidiary	<u>7,500</u>	<u>7,000</u>

\* Related parties refer to persons or entities that are related to certain Directors of the Company or non-controlling interest party.

##### 29.2 Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the financial year are as follows:-

	Group		Company	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Salaries and other emoluments	3,541	3,419	39	49
Fee	235	288	235	288
Defined contribution plan	447	312	-	-
Social security contributions	<u>8</u>	<u>6</u>	<u>-</u>	<u>-</u>
	<u>4,231</u>	<u>4,025</u>	<u>274</u>	<u>337</u>

Other members of key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The Directors' fee and remuneration are disclosed in Note 28 to the Financial Statements.

##### 29.3 Outstanding balances arising from related parties

The outstanding balances arising from related parties as at the reporting date are disclosed in Notes 7, 8, 14 and 21 to the Financial Statements.

#### 30. CAPITAL COMMITMENT

	Group	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<u>Authorised and contracted for:-</u>		
- Property, plant and equipment	<u>30,193</u>	<u>3,428</u>

## Notes To The Financial Statements

### 31 October 2020

#### 31. OPERATING SEGMENT

##### Business segment

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

- (i) Retail convenience - operating retail convenience stores selling retail convenience goods and services
- (ii) Manufacturing - producing bakery products and ready-to-eat meals

The Group has aggregated certain operating segments to form a reportable segment due to their similar nature and operational characteristics.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments were entered into the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined on negotiated basis.

The effects of such inter-segment transactions are eliminated on consolidation.

<b>2020 Group</b>	<b>Note</b>	<b>Retail convenience RM'000</b>	<b>Manufacturing RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
External revenue		490,652	-	(1,261)	489,391
Inter segment revenue		-	15,029	(15,029)	-
<b>Total revenue</b>		<b>490,652</b>	<b>15,029</b>	<b>(16,290)</b>	<b>489,391</b>
Depreciation of property, plant and equipment		17,006	2,292	-	19,298
Depreciation of right-of-use assets		34,751	4,212	(3,359)	35,604
Interest income		(228)	(23)	-	(251)
Interest expense		4,964	2,370	(2,137)	5,197
Share of results of jointly control entity		1,367	-	-	1,367
Tax expense/(income)		1,089	(7)	-	1,802
Other material non-cash items	(i)	8,795	(164)	160	8,791
Net loss for the financial year	(ii)	(5,171)	(12,394)	1,665	(15,900)
Segment assets	(iii)	482,614	100,880	(54,914)	528,580
Segment liabilities	(iv)	236,701	43,381	(37,619)	242,463
Additions to non-current assets:-					
- Property, plant and equipment		36,402	377	-	36,779
- Right-of-use assets		56,780	979	(350)	57,409



## Notes To The Financial Statements

### 31 October 2020

#### 31. OPERATING SEGMENT (cont'd)

##### Business segment (cont'd)

<u>2019</u> <u>Group</u>	<u>Note</u>	<u>Retail</u> <u>convenience</u> <u>RM'000</u>	<u>Manufacturing</u> <u>RM'000</u>	<u>Elimination</u> <u>RM'000</u>	<u>Consolidated</u> <u>RM'000</u>
External revenue		518,306	-	(581)	517,725
Inter segment revenue		-	13,633	(13,633)	-
Total revenue		518,306	13,633	(14,214)	517,725
Depreciation of property, plant and equipment		12,112	1,278	-	13,390
Depreciation of right-of-use assets		30,100	1,914	(1,643)	30,371
Interest income		(322)	(104)	-	(426)
Interest expense		3,353	1,244	(1,140)	3,457
Share of results of jointly control entity		(3,238)	-	-	(3,238)
Tax expense/(income)		9,474	(923)	91	8,642
Other material non-cash items	(i)	6,519	135	-	6,654
Net profit/(loss) for the financial year	(ii)	30,353	(6,802)	773	24,324
Segment assets	(iii)	462,872	93,638	(75,471)	481,039
Segment liabilities	(iv)	175,471	46,695	(43,144)	179,022
Additions to non-current assets:-					
- Property, plant and equipment		82,995	21,662	-	104,657
- Right-of-use assets		47,970	45,533	(39,435)	54,068

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(i) Other material non-cash expenses/(income) comprise the following items:-

	<u>2020</u> <u>RM'000</u>	<u>2019</u> <u>RM'000</u>
Bad debts written off	440	-
Fair value loss/(gain) on investment properties	30	(149)
Fair value gain on other investments	(2)	(50)
Impairment loss on trade receivables	-	182
Inventories written off and wastages	7,959	5,471
Loss on leases modification	184	-
Rental rebates	(2,166)	-
Property, plant and equipment written off	2,346	1,200
	<u>8,791</u>	<u>6,654</u>

## Notes To The Financial Statements

### 31 October 2020

#### 31. OPERATING SEGMENT (cont'd)

##### Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

- (ii) The following items are added to/(deducted from) segment profit to arrive at "(Loss)/profit for the financial year" presented in the consolidated statement of profit or loss and other comprehensive income:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Revenue	(16,290)	(14,214)
Other income	(4,659)	(2,683)
Administrative expenses	818	(1,920)
Selling and distribution expenses	1,261	-
Cost of sales	18,398	16,995
Finance costs	2,137	1,140
Tax expenses	-	(91)
	<u>1,665</u>	<u>(773)</u>

- (iii) The following items are deducted from segment operating assets to arrive at total assets reported in consolidated statement of financial position:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Right-of-use assets	29,768	37,792
Investments in subsidiaries	22,950	33,100
Amount due from subsidiaries/related companies	1,145	3,528
Deferred tax assets	91	91
Other receivables	960	960
	<u>54,914</u>	<u>75,471</u>

- (iv) The following items are deducted from segment operating liabilities to arrive at total liabilities reported in consolidated statement of financial position:-

	<u>2020</u> RM'000	<u>2019</u> RM'000
Provision of restoration costs	350	-
Lease liabilities	35,491	38,656
Amount due to subsidiaries/related companies	818	3,528
Other payables	960	960
	<u>37,619</u>	<u>43,144</u>

The operations of the Group are primarily carried out in Malaysia.

There is no significant concentration of revenue from any major customers as the Group's revenue is contributed by various customers.

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS

##### 32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Fair value through profit or loss ("FVTPL");
- (ii) Fair value through other comprehensive income ("FVOCI"); and
- (iii) Amortised cost ("AC").

	Carrying amount RM'000	FVTPL RM'000	AC RM'000
<b>2020</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	5,945	-	5,945
Other receivables	27,445	-	27,445
Amount due from jointly controlled entity	287	-	287
Other investments	4,913	4,913	-
Fixed deposits with licensed banks	1,471	-	1,471
Cash and bank balances	39,070	-	39,070
	<u>79,131</u>	<u>4,913</u>	<u>74,218</u>
<b>Financial liabilities</b>			
Trade payables	34,935	-	34,935
Other payables	40,001	-	40,001
Bank borrowings	67,555	-	67,555
	<u>142,491</u>	<u>-</u>	<u>142,491</u>
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	2	-	2
Amount due from subsidiaries	38,484	-	38,484
Cash and bank balances	69	-	69
	<u>38,555</u>	<u>-</u>	<u>38,555</u>
<b>Financial liability</b>			
Other payables	280	-	280

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	AC RM'000
<b>2019</b>				
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	13,176	-	-	13,176
Other receivables	26,138	-	-	26,138
Amount due from jointly controlled entity	312	-	-	312
Other investments	18,301	18,296	5	-
Fixed deposits with licensed banks	1,413	-	-	1,413
Cash and bank balances	13,736	-	-	13,736
	<u>73,076</u>	<u>18,296</u>	<u>5</u>	<u>54,775</u>
<b>Financial liabilities</b>				
Trade payables	33,367	-	-	33,367
Other payables	41,800	-	-	41,800
Bank borrowings	26,059	-	-	26,059
	<u>101,226</u>	<u>-</u>	<u>-</u>	<u>101,226</u>
<b>Company</b>				
<b>Financial assets</b>				
Other receivables	2	-	-	2
Amount due from subsidiaries	27,124	-	-	27,124
Other investments	4,401	4,401	-	-
Cash and bank balances	50	-	-	50
	<u>31,577</u>	<u>4,401</u>	<u>-</u>	<u>27,176</u>
<b>Financial liability</b>				
Other payables	329	-	-	329

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

##### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The following are the areas where the Group and the Company are exposed to credit risk:-

##### (i) Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Most of the Group's customers have been transacting with the Group for long-term basis, and none of these customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether are an individual or a legal entity, whether they are wholesale, retail or end-user customers, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

As at the reporting date, the Group has concentration of credit risk of which 68% (2019: 80%) of trade receivables are owing by two (2019: two) customers.

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (a) Credit risk (cont'd)

The following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### (i) Trade receivables and contract assets (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions. Generally, the receivables are written-off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:-

	Gross carrying <u>amount</u> RM'000	Loss <u>allowance</u> RM'000	<u>Net balances</u> RM'000
<b>2020</b>			
Not past due	156	-	156
Past due 1 to 30 days	4,958	-	4,958
Past due 31 to 60 days	1	-	1
Past due 61 to 90 days	173	-	173
Past due more than 90 days	657	-	657
	5,945	-	5,945
<b>Credit impaired at the reporting date:</b>			
Individually impaired	182	(182)	-
	6,127	(182)	5,945
Contract assets	15,011	-	15,011

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (a) Credit risk (cont'd)

The following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### (i) Trade receivables and contract assets (cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balances RM'000
<b>2019</b>			
Not past due	10,950	-	10,950
Past due 1 to 30 days	546	-	546
Past due 31 to 60 days	800	-	800
Past due 61 to 90 days	104	-	104
Past due more than 90 days	776	-	776
	13,176	-	13,176
<b>Credit impaired at the reporting date:</b>			
Individually impaired	182	(182)	-
	13,358	(182)	13,176
Contract assets	10,603	-	10,603

##### (ii) Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

##### (iii) Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company have trade transactions with and also provide advances to the jointly controlled entity and the subsidiaries. The Group and the Company monitor their results regularly.

As at the reporting date, there was no indication that the amount due from jointly controlled entity and subsidiaries are not recoverable.

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (a) Credit risk (cont'd)

The following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### (iv) Other investments at fair value through profit or loss

The Group's debt instruments at fair value through profit or loss comprised solely of unit trust funds and, therefore, are considered to be low credit risk investments. At the end of the reporting period, the Group and the Company have investments in unit trust funds. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

##### (v) Cash and cash equivalents

The credit risk for cash and cash equivalents of the Group and of the Company is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

##### (vi) Financial guarantee

The Company provides unsecured financial guarantee to financial institutions in respect of banking and lease facilities and guarantee for rental of premises by certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiaries would default on repayment on finance lease liabilities or rental payments.

The maximum exposure to credit risk is RM73,715,000 (2019: RM31,459,000), represented by the outstanding lease liabilities and bank borrowings of the subsidiaries as at the reporting date.

##### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of fund.

In managing their exposures to liquidity risk arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.



## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows:-

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
<b>Group</b>						
<b>2020</b>						
<b>Unsecured:</b>						
Trade payables	34,935	34,935	34,935	-	-	-
Other payables	40,001	40,001	40,001	-	-	-
<b>Secured:</b>						
Bank borrowings	67,555	77,944	20,475	10,939	29,639	16,891
Lease liabilities	89,484	108,199	37,843	42,740	23,190	4,426
	<u>231,975</u>	<u>261,079</u>	<u>133,254</u>	<u>53,679</u>	<u>52,829</u>	<u>21,317</u>
<b>2019</b>						
<b>Unsecured:</b>						
Trade payables	33,367	33,367	33,367	-	-	-
Other payables	41,800	41,800	41,800	-	-	-
<b>Secured:</b>						
Bank borrowings	26,059	28,389	11,774	4,598	11,626	391
Lease liabilities	67,874	86,893	28,506	38,760	16,890	2,737
	<u>169,100</u>	<u>190,449</u>	<u>115,447</u>	<u>43,358</u>	<u>28,516</u>	<u>3,128</u>
<b>Company</b>						
<b>2020</b>						
<b>Unsecured:</b>						
Other payables	<u>280</u>	<u>280</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial guarantee for subsidiaries	<u>-</u>	<u>73,715</u>	<u>21,106</u>	<u>13,223</u>	<u>24,631</u>	<u>14,755</u>
<b>2019</b>						
<b>Unsecured:</b>						
Other payables	<u>329</u>	<u>329</u>	<u>329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial guarantee for subsidiaries	<u>-</u>	<u>31,459</u>	<u>12,137</u>	<u>19,322</u>	<u>-</u>	<u>-</u>

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the reporting date are as follows:-

Group	2020 RM'000	2019 RM'000
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Fixed deposits with licensed banks	1,471	1,413
<u>Financial liability</u>		
Lease liabilities	89,484	67,874
<b>Floating rate instruments</b>		
<u>Financial liability</u>		
Bank borrowings	67,555	26,059

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change in 0.5% in interest rate at the end of the reporting year would have (decreased)/increased the net (loss)/profit for the financial year by the amount shown below. This analysis assumes that other variables remain constant.

	<b>(Decrease)/increase</b>	
	Net (loss)/ profit for the <u>financial</u>	
	<u>year</u>	
	RM'000	RM'000
	+0.5%	-0.5%
2020	338	(338)
2019	(130)	130

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group and Company's financial instruments will fluctuate because of changes in market prices (other than exchange or interest rates). Market price risk arises from the Group's and the Company's investments in quoted equity securities and the unit trust investments.

Management of the Group and of the Company monitors the unit trust investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis.

The carrying amounts of the Group's and of the Company's financial assets that subject to market risk are as follows:-

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Quoted shares	-	5	-	-
Unit trust funds	4,913	18,296	-	4,401
	<u>4,913</u>	<u>18,301</u>	<u>-</u>	<u>4,401</u>

##### Market price risk sensitivity analysis:

A change in 0.5% in the market price at the end of the reporting year would have increased/(decreased) the net (loss)/profit for the financial year by the amount shown below. This analysis assumes that other variables, remain constant.

	Increase/(Decrease)	
	Net (loss)/profit for the financial year	
	RM'000	RM'000
	+0.5%	-0.5%
<b>Group</b>		
2020	(25)	25
2019	92	(92)
	<u>92</u>	<u>(92)</u>
<b>Company</b>		
2020	-	-
2019	22	(22)
	<u>22</u>	<u>(22)</u>

##### 32.3 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximate their fair values due to their relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

## Notes To The Financial Statements

### 31 October 2020

#### 32. FINANCIAL INSTRUMENTS (cont'd)

##### 32.3 Fair value of financial instruments (cont'd)

The table below analyses the level of financial instruments carried at fair value, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			
	Level 1			
	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Quoted shares	-	5	-	-
Unit trust funds	4,913	18,296	-	4,401
	<u>4,913</u>	<u>18,301</u>	<u>-</u>	<u>4,401</u>

There were no transfers between Level 1 and Level 2 during the financial year (2019: no transfer in either direction).

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### 33. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain shareholders, creditors and market confidence and to sustain future growth and development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio and ensure that the Group complies with debt covenants imposed by bankers.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, returns capital to shareholders, issues new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

## Notes To The Financial Statements

### 31 October 2020

#### 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

- (a) On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic. On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") that will take effect from 18 March 2020 in order to curb the spread of the COVID-19 in Malaysia. The MCO resulted in the imposition of travel restriction, lockdown and other precautionary measures in the country. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operates.

The Group has significantly impacted by the pandemic even though the retail convenience business was allowed to operate throughout the various forms of MCO. The Company has implemented several measures to weather this challenging time. Amongst others, the Company has temporary shut down approximately 180 retail outlets from 18 March 2020 as the traffic of these outlets have been significantly impacted by the MCO restriction. The Company has been reopening these outlets gradually since April 2020, while standard operating procedures have been implemented throughout the change for the safety of customers and employees as well as to comply with the requirement set by the government. Besides the operational issues, the financial performance of the Company has been heavily impacted by the disruption of its operations during the period of various MCOs and the increase in the number of COVID-19 cases. Fortunately, the Company has been granted some rental rebates amounting to RM2,166,000 by some of the landlords. The Group also managed to obtain a total wage subsidy of RM1,121,000 under Prihatin Wage Subsidy Programme. Besides, to ease the financial burden, the Directors of the Group had implemented salary reduction whereby the salary of the Directors had reduced by 50% from April to June 2020. The Group has also obtained additional funding via bank borrowings amounting to RM56,650,000 during the financial year. All the relevant financial impacts have been taken into account in the current year's financial results of the Group.

The Government of Malaysia has again imposed the MCO and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by the COVID-19 since 11 January 2021. Besides, on 12 January 2021 the Agong of Malaysia declared state of emergency on the country until 1 August 2021 to curb the spread of COVID-19. The Group's retail convenience business was allowed to operate throughout the MCO/CMCO period, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. However, the COVID-19 pandemic situation is still evolving and uncertain as at the date of authorisation of the financial statements. The Group will continue to actively monitor and manage its funds and operations to minimise as much as possible the ongoing impact arising from the COVID-19 pandemic.

- (b) On 12 October 2020, MYCU Retail Sdn. Bhd. (formerly known as Eemerge Incorporated Sdn. Bhd.), a wholly owned subsidiary of the Company entered into the licensing agreement with BGF Retail Co. Ltd. ("BFG"), South Korea's biggest convenience store operator and owner of the popular convenience store brand CU, to operate BGF's business for a total cash consideration of USD 1 million. The subsidiary is in the progress to obtain the licensing from local authorities.

## List of Properties

No.	Location / Postal address	Description / Age of building	Existing use	Land / Built-up area (sq. ft.)	Tenure / Date of expiry of lease	NBV as at 31 October 2020 (RM'000)
1.	Geran 212277, Lot 21191, Mukim Rawang, Daerah Gombak, Negeri Selangor bearing postal address of Lot 142, Jalan Industri 2/4, Rawang Integrated Industrial Park, 48000 Rawang, Selangor	A double-storey detached warehouse with two units of guard houses  Age of building- 15 years	Warehouse	Land area: 108,715 (equivalent to 10,100 sq. m.)  Built-up area 125,270 (equivalent to 11,638 sq. m.)	Freehold/ Perpetuity  Revaluation date: 23 October 2020	22,000
2.	HS(D) 158129, PT 41071, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor bearing postal address of No. 48, Jalan Nova K U5/K, Seksyen U5, 40150 Shah Alam, Selangor	5 storey terrace shop office  Age of building – 5 years	Tenanted	Land area: 2,433 (equivalent to 226 sq. m.)  Built-up area: 12,163 (equivalent to 1,130 sq. m.)	99 years, expires on 22 May 2095  Revaluation date: 23 October 2020	3,200
3.	HS(D) 296565, PT 36936 (previously held under HS(D) 264383), PT 26534, Mukim Bukit Raja, District of Petaling, State of Selangor identified as Parcel No. B-30-15, Storey No. 30, Type A1-Trefoil, Block No. Tower B, Accessory Parcel No. L4-305, Project Trefoil located at Shah Alam, Selangor bearing postal address of B-30-15, Trefoil @ Setia City, No. 2, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	1 unit of office lot in a multi-storey building comprising 3 office towers (Tower B - 36 storeys)  Age of building - 4 years	Tenanted	Built-up area: 486 (equivalent to 45 sq. m.)	Freehold/ Perpetuity  Purchase date 18 October 2011  Revaluation date: 23 October 2020	270
4	HS(D) 296565, PT 36936 (previously held under HS(D) 264383, PT 26534), Mukim Bukit Raja, District of Petaling, State of Selangor identified as Parcel No. B-30-16, Storey No. 30, Type A1-Trefoil, Block No. Tower B, Accessory Parcel No. L4-304, Project Trefoil located at Shah Alam, Selangor bearing postal address of B-30-16, Trefoil @ Setia City, No. 2, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	1 unit of office lot in a multistorey building comprising 3 office towers (Tower B - 36 storeys)  Age of building - 4 years	Tenanted	Built-up area: 486 (equivalent to 45 sq. m.)	Freehold / Perpetuity  Purchase date 18 October 2011  Revaluation date: 23 October 2020	270

## List of Properties

No.	Location / Postal address	Description / Age of building	Existing use	Land / Built- up area (sq. ft.)	Tenure / Date of expiry of lease	NBV as at 31 October 2020 (RM'000)
5.	Geran 212288, Lot 21203, Mukim Rawang, Daerah Gombak, Negeri Selangor bearing postal address of Lot 66 (Pecahan Lot 1289), Jalan Industri 2/3, Rawang Integrated Industrial Park, 48000 Rawang, Selangor	Vacant Land	Vacant	Land area: 59,998 (equivalent to 5,574 sq. m.)	Freehold / Perpetuity  Purchase date 22 July 2016  Revaluation date: 23 October 2020	7,000
6.	A-11- Block A Jaya One No. 72A, Jalan Universiti, Petaling Jaya, Selangor held under Strata Pajakan Negeri 96662/M1-a/2/162, No Bangunan: M1-A, Tingkat 2, No. Petak 162 Lot No 82, Seksyen 13, Bandar Petaling Jaya, Dearah Petaling, Selangor	Office Suite  Age of building - 6 years	Vacant	Built-up area: 2,175 (equivalent to 202 sq. m.)	99 years, expires on 28 May 2105  Purchase date 25 July 2016  Revaluation date: 23 October 2020	1,370
7.	HS(D) 560918, PTD 186476, Mukim Tebrau, Dearah Johor Bahru, Negeri Johor also known as No 2, Jalan Ekoperniagaan 1/11, Taman Ekoperniagaan, 81100 Johor Bahru, Johor	2 storey semi- detached factory  Age of building - 3 years	Warehouse	Land area: 0.25 hectare (equivalent to 2,500 sq. m.)  Built-up area: 17,000 (equivalent to 1,579 sq. m.)	Freehold / Perpetuity  Purchase date 8 December 2016  Revaluation date: 23 October 2020	6,000
8.	HS(D) 242970, PT 10567, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor bearing postal address of Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor	Single storey warehouse with an annexed 3-storey office building  Age of building - 15 years	Office building and food processing centre	Land area: 17,869 square metres  Built-up area : 11,206.52 sq metres (approximatel y 120,626 sq ft)	99 years, expires on 19 January 2107  Purchase date: 30 August 2017	72,609*

Note: Items 8 is stated at cost.

\*Excludes kitchen equipment, furniture and fittings.

## Additional Compliance Information

The following information is provided in accordance with Chapter 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

### 1. Audit and non-audit fees

	Fees paid or made payable to Grant Thornton (RM)		
Description	Company	Subsidiaries	Total
Audit	38,000	142,000	180,000
*Non-audit	7,500	37,180	44,680
<b>Total</b>	<b>45,500</b>	<b>179,180</b>	<b>224,680</b>

\*Comprised tax services and review of Statement on Risk Management and Internal Control

### 2. Recurrent Related Party Transactions ("RRPT")

The details of the RRPTs entered into by the Company and its subsidiaries during the financial year are disclosed in Note 29 to the financial statements on pages 128 to 129.

### 3. Material Contracts Involving Directors, Major Shareholders and/or Persons Connected with Them

There were no material contracts involving directors, major shareholders and/or persons connected with them during FY 2020.



# Analysis of Shareholdings

As at 29 January 2021

Total number of issued shares	: 682,154,000
Issued and Paid-Up Share Capital	: RM201,580,756
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) vote per Ordinary Share

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 29 JANUARY 2021

Size of shareholding	No. of shareholders		No. of shares	
	No.	%	No.	%
Less than 100	43	1.30	432	*0.00
100 to 1,000	501	15.14	300,500	0.05
1,001 to 10,000	1,666	50.33	8,946,848	1.31
10,001 to 100,000	918	27.73	30,243,800	4.43
100,001 to less than 5% of issued shares	181	5.47	278,885,420	40.88
5% and above of issued shares	1	0.03	363,777,000	53.33
<b>Total</b>	<b>3,310</b>	<b>100.00</b>	<b>682,154,000</b>	<b>100.00</b>

Note:

\* Negligible by virtue of it being less than 0.01%.

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 JANUARY 2021

No.	Shareholder	Shareholding	
		No.	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for D&D Consolidated Sdn Bhd (PB)	363,777,000	53.33
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	24,627,900	3.61
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	20,781,300	3.05
4.	Dang Tai Kien	17,465,000	2.56
5.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Di Perbadankan) (Aberdeen)	16,158,400	2.37
6.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for D&D Consolidated Sdn Bhd (M2681A)	14,000,000	2.05
7.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for D&D Consolidated Sdn Bhd (M2682A)	14,000,000	2.05
8.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	11,010,000	1.61
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Ping (7004677)	10,850,000	1.60
10.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 1)	9,635,300	1.41

## Analysis of Shareholdings

### As at 29 January 2021

#### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 JANUARY 2021 (cont'd)

No.	Shareholder	Shareholding	
		No.	%
11.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 14)	9,427,000	1.38
12.	Dang Tai Gean	9,178,000	1.35
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	8,017,800	1.18
14.	Cartaban Nominees (Tempatan) Sdn Bhd TMF Trustees Malaysia Berhad for Affin Hwang Wholesale Equity Fund	6,187,800	0.91
15.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	5,795,800	0.85
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Goon Khing (E-JCL)	5,110,000	0.75
17.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Principal Small Cap Opportunities Fund (240218)	4,994,700	0.73
18.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (NON PAR 16)	4,100,000	0.60
19.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dang Tai Kien	3,938,500	0.58
20.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (RB-TNB-AHAM) (420317)	3,918,000	0.57
21.	Red Orchid Sdn Bhd	3,721,200	0.55
22.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	3,269,500	0.48
23.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for First State Singapore and Malaysia Growth Fund	3,240,400	0.48
24.	Liew Heng Heng	2,950,200	0.43
25.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Hong Leong Regular Income Fund	2,625,000	0.38
26.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dang Tai Kien	2,155,800	0.32
27.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 4)	2,000,000	0.29
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ling Fei (Kuching)	1,730,500	0.25
29.	Chinchoo Investment Sdn Berhad	1,655,500	0.24
30.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd (EPF)	1,624,200	0.24

## Analysis of Shareholdings

### As at 29 January 2021

#### SUBSTANTIAL SHAREHOLDERS AS AT 29 JANUARY 2021

(As per the Register of Substantial Shareholders of the Company)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
D & D Consolidated Sdn Bhd	391,777,000	57.43	-	-
Dang Tai Luk	-	-	*395,498,200	57.98
Dang Tai Wen	-	-	*395,498,200	57.98
Dang Tai Hock	-	-	*395,498,200	57.98
Employees Provident Fund Board	45,409,200	6.66	-	-
Aberdeen Standard Investments (Malaysia) Sdn Bhd	38,505,300	5.65	-	-
Standard Life Aberdeen PLC and Its Subsidiaries (Together "The Group")	-	-	**38,505,300	5.65
Aberdeen Asset Management PLC	-	-	**38,505,300	5.65

*Notes:*

- \* Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through their shareholding in D & D Consolidated Sdn Bhd and their parent's shareholding in Red Orchid Sdn Bhd.
- \*\* Deemed interested by virtue of its shareholding in its subsidiaries pursuant to Section 8(4)(c) of the Companies Act, 2016.

#### DIRECTORS' SHAREHOLDINGS AS AT 29 JANUARY 2021

(As per the Register of Directors' Shareholdings of the Company)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ding Lien Bing	605,000	0.09	-	-
Dang Tai Luk	-	-	*395,498,200	57.98
Dang Tai Wen	-	-	*395,498,200	57.98
Dang Tai Hock	-	-	*395,498,200	57.98
Soon Dee Hwee	400,000	0.06	-	-
Mohd Suffian Bin Suboh	90,000	0.01	-	-

*Note:*

- \* Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through their shareholding in D & D Consolidated Sdn Bhd and their parent's shareholding in Red Orchid Sdn Bhd.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Eighth Annual General Meeting ("8<sup>th</sup> AGM") of the Company will be conducted entirely through live streaming from the Broadcast Venue at Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on 25 March 2021, Thursday at 10.00 a.m.

## AGENDA

### AS ORDINARY BUSINESS:

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the year ended 31 October 2020 together with the Reports of Directors and Auditors thereon.                       | (Please refer to<br><b>Explanatory Note A to<br/>this Agenda</b> )                           |
| 2. | To approve the payment of Directors' Fees of RM235,000 for the financial year ended 31 October 2020.  | <b>Ordinary Resolution 1</b>   |
| 3. | To approve the payment of Directors' meeting allowances of up to RM54,000 for the period from 26 March 2021 until the next Annual General Meeting of the Company. | <b>Ordinary Resolution 2<br/>(Please refer to<br/>Explanatory Note B to<br/>this Agenda)</b> |
| 4. | To re-elect the following Directors who are retiring in accordance with Article 114(1) of the Company's Constitution:   |  |
|    | 4.1           Dang Tai Hock   | <b>Ordinary Resolution 3</b>   |
|    | 4.2           Mohd Suffian Bin Suboh  | <b>Ordinary Resolution 4</b>   |
| 5. | To re-appoint Messrs. Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.        | <b>Ordinary Resolution 5</b>   |

### AS SPECIAL BUSINESS:

- |    |  |  |
|----|--|--|
| 6. | To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution:   |  |
|    | <b>Proposed Renewal of Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016</b>  | <b>Ordinary Resolution 6<br/>(Please refer to<br/>Explanatory Note C to<br/>this Agenda)</b> |
|    | <p>"<b>THAT</b> pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company at the time of issue <b>AND THAT</b> the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad.</p> |  |

**AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## Notice of Annual General Meeting

### AGENDA

7. To consider and, if thought fit, with or without any modifications, to pass the following Ordinary Resolutions:

- 7.1 **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (A) of the Circular to Shareholders dated 24 February 2021**

**Ordinary Resolution 7**  
**(Please refer to**  
**Explanatory Note D to**  
**this Agenda)**

**"THAT**, subject to the provision of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Mynews Holdings Berhad and its subsidiaries ("**Mynews Group**") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in **Section 2.4 (A)** of the Circular to Shareholders dated 24 February 2021 ("**Proposed Renewal of Existing Shareholders' Mandate**") which are necessary for its day-to-day operations, to be entered into by Mynews Group on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company;

**THAT** the Proposed Renewal of Existing Shareholders' Mandate is subject to annual renewal, **AND THAT** any authority conferred by the Proposed Renewal of Existing Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND FURTHER THAT** the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Existing Shareholders' Mandate."

## Notice of Annual General Meeting

### 7.2 Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (B) of the Circular to Shareholders dated 24 February 2021

### Ordinary Resolution 8 (Please refer to Explanatory Note D to this Agenda)

"**THAT**, subject to the provision of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Mynews Holdings Berhad and its subsidiaries ("**Mynews Group**") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in **Section 2.4 (B)** of the Circular to Shareholders dated 24 February 2021 ("**Proposed New Shareholders' Mandate**") which are necessary for its day-to-day operations, to be entered into by Mynews Group on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company;

**THAT** the Proposed New Shareholders' Mandate is subject to annual renewal, **AND THAT** any authority conferred by the Proposed New Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND FURTHER THAT** the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed New Shareholders' Mandate."

### BY ORDER OF THE BOARD

**LIM FUNG SERN** (MIA 21288)  
Company Secretary

Selangor Darul Ehsan  
24 February 2021

## Notice of Annual General Meeting

### NOTES:

#### 1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Members/shareholders will not be allowed to attend this AGM in person at the Broadcast Venue on the date of the meeting.

Members/shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this 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 read these Notes carefully and follow the procedures in the Administrative Guide for this AGM in order to participate remotely via RPV.**

2. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors as at 18 March 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at the meeting.
3. A member entitled to vote and attend at the meeting is entitled to appoint a proxy to attend and vote at the meeting on his/her behalf. In case of a corporation, a duly authorised representative to attend and vote in its stead. The proxy may but need not be a member of the Company and there is no limitation as to the qualification of the proxy. A proxy/representative appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
4. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar 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 means via TIIH Online (applicable to individual shareholders only)  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for this AGM on the procedures for electronic submission of proxy form via TIIH Online.

## Notice of Annual General Meeting

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at 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 not less than forty-eight (48) hours before the time appointed for holding this AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative 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. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## EXPLANATORY NOTES TO THE AGENDA

- A. Item 1 of the Agenda  
To receive the Audited Financial Statements for the year ended 31 October 2020 together with the Reports of Directors and Auditors thereon

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This is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

- B. Item 3 of the Agenda – Ordinary Resolution 2  
Payment of Directors' meeting allowances

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Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting.

The Proposed Ordinary Resolution 2 is to facilitate payment of Directors' meeting allowances for the period from 26 March 2021 until the next Annual General Meeting ("9<sup>th</sup> AGM").

The meeting allowances are calculated based on the number of scheduled Board and Committee meetings for the said period and assuming that all Non-Executive Directors will hold office from 26 March 2021 to the date of the 9<sup>th</sup> AGM. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional meeting allowance to meet the shortfall.



## Notice of Annual General Meeting

### C. Item 6 of the Agenda – Ordinary Resolution 6 Proposed Renewal of Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 6 is a proposed general mandate by the shareholders for the Company to issue and allot shares at any time to such persons in its absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company.

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the meeting, the authority to issue and allot ordinary shares from the unissued share capital of the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for the time being for such purposes as the Directors of the Company consider would be in the best interest of the Company.

The mandate, if passed, will provide the flexibility to the Company and empower the Directors to speedily allot and issue new shares in the Company of up to ten per centum (10%) of its issued share capital for purposes of funding the working capital or strategic development of the Group. This would expedite the process and eliminate the costs for convening a general meeting to seek shareholders' approval. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be such a decision to do so after the general mandate is granted, the Company will make an announcement in respect thereof.

### D. Item 7 of the Agenda – Ordinary Resolutions 7 and 8 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (A)

Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (B)

The detailed text on Resolutions 7 and 8 are included in the Circular to Shareholders dated 24 February 2021 which is enclosed together with the Annual Report.

## GENERAL MEETING RECORD OF DEPOSITORS

To determine whether a member is entitled to attend this meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd in accordance with Article 77 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to make available to the Company General Meeting Record of Depositors as at 18 March 2021. Only a depositor whose name appears on the Record of Depositors as at 18 March 2021 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.

**MYNEWS HOLDINGS BERHAD**

(Registration No.:201301010004/ 1039846-T) (Incorporated in Malaysia)

CDS Account	
Number of shares held	
*NRIC/ Company No.	

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member/members of MYNEWS HOLDINGS BERHAD hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

and \_\_\_\_\_ of \_\_\_\_\_  
 or failing \*him/her the Chairman of the Meeting as my/our Proxy(ies) to vote for \*me/us and on \*my/our behalf at the Eighth Annual General Meeting of the Company, to be conducted entirely through live streaming from the Broadcast Venue at Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on 25 March 2021, Thursday at 10.00 a.m. and at any adjournment thereof.

\*My/\*our Proxy(ies) is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1.	To approve the payment of Directors' Fees of RM235,000 for the financial year ended 31 October 2020.		
2.	To approve the payment of Directors' meeting allowances of up to RM54,000 for the period from 26 March 2021 until the next Annual General Meeting of the Company.		
3.	To re-elect Dang Tai Hock as a Director.		
4.	To re-elect Mohd Suffian Bin Suboh as a Director.		
5.	To re-appoint Messrs. Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Proposed Renewal of Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature – Section 2.4 (A) of the Circular.		
8.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature – Section 2.4 (B) of the Circular.		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/ies will vote or abstain at his/her discretion]

[\* Delete if not applicable]

For appointment of two (2) proxies, please state the number of shares and percentages of shareholding to be represented by each proxy:					
	Name and NRIC No.	Email address	Mobile No:	No. of shares	% of shareholding
Proxy 1					
Proxy 2					
Total					

Dated this .....day of .....2021

\_\_\_\_\_  
[Signature/Common Seal of Shareholder]**Notes:****1. IMPORTANT NOTICE**

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    - a) at least two (2) authorised officers, of whom one shall be a director; or
    - b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

AFFIX  
STAMP

**Tricor Investor & Issuing House Services Sdn Bhd**  
Customer Service Centre  
Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

Then fold here