

The logo for myNEWS, featuring the word "myNEWS" in a white, lowercase, sans-serif font inside a red rounded rectangle.

**ANNUAL REPORT 2022**

MYNEWS HOLDINGS BERHAD

201301010004 (1039846-T)



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## COVER RATIONALE

myNEWS' **"Make My Day"** shakes up your daily routine, making your dull days a little different with Maru's special coffee and a wide range of delicious bakes and ready-to-eat meals. Whether you are young or old, there is always something to fill your stomach and please your taste buds, any time of the day. Make your day, stop at myNEWS to satisfy your food cravings, and be served by our friendly crew who welcome you with a smile!

10<sup>th</sup>

### Annual General Meeting



30 MARCH 2023



10.00 A.M.



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

*Users are encouraged to consider the environmental impact before printing this report and, where printing is required, limit this to the relevant sections rather than the full report.*



## About Us

Mynews Holdings Berhad originated humbly from a run-of-the-mill newsstand called MAGBIT that was opened in One Utama Shopping Mall on 25 December 1996. Today, its principal activity is investment holding, while its subsidiaries are principally involved in the business of operating retail store chains, predominantly convenience stores (CVS). Besides retailing, two subsidiaries are in the business of producing ready-to-eat meals and bakery products to serve the retail chains.



**Mynews Retail Sdn Bhd**  
Operator of myNEWS and myNEWS SUPERVALUE chain stores.



**DKE Technology Sdn Bhd**  
Information Technology (IT) support services.



**Mycu Retail Sdn Bhd**  
Operator of South Korean CU CVS in Malaysia.



**Mynews Management Sdn Bhd**  
Management services.



**WH Smith Malaysia Sdn Bhd**  
Operator of British WH Smith stores in Malaysia.



**Mynews Kukuh Sdn Bhd**  
Currently dormant.



**Bison Foods Sdn Bhd**  
Currently dormant.



**Mynews Food Sdn Bhd**  
Investment holding.



**Mynews Ryoyupan Sdn Bhd**  
Producer of high-quality bakery products for high volume consumption.



**Mynews Kineya Sdn Bhd**  
Producer of high quality ready-to-eat meals for high volume consumption.

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

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, production, and sale of Halal ready-to-eat food and bakery products respectively. These joint ventures draw upon more than 50 years of industry experience and expertise from the partners.

In 2020, to meet the new norm and changing consumer behaviour brought about by the COVID-19 pandemic, a new concept store called myNEWS SUPERVALUE was launched. This is a bigger format store that 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 through its wholly owned subsidiary, Mycu Retail Sdn Bhd inked a licensing agreement with BGF Retail Co. Ltd, to operate CU CVS in Malaysia. Six months later, on 1 April 2021, the first CU outlet which is also the first authentic Korean CVS that originated from South Korea was opened in Malaysia.

## Corporate Information

### BOARD OF DIRECTORS

**MR. DING LIEN BING**, Executive Chairman

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

**MR. DANG TAI HOCK**, Executive Director/Chief Executive Officer – Food

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

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

**MR. CHRISTOPHER KOH SWEE KIAT**, Independent Non-Executive Director

**PN. LATIFAH BINTI ABDUL LATIFF**, Independent Non-Executive Director

#### AUDIT COMMITTEE

##### CHAIRMAN

Ms. Soon Dee Hwee

##### MEMBERS

En. Mohd Suffian Bin Suboh

Pn. Latifah Binti Abdul Latiff

Mr. Christopher Koh Swee Kiat

#### REMUNERATION COMMITTEE

##### CHAIRMAN

En. Mohd Suffian Bin Suboh

##### MEMBERS

Ms. Soon Dee Hwee

Mr. Christopher Koh Swee Kiat

#### NOMINATING COMMITTEE

##### CHAIRMAN

Ms. Soon Dee Hwee

##### MEMBERS

En. Mohd Suffian Bin Suboh

Mr. Christopher Koh Swee Kiat

#### RISK MANAGEMENT COMMITTEE

##### CHAIRMAN

Mr. Dang Tai Hock

##### MEMBERS

En. Mohd Suffian Bin Suboh

Ms. Soon Dee Hwee

Pn. Latifah Binti Abdul Latiff

#### COMPANY SECRETARY

Ms. Chia Fooi Ching

(MAICSA7051382)

PC No. 202008003836

#### 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

#### 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

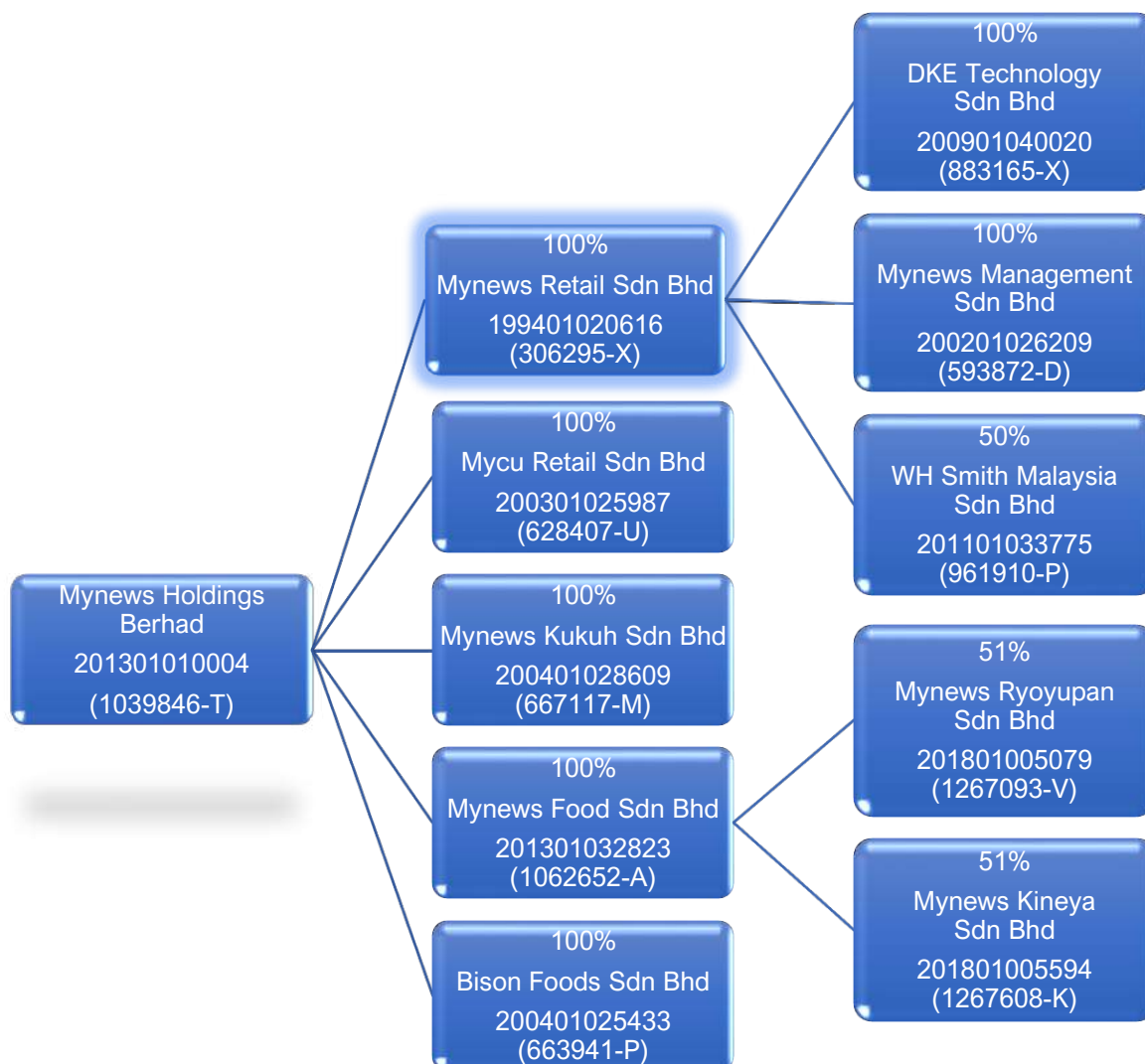
Sector : Consumer products and services

Sub-sector : Retailer

#### WEBSITE

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

## Corporate Structure



## Corporate Milestones

- |  |   |  |
|--|---|--|
| <p><b>1996</b> • 1<sup>st</sup> outlet – MAGBIT</p> <p><b>1997</b> • 1<sup>st</sup> contemporary press and convenience retail outlet “myNEWS.com”</p> <p><b>1999</b> • 10<sup>th</sup> outlet</p> <p><b>2007</b> • 100<sup>th</sup> outlet</p> <p><b>2009</b> • The Most Promising Brand and Best Brand in Press Retail by The Brand Laureate SMEs Best Brands Award</p> <p><b>2011</b> • Group CEO, Dang Tai Luk was recognised with the Silver Award, Entrepreneur of the Year 2011 by The Star Outstanding Business Awards</p> <p><b>2012</b> • Equal joint venture with WH Smith Travel Limited to set up and operate “WH Smith” outlets within Malaysian international airports</p> <p>• 150<sup>th</sup> outlet</p> <p><b>2013</b> • Received the SME 100 Awards - Malaysia’s Fast-Moving Companies for 5 consecutive years (2009 - 2013)</p> <p>• WH Smith Malaysia was awarded the Certificate of Recognition for Outstanding Brand Concept at KLIA2</p> | <p><b>2019</b> • FPC construction completed</p> <p>• Delica and Maru Bakes rolled out</p> <p>• 530<sup>th</sup> outlet</p> <p><b>2018</b> • Mynews headquarters relocated to Kota Damansara</p> <p>• Launched myNEWS Loyalty Programme nationwide, the first in the convenience retail segment</p> <p>• Launched Maru Kafe</p> <p>• 450<sup>th</sup> outlet</p> <p><b>2017</b> • Acquired new headquarters at Kota Damansara</p> <p>• Collaboration with GK Asia Sdn Bhd and MRA Bakery Sdn Bhd to produce Ready-To-Eat meals and bakery products</p> <p>• Received the Investor Relations Award 2017 for Best IR for an IPO in 2016 by the Malaysian Investor Relations Association</p> <p>• 370<sup>th</sup> outlet</p> <p><b>2016</b> • Listed on the Main Market of Bursa Malaysia</p> <p>• Licensed 2 myNEWS.com stores in Myanmar</p> <p>• Registered as franchisor of myNEWS.com brand</p> <p>• 300<sup>th</sup> outlet</p> <p><b>2015</b> • Received the Retail Excellence Award under Sin Chew Business Excellence Awards 2015</p> <p><b>2014</b> • Awarded Top 10 Ranking in the SME 100 Malaysia’s Fast-Moving Companies Awards</p> <p>• 200<sup>th</sup> outlet</p> | <p><b>2020</b> • Launch of myNEWS SUPERVALUE</p> <p>• Received Focus Malaysia Best Under Billion Awards for Best In Transparency</p> <p>• Execution of CU CVS license agreement</p> <p>• Group CEO, Dang Tai Luk was awarded the EY Entrepreneur of the Year 2019 Malaysia</p> <p>• Mynews is bestowed with the SME 100 Icon Award for the success in transforming from an SME to a PLC</p> <p>• 542<sup>nd</sup> outlet</p> <p><b>2021</b> • Successfully open the 1<sup>st</sup> CU outlet on 1 April in Centrepont Bandar Utama PJ. Ended FY 2021 with 21 CU outlets and 6 myNEWS SUPERVALUE outlets. These two retail brands were newly launched in the middle of the pandemic</p> <p><b>2022</b> • Ended the year with 460 myNEWS outlets (including myNEWS SUPERVALUE), 125 CU outlets and 15 WH Smith outlets.</p> <p>• Awarded the SME 100 Icon Award for the second time.</p> |
|--|---|--|

## Directors' Profile

### **Mr. Ding Lien Bing** ("John") Executive Chairman

**Male / Malaysian / Age: 63 years / Date appointed to the Board: 10 July 2015**

John was appointed to the Board on 10 July 2015. He was an Independent Non-Executive Chairman before he was redesignated as Executive Chairman on 1 March 2022.

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 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 ("MBF Cards") 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 director of Leisure Holidays Berhad, a subsidiary of MBf Corp. He also sits on the Board of Glostrex Berhad as an Independent Non-Executive Chairman.

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### **Mr. Dang Tai Luk** ("Luk") Executive Director / Group Chief Executive Officer

**Male / Malaysian / Age: 63 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. He was engaged in information technology industry from 1985 to 1996, mostly in banking applications, mainframe systems and computer network support. During those years, he 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 newsstand under the name of "MAGBIT" on 25 December 1996. This 200 sq. ft. run-of-the-mill newsstand evolved to become the largest homegrown convenience chain store in the country today, known as myNEWS. Under his leadership the Group operates several popular retail brands and diversified into bakery and fresh food production.

Luk was awarded the title of EY Entrepreneur of The Year 2019 Malaysia.

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### **Mr. Dang Tai Hock** ("Hock") Executive Director / Chief Executive Officer - Food

**Male / Malaysian / Age: 65 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

**Ms. Soon Dee Hwee** ("Dee Hwee") Senior Independent Non-Executive Director  
Female / Malaysian / Age: 62 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 and Nominating Committees and a member of Remuneration and Risk Committees.

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.

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**En. Mohd Suffian Bin Suboh** ("Suffian") Independent Non-Executive Director  
Male / Malaysian / Age: 46 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, Nominating and Risk Management Committees.

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 Petrolia 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.

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**Pn. Latifah Binti Abdul Latiff** ("Latifah") Independent Non-Executive Director  
Female / Malaysian / Age: 62 years / Date appointed to the Board: 1 June 2022

Latifah was appointed to the Board on 1 June 2022 and is also a member of the Audit and Risk Management Committees.

Latifah has over 30 years of experience in the areas of commercial & investment banking, development finance and insurance. Throughout much of her banking career, she was involved in lending activities with key focus on corporate loans, serviced many Malaysian corporations both large and medium sized as well as dealt with their CEOs and C-suite executives.

In 2009, Latifah was hired to be part of the pioneer team to set up Danajamin Nasional Berhad, Malaysia's first financial guarantee insurer, where she spearheaded the only business division of the company. As a member of the senior management team, she served on various management committees responsible for reviewing and deliberating business proposals, risk management initiatives and processes, audit and compliance as well as overall management of the organisation. She was attached with Danajamin Nasional Berhad for five (5) years.

Her last employment was Senior Vice President 1 / Head, Business Banking II of Bank Pembangunan Malaysia Berhad, a key government-owned development financial institution, where she served a period of two years from 2 February 2016 until 1 February 2018.

Currently, Latifah also sits on the Boards of South Malaysia Industries Berhad (since June 2018) and MK Land Holdings Berhad (appointed on 15 December 2022).



## Directors' Profile

### **Mr. Christopher Koh Swee Kiat** ("Chris") Independent Non-Executive Director Male / Malaysian / Age: 55 years / Date appointed to the Board: 1 June 2022

Chris was appointed to the Board on 1 June 2022 and is also a member of the Audit, Nominating and Remuneration Committees.

Chris was with established law firms as well as attached with an inhouse counsel of TA Enterprise Berhad. He co-founded Messrs. Chris Koh & Chew in 2004. He specialises in corporate, commercial and finance matters including merger and acquisitions, corporate restructuring, joint ventures, corporate finance, listing of companies in Malaysia and overseas stock exchange(s), private equity acquisition and acquisition of overseas and local hotels/resorts and as well as negotiations of management agreements with international hospitality brands.

He was the Independent Non-Executive Director in the Boards of TA Enterprise Berhad and TA Global Berhad up to their eventual delisting. He served as a member of both entities Audit & Risk Committee, Nominating Committee and Remuneration Committee.

He was also appointed by the Chief Judge of the High Court of Malaya upon consultation with the Bar Council as member of the Advocates & Solicitors Disciplinary Board for two (2) full terms up to August 2021. He currently sits on the investment committee of Mizuho ASEAN Investment Fund LLP.

Chris also sits on the Boards of Glostrex Berhad and MBf Corporation Berhad.

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## Additional Information

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

Save as disclosed for John, Hock, Latifah and Chris, 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") (the "Dang Family") are the shareholders in D&D Consolidated Sdn Bhd ("D&D") which is a substantial shareholder and holding company having 57.43% 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 62.69% of the issued and paid-up share capital of the Company. In addition, Hock has a direct shareholding of 0.55% in the Company which made the Dang Family total shareholdings in the Company to stand at 63.24%.

Luk and Hock are also directors of D&D. They also sit on the Board of all the subsidiaries and a jointly controlled entity of the Company except for:

- Luk who is not on the Board of Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd.
- Hock who is not on the Board of Mycu Retail Sdn Bhd and WH Smith Malaysia Sdn Bhd.

The other five (5) Directors namely, John, Dee Hwee, Suffian, Latifah and Chris do not have any family relationship with Directors or the major shareholders of the Company.

### **Conflict of Interest**

Save as disclosed on pages 51 to 52 in the Annual Report 2022, the other Directors namely, John, Dee Hwee, Suffian, Latifah and Chris 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 except Latifah and Chris, who joined the Board on 1 June 2022, attended seven (7) meetings convened during the financial year under review. Latifah and Chris attended two (2) meetings after their appointment which represents 100% attendance.

## Key Senior Management

**Mr. Ding Lien Bing** (“John”) Executive Chairman

**Mr. Dang Tai Luk** (“Luk”) Group Chief Executive Officer

**Mr. Dang Tai Hock** (“Hock”) Chief Executive Officer – Food

For their profiles, kindly refer to the Directors’ Profile on Page 6 of the Annual Report 2022

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**Mr. Dang Tai Wen** (“Wen”) Deputy Group Chief Executive Officer

Male / Malaysian / Age: 49 years

Wen was the Deputy Chief Executive Officer for Mynews since his appointment to the Board on 25 April 2013. 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 resigned from the Board on 1 June 2022 but is still holding the position of Deputy Group Chief Executive Officer. 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.

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### Additional Information

#### Directorship in Public Companies and Listed Issuers

Save as disclosed for John and Hock, none of the other key senior management has any directorship in public companies and other listed issuers except for the directorship in this 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 does 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

Since its outbreak in January 2020, the Covid-19 pandemic finally began to show signs of recovery in the year 2022. Strict pandemic-induced restrictions were beginning to be lifted as Malaysia transitioned to an endemic phase in April 2022. As a result, year 2022 was a turnaround year for our Group. Since the second half of the financial year, the Group financial performance has been improving, principally contributed by the opening of new outlets, longer business hours as well as the improvement in the overall in-store sales as business and social activities in the country were free from pandemic induced restrictions faced in the preceding year. Simultaneously, WHSmith business at the airports in the country also experienced signs of recovery as the international borders were beginning to reopen. Consequently, the food processing centre (FPC) benefited from the improving retail sales as well as the increasing number of CU outlets which are food centric. The past problem of acute labour shortage in the FPC was resolved in 4<sup>th</sup> quarter of FY 2022.

Looking back, despite the challenges brought about by the pandemic, Mynews managed to re-position itself for the reopening of the economy and a long-term growth. In the middle of the pandemic, on 1 April 2021, the Group launched its first CU outlet, which is the No. 1 convenience store in South Korea, in Centrepont Bandar Utama and subsequently increased the number of CU outlets to 125 throughout the country. Meanwhile, the number of myNEWS and WHSmith outlets stood at 460 and 15 respectively, bringing the total number of retail outlets operated by the Group to 600 as of 31 October 2022.

### Financial Performance

We present our financial performance for FY 2022 as follows:

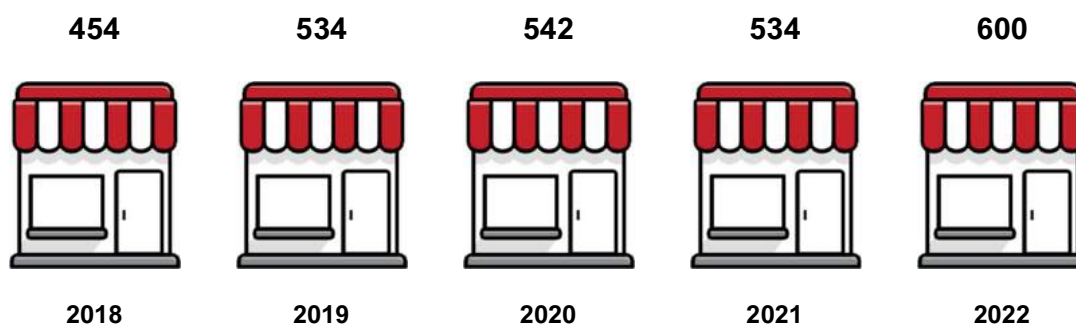
	FY 2022 RM'000	FY 2021 RM'000	Variance RM'000	Variance %
Revenue	631,333	394,369	236,964	60.1
Gross profit	212,448	120,456	91,992	76.4
Gross profit margin	33.7%	30.5%		3.2 points
Loss before tax	(21,053)	(53,434)	32,381	60.6
Loss after tax	(23,599)	(49,971)	26,372	52.8
Net loss margin	(3.7)%	(12.7)%		9.0 points
Return to equity	(8.9)%	(18.1)%		9.2 points
Net assets per share (Sen)	32.59	36.05	(3.46)	(9.6)
Loss per share (Sen)	(2.88)	(6.33)	3.45	54.5
No. of outlets (myNEWS, CU & WHSmith)				
- Brought forward	534	542	(8)	(1.5)
- New	121	45	76	168.9
- Closed	(55)	(53)	(2)	(3.8)
- Total	600	534	66	12.4

## Management Discussion and Analysis

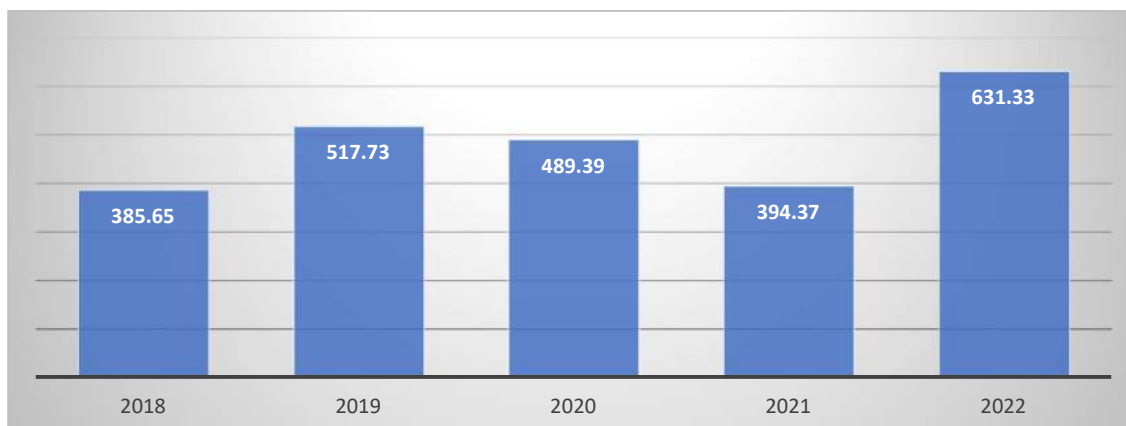
### KEY PERFORMANCE INDICATORS

	2018	2019	2020	2021	2022
No. of Outlets	454	534	542	534	600
Revenue (RM'million)	385.65	517.73	489.39	394.37	631.33
Gross Profit (RM'million)	149.44	185.82	159.80	120.46	212.45
Profit/(Loss) Before Tax (RM'million)	32.22	32.97	(14.10)	(53.43)	(21.05)
Profit/(Loss) After Tax (RM'million)	26.01	24.32	(15.90)	(49.97)	(23.60)

### NUMBER OF OUTLETS



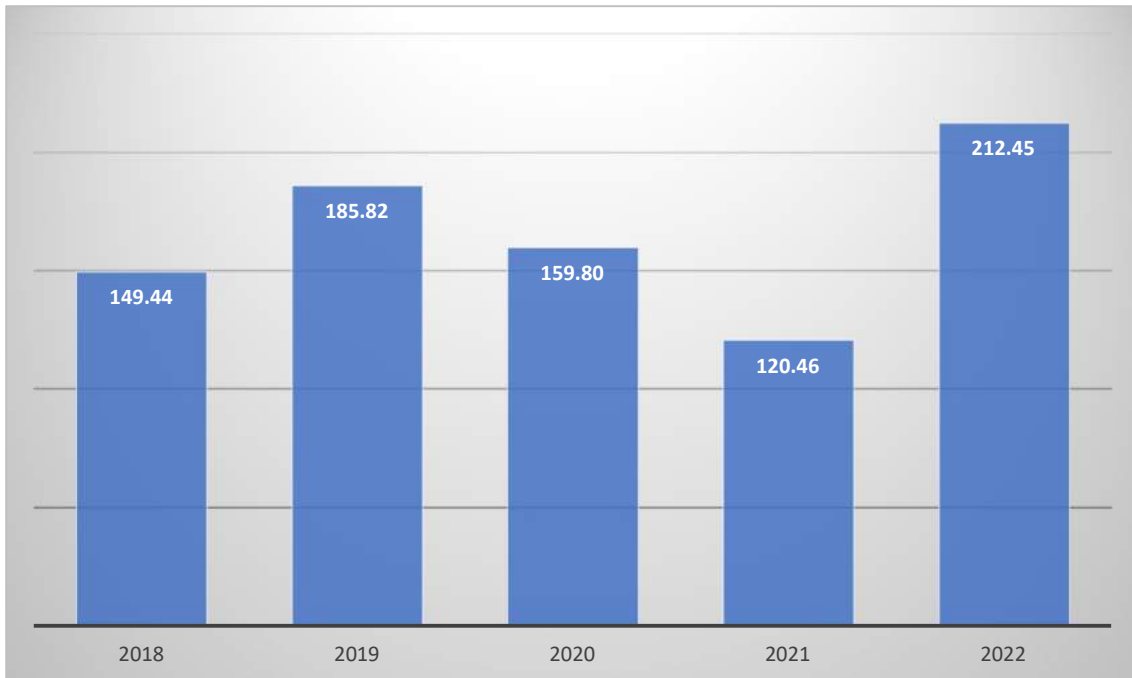
### REVENUE (RM'MILLION)



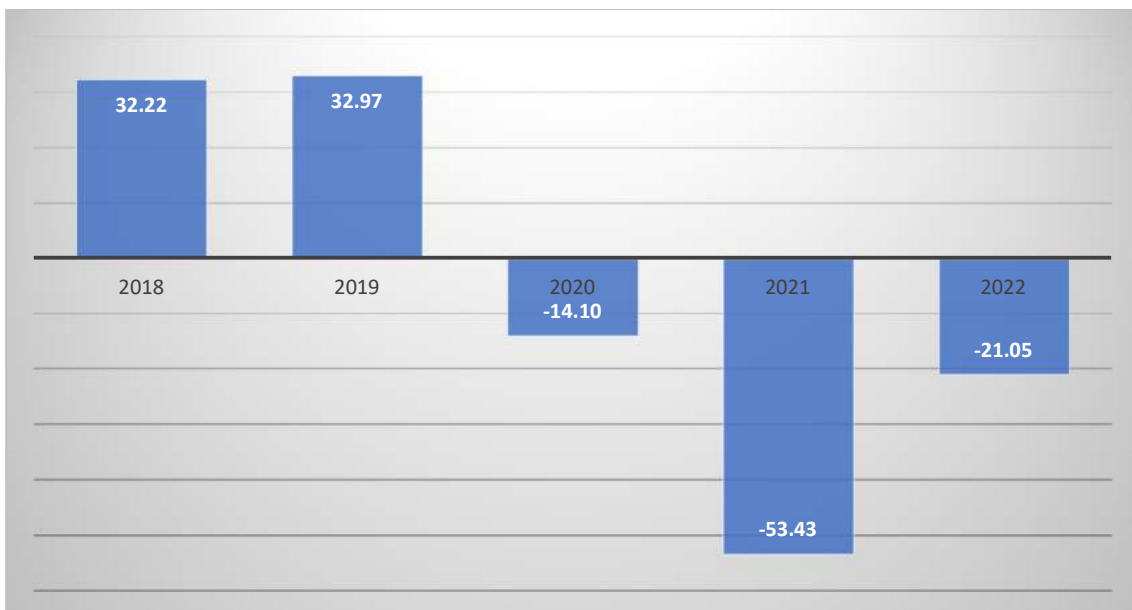


## Management Discussion and Analysis

### GROSS PROFIT (RM'MILLION)

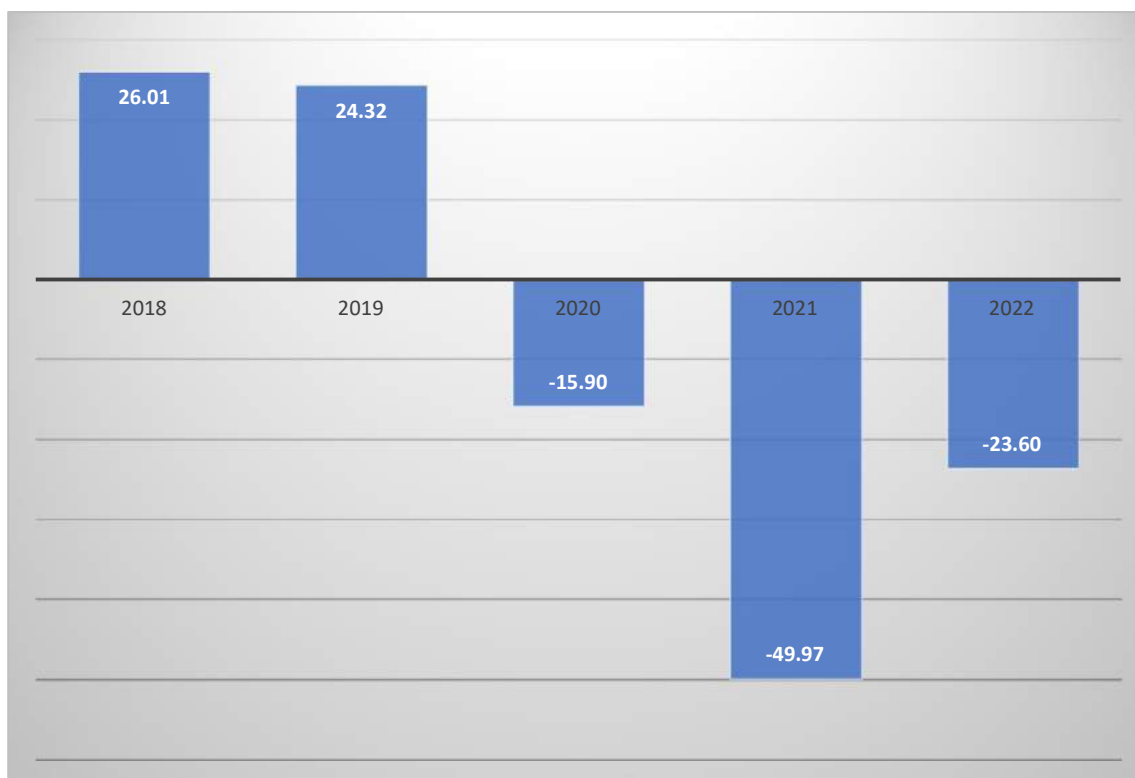


### PROFIT/(LOSS) BEFORE TAX (RM'MILLION)



## Management Discussion and Analysis

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



### Revenue

For FY 2022, Mynews recorded a revenue of RM631.33 million, an increase of RM236.96 million or 60.1% in comparison with last year's revenue of RM394.37 million. The increase was principally contributed by the new outlets, longer business hours as well as the improvement in the overall in-store sales as business and social activities in the country were free from pandemic induced restrictions faced in FY 2021.

### Gross profit and gross profit margin

Gross profit ("GP") for FY 2022 was RM212.45 million, an increase of RM91.99 million or 76.4% as compared with the previous year of RM120.46 million. The average GP margin was also higher by 3.2%, from 30.5% to 33.7%, which was mainly contributed by the improvement in sales mix and higher margin of CU business.

### Loss before taxation

Loss before taxation for FY 2022 was RM21.05 million as compared with the loss of RM53.43 million in FY 2021, which is an improvement of RM32.38 million or 60.6%. This was attributed to increase in gross profit, which was offset by operating expenses and other income as explained below:

#### 1) Selling and distribution expenses

Selling and distribution expenses was RM126.88 million, an increase of RM41.53 million or 48.7% compared with last year's of RM85.35 million. This increase is in tandem with the higher number of outlets of 600 compared with 534 at the end of FY 2021.

## Management Discussion and Analysis

### Loss before taxation (cont'd)

2) **Administration expenses**

Administration expenses was RM33.11 million, an increase of RM4.00 million or 13.7% compared with FY 2021 of RM29.11 million. The increase was principally due to addition of new talents for growth plans as well as to fill the previously trimmed workforce.

3) **Other expenses**

Other expenses increased by RM11.72 million or 20.6%, from RM56.76 million to RM68.48 million. The increase in other expenses were mainly due to the increase in depreciation of property, plant and equipment of RM5.37 million and depreciation of right-of-use assets of RM6.24 million.

4) **Finance costs**

Finance costs increased by RM2.44 million or 38.2%, from RM6.38 million to RM8.82 million, mainly due to the increase in interest of lease liabilities from RM4.11 million to RM5.69 million. Additional bank borrowings and the increase in interest rate also caused the increase in finance costs.

5) **Other income**

There was a decrease in other income by RM2.20 million, mainly due to the removal of pandemic related contribution by the government's Wage Subsidy Programme which the Group received the sum of RM2.80 million in FY 2021.

### Loss after Taxation

Loss after tax for FY 2022 was RM23.60 million, which was RM26.37 million or 52.8% lower than the preceding year's loss after tax of RM49.97 million. Part of the loss for FY 2022 was offset by the tax expense of RM2.55 million compared to tax income of RM3.46 million.

### Liquidity and Financial Resources

As at the end of FY 2022, Mynews had cash and bank balances of RM11.74 million compared to FY 2021 of RM15.34 million, a decrease of RM3.60 million. The Group had used internally generated funds of RM90.14 million and utilised RM51.99 million of its bank facilities to finance the new outlets opening and working capital.

Mynews had total borrowings (including lease liabilities owing to financial institutions) of RM95.74 million in FY 2022, an increase of RM17.22 million as compared to the previous year's amount of RM78.52 million. Its gearing ratio was 0.44 times, increased from FY 2021 of 0.33 times.

### Challenges

The major challenges faced by Mynews in FY 2022 were:

1) **The Coronavirus Crisis**

Like many others, Mynews was going through an unprecedented time. The crisis has negatively impacted our growth and performance, causing our third consecutive annual financial loss.

2) **Increasing Competition in the Convenience Retail Landscape**

The competitions for market share and prime locations for new outlets were becoming more intense as most of the players were becoming more competitive. As the industry become more attractive, new entrants were joining the fray. However, Mynews, being one of the leading players in the industry, is well positioned to be competitive in this CVS industry.

## Management Discussion and Analysis

### Challenges (cont'd)

#### 3) Food Processing Centre (FPC) Production Capacity

The FPC was underutilised and had not been able to achieve the breakeven level as it journeyed through the double whammy of gestation period and pandemic crisis since its launch in the second half of year 2019. However, the production of the ready-to-eat food has been increasing consequent to the lifting of pandemic-induced restrictions and the expansion of the food centric CU outlets. Finally, with the acute labour shortage in the FPC resolved in the 4<sup>th</sup> quarter of FY 2022, the Group is optimistic of an increase in production capacity in FY 2023.

#### 4) Gestation Process of CU Concept

In FY 2022, CU network expanded from 21 to 125 outlets. With the costs in opening a total of 104 new outlets, rising expenses of a growing business operations, onslaught of inflationary pressure and increase in other operating expenses during the initial stages of establishing the new CU concept, this new business requires the necessary time to undergo the pain of gestation. However, the management is trying its best to shorten the gestation period to be shorter than the industry average.

### Dividend

The Board continues to be mindful of the need to conserve cash for sustainability and expansion of Mynews' business plans. Since the pandemic came to our shore in FY 2020, no dividend has been paid out owing to the poor financial performance.

### 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

Mynews will continue to open new outlets, predominantly CU outlets, to increase the footprint and ride on the reopening of economy. At the same time, we will continue to improve the revenue of our existing outlets through improvement in product offerings and outlet revamp to build back the business that was affected by the pandemic. Simultaneously, we will continue to embrace technology and retail innovations to improve efficiency and give customers a better shopping experience.

### Prospect

The Group is hopeful that the consumer spending pattern will be boosted by the reopening of the economy, government financial assistance, improving job market and increasing wages of the lower ranked workforce. Footfall will continue to improve with longer operating hours and normalization of business and social activities. The Group expects the sales performance to improve from quarter to quarter driven by the above factors together with the store network growth and the ongoing effort to improve the in-store sales.

Also, the continuing improvement in sales at the retail front is helping to elevate the demand for ready-to-eat food and thus the increase in production volume of the FPC.

With strong measures already put in place as a result of the Group's re-positioning initiatives, we look forward to a steady recovery trend and eventually regain our lost ground and continue to improve thereafter.



## Sustainability Statement

**WE STRIVE TOWARDS BUILDING A SUSTAINABLE CONVENIENCE RETAIL BUSINESS THAT OFFERS DAILY ESSENTIALS THAT ARE RELEVANT TO THE NEEDS AND LIFESTYLE OF OUR CUSTOMERS.**

**WE BELIEVE AND ACT TOWARDS GREEN AGENDA THAT IS SUSTAINABLE, IN ALL OUR BUSINESS PRACTICES. WE GIVE BACK TO THE COMMUNITY WHERE WE OPERATE.**

**WE CONDUCT OUR BUSINESS WITH FULL TRANSPARENCY AND UNCOMPROMISED GOOD GOVERNANCE TO ENSURE A LONGTERM SUSTAINABLE VALUE FOR OUR SHAREHOLDERS.**

### REPORTING STANDARDS

This Sustainability Report covers our responsibilities to our stakeholders and the developments in sustainability we have made during the financial year 2022. This Sustainability Report is prepared in accordance with Global Reporting Initiative (“GRI”) reporting guidelines, and it adheres to Bursa Malaysia Sustainability Reporting Guide 2<sup>nd</sup> Edition.

This report aims to provide our stakeholders with Environmental, Social and Governance (“ESG”) information about Mynews. It shares Mynews’ commitment to sustainability with its important stakeholders including employees, investors, customers, business partners and the communities it operates in. We believe that this transparent disclosure will help to strengthen the trust and relationship with our stakeholders.

### REPORTING BOUNDARY

The reporting period of this report is from 1 November 2021 to 31 October 2022. It covers our retail outlets, distribution centres and corporate headquarters (HQ) together with a Food Processing Centre (FPC) within the premises.

### COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (UNSDG)

We strive to ensure that all Mynews businesses take into account ESG agenda. We are committed to minimize our environmental footprint and 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 the need to play our part to positively impact the social and environmental challenge. Our sustainability agenda is embedded into our day-to-day business and aligned to 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, with 169 specific targets aimed to be achieved by 2030. Guided by these frameworks, we aim to make a difference to the society where we operate in by adopting best practices towards sustainability.

## Sustainability Statement

### COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (UNSDG) (cont'd)



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

### Sustainability Governance

The Sustainability Committee oversees the plan and implementation of sustainability practices and policies. The Board and Management are committed to continually refine and improve these processes while the Group continues to improve its monitoring process on the implementation of its internal control measures and sustainability initiatives.

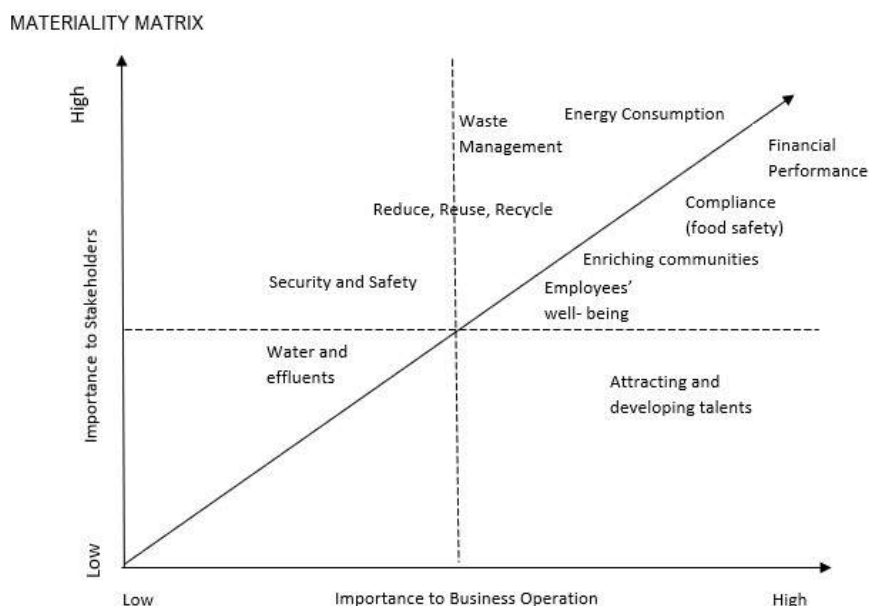
### Sustainability Committee Structures



## Sustainability Statement

### Materiality Assessment

Determining materiality assists the Group in identifying and prioritising the most relevant and material issues across the business units and focus its efforts on charting the direction in improving the Group's sustainability endeavors. Material matters are defined as elements that are expected to have a significant impact to the Group's stakeholders. This materiality assessment is essential in the Group's approach to sustainability as it serves as a guide in identifying the material issues that are of greatest concern to the Group and its stakeholders. The materiality assessment was conducted by engaging relevant stakeholders through various channels which resulted in the identification of 10 material issues which have significant impacts on the sustainability of the Group's businesses.



### Stakeholder Engagement

Environment, Social and Governance investment is a rising trend and becoming a key consideration for investors. The Group believes that stakeholder engagement is integral to the development of its sustainability strategy. The engagement activities with the different stakeholder groups are conducted on an ongoing basis. The Group's key stakeholders and engagement platforms are as listed below:

Stakeholder Group	Areas of Interest	Forms of Engagement
Shareholders and investors	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Key corporate developments</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Investor Relations</li> <li>Annual / Quarterly reports</li> <li>Corporate website</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Pricing</li> <li>Product quality</li> <li>Customer enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Social media (Facebook, IG)</li> <li>Company careline (email)</li> <li>Customer loyalty programme</li> </ul>
Government and regulatory authorities	<ul style="list-style-type: none"> <li>Compliance</li> <li>Security and safety issues</li> <li>Policy matters concerning public / Safety / environment / anti-competition</li> </ul>	<ul style="list-style-type: none"> <li>Inspections and audit by local authority (JAKIM)</li> <li>Meetings with PDRM / local authority</li> </ul>

## Sustainability Statement

### Stakeholder Engagement (cont'd)

Stakeholder Group	Areas of Interest	Forms of Engagement
Employees	<ul style="list-style-type: none"> <li>Employee well-being and safety</li> <li>Career development</li> <li>Value diversity and equal opportunity</li> <li>Staff training</li> <li>Inclusiveness</li> </ul>	<ul style="list-style-type: none"> <li>Internal engagement channels</li> <li>Open communication through townhall sessions</li> <li>Whistleblowing policy</li> <li>Skills development and training opportunities</li> <li>Operational Safety and Health</li> <li>Employee appreciation awards</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fair procurement</li> <li>Transparency</li> <li>Product quality &amp; service delivery</li> <li>Anti-Bribery</li> <li>Incoming QC</li> </ul>	<ul style="list-style-type: none"> <li>Group procurement policies</li> <li>Suppliers' evaluation and periodic audit</li> <li>Meeting and feedback with suppliers</li> <li>Anti-bribery commitment</li> </ul>
Local communities and public	<ul style="list-style-type: none"> <li>Transparent and quality products and services</li> <li>Reaching out to communities</li> </ul>	<ul style="list-style-type: none"> <li>Community programmes</li> <li>Donations and financial aids</li> <li>Local sourcing</li> </ul>
Environmental NGO (Climate Change)	<ul style="list-style-type: none"> <li>Energy</li> <li>Climate</li> <li>Carbon footprint</li> <li>Plastic consumption</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Energy saving evaluation</li> <li>Renewable energy sourcing</li> <li>Green energy evaluation</li> <li>Plastic reduction evaluation</li> <li>Food wastage reduction</li> </ul>
Health Authority	<ul style="list-style-type: none"> <li>Food Safety and Quality</li> <li>Food Hygiene</li> </ul>	<ul style="list-style-type: none"> <li>Authority inspection</li> <li>QA/QC reports</li> <li>Internal Audits</li> <li>Typhoid jabs</li> <li>Food safety and handling certification</li> </ul>

### Economic Sustainability

#### Economic Snapshot

1. Revenue: RM631 million
2. Number of Stores: 600 stores
3. Number of Employees: 2,729 staff
4. Number of customers served: 4.2 million customers monthly

#### Sustainability Throughout Pandemic

Mynews convenience stores throughout the country remained open to serve the community whenever feasible and allowed. As frontliners, we always place the safety of our employees and customers as top priority. We offer daily and pandemic related essentials and invest heavily to comply to SOPs. These are necessary actions taken to sustain the business so that we are able to keep our employees on the job and protect the shareholders' interest.



## Sustainability Statement

### Economic Sustainability (cont'd)



We remain relevant under the new norm post-pandemic situation through re-alignment, improvement and technology applications. With online and delivery on demand, our omnichannel business continues to increase and our cashless transactions count continues to grow with the increasing popularity of e-wallets which include our own Mynews membership app.

Cashless Transactions	
FY 2021	37%
FY 2022	42%



### Procurement Practices

At Mynews, we are committed to ethical and sustainable business conducts; procurements of products are conducted through an evaluation process based on the supplier's credibility, compliant to anti-bribery and labor laws, and meeting halal requirements from JAKIM.

With the understanding that plastic is one of the major contributors that negatively impacts our ecosystem, we have implemented sustainable sourcing practices to the best of our ability for all plastic uses; not only to the bags that are provided to consumers, but also in all aspects of our business.

% Biodegradable bags	
FY 2021	83%
FY 2022	90%



## Sustainability Statement

### Environment Sustainability

In FY 2022, we continued to improve the environmental impact of our business through the following initiatives:

**Logistics Management** – Maximize capacity of our trucks load during deliveries. All our delivery routes are planned to achieve logistics optimization which minimizes the carbon footprint and best use of the supply chain resources.

**Recycle** – Mynews practices recycling programmes of 3R (Reduce, Reuse & Recycle) and that have been embedded strongly in the culture of Mynews Group.

- **Recycle and reuse corrugated box and plastic wrap**  
Corrugated boxes in warehouse are reused to pack goods for the outlets and for packing of returns to the suppliers. The remaining corrugated box are sold to vendors to be recycled.
- **Recycle cooking oil**  
Used cooking oil is sold to a licensed recycle vendor.

	Cooking Oil	Corrugated Box
<b>FY 2021</b>	4,135	15,865
<b>FY 2022</b>	38,550	18,697



### No to Plastic Bags and Yes to Biodegradable Bags

We recognise that plastic materials have a major impact on our environment. We only give plastic bags to our customers “upon request” to reduce the quantity as compared with giving them freely. Additionally, our plastic bags are made of biodegradable ingredients which are compostable. In FY 2022, the number of sales transactions that used plastic bag made up 12% of the total number of sales transactions.

**Energy** - Mynews continues to implement more efficient strategies to reduce the carbon footprint.

- **LED lights** – 70% of Mynews outlets are using LED lights. As part of the ongoing outlets refurbishment exercise, old lightings are replaced with LED ones of longer lifespan and lesser electrical power consumption.



- **Outlets** – air-conditioners' temperature is controlled at 24°C to reduce CO<sub>2</sub> emission and electricity usage. New outlets use inverter air-conditioners that helped to save electricity.
- **HQ** - culture of “Turn off before you take off” to reduce power wastage. Employees are required to turn off their computers, laptops and lightings when they are not in use.

## Sustainability Statement

### Environment Sustainability (cont'd)

**Renewable Energy - Solar panel** – Mynews had completed its solar renewable energy project for the HQ and Food Processing Centre to reduce the conventional electricity consumption. This project will reduce 524 tonnes of CO<sub>2</sub> emission.

Impression of solar power panels on the roof of corporate HQ and FPC



	Nov - Mar	Apr - Oct	
kWh	Before	After	FY 2022
TNB Electricity Usage	2,295,027	2,544,017	4,839,044
Energy generated from Solar Panel	-	783,423	783,423
Total Actual kWh	2,295,027	3,327,440	5,622,467
<b>Solar Panel Contribution</b>	<b>-</b>	<b>23.54%</b>	<b>13.93%</b>

**Food Waste** – Mynews is committed to reduce food wastage in its retail stores through various ways such as doing time-sales discount to increase the take up rate of fresh food products by customers thereby reducing the quantity of unsold. Our efficient ordering system and process also help to reduce wastages.

**Water and Effluents** – Our Food Processing Centre manages water pollution through wastewater treatment process. The water discharged from the production centre is properly treated prior to discharge to the public drain.

On a daily basis, our chemical engineer carries out sample test of the water to ensure that the water discharged is in accordance to the specification of the Department of Environment (“DOE”).

**On-Site Detention (OSD) Tank** – We have constructed a 1,125 cubic meter underground OSD tank in our HQ-cum-FPC premises to manage storm water. We exercise our duty of care for the environment by providing this permanent tank for temporary storage of storm water run-off so that it will not overload the public drainage.



## Sustainability Statement

### Social Sustainability

People are at the heart of everything we do. From our employees, customers, suppliers and 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 that 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 where 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”.

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 to greater heights. 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. Mynews has created stable and quality jobs in line with its sustainable financial and business growth. By having 2,729 full time employees under our umbrella, Mynews focuses in 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 culture and 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.



The diversity of its workforce as at 31 October 2022 is as follows:

	Gender		Total Local/Foreign Workers	
	Male	Female	Local	FW
No.	1,478	1,251	2,220	509
%	54%	46%	81%	19%



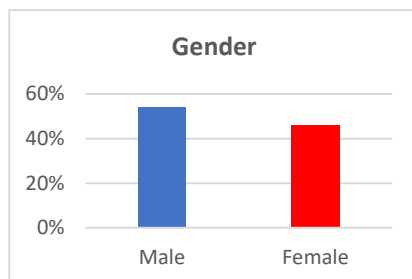


## Sustainability Statement

### Diversity and Inclusion (cont'd)

The ethnicity of the workforce is as follows:

Ethnicity	No.	%
Malay	1,935	71%
Chinese	144	5%
Indian	83	3%
Local Others	58	2%
Nepalese	245	9%
Bangladeshi	164	6%
Myanmar	71	3%
Filipino	26	1%
Japanese	3	0%
<b>Total</b>	<b>2,729</b>	<b>100%</b>



### Employees Development and Growth

At Mynews, we take pride in developing the talent within our organisation and being promoted and moving up the ranks within our organisation is not uncommon, along with countless others that has grown with the organisation for decades to this day.

We recognise that a comfortable workplace should provide opportunities and incentives that are essential for the people to grow professionally, and personally so that they can contribute to the company and society. 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, new and old.

The following list shows the Employees Internal Training Programme carried out by our Centre of Excellence (COE) team in FY2022.

Types of Training	No. of Staff Trained	Hours Trained
Basic Operation Training	3,600	4,608
Outlet Management Training	720	768
Refresher Training	2,880	1,344
Special Training	840	672
New Joiner Evaluation	3,832	18,432
<b>Total</b>	<b>11,872</b>	<b>25,824</b>

## Sustainability Statement

### Employees Development and Growth (cont'd)



*On-the-job training provided to employees*

### OPEN WORKFORCE COMMUNICATION

At Mynews, we value transparency and take our employees' feedback seriously to make Mynews a better place to work. We promote and practice open communication across all levels of employees and departments through various channels such as e-suggest mailbox and townhall session. All employees are encouraged to convey 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 legislated rules and regulations. By identifying and understanding our employees' needs, we are able to improve their well-beings and efficiency.

### OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Safety is our first priority. Nothing is more important than having all of us going home to our families safely every day. Our staff are trained on emergency response plans to handle incidents such as fire and robbery for personal safety and to save lives.

In FY 2022, we recorded 47 robbery cases at our retail outlets. There was no casualty in these robbery cases. All the incidents were thoroughly investigated and then discussed in the quarterly operational safety and health meetings (OSH). Meanwhile, no accident was reported in all the premises which include the HQ and FPC, distribution centres, and retail outlets.

## Sustainability Statement

### Allowances That Allow (“ATA”) – Educational Support

As Malaysia’s largest homegrown convenience store chain, we believe in helping the needs of our own people, which drove us to launching our own long term sustainable charity programme – Allowances that Allow (“ATA”). This programme helps the unprivileged and financially deprived students, who otherwise may not have the chance to further their education not due to any fault of their own.

Since the inception of this initiative, we have collected a total of RM1,621,799, of which RM205,674 was collected throughout this year; a total RM1,509,892 have been donated so far. Mynews ATA programme will continue to grow and be a crucial part of our business practices as it aligns strongly with our core values and responsibilities.



### Blood Donation Drive

In FY 2022, Mynews answered the call to give blood and carried out the blood donation campaign twice in the year with a total of 65 donors.



## Sustainability Statement

### Governance Sustainability

#### Regulatory Compliance

## “No Gift” Policy



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 the conformity of our values throughout the Group, we have code of conduct which must be signed by all our employees before they commence employment at Mynews.

Mynews complies with the new requirements on Corporate Liability Section 17(A) of MACC Amendment Act which took effect on 1 June 2020. We had implemented and communicated Mynews integrity pledge and the anti-bribery policy to our employees and business associates prior to the commencement of the above Act and it is being posted on our corporate website.

We encourage employees, business associates and stakeholders to report any illegal and suspicious activities found within the Group. Whistleblowing practice is encouraged and is open to any employee, business associates, stakeholders and the public, with the assurance that any report will be properly investigated and treated with confidentiality.

In FY 2022, Mynews did not receive any complaint in relation to unethical and illegal conducts.

## 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 2022. 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 (“MCCG”) which was updated on 28 April 2021 (“MCCG”). Whilst ensuring compliance with the MMLR 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 overview of the corporate governance (“CG”) practices, are made reference to the following three (3) key CG principles as set out in the MCCG:

Principle A: Board Leadership and Effectiveness.

Principle B: Effective Audit and Risk Management.

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

The application of each practice is disclosed in the Company’s Corporate Governance Report (“CG Report”).

### RESOURCES ON MYNEWS’ WEBSITE

The following documents referred to within this Statement are all available on our Company’s website at [www.mynews.com.my](http://www.mynews.com.my).

- CG Report
- Board Charter
- Terms of Reference for Board Committees
- Code of Ethics and Conducts for Directors
- Whistle-Blowing Policy
- Anti-Bribery and Anti-Corruption Policy
- Fit and Proper Policy
- Minutes of general meetings

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### 1. BOARD RESPONSIBILITIES

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

The Board is collectively responsible for the long-term success, the overall performance of the Group and the delivery of sustainable value to its stakeholders by setting strategic directions and objectives. It regularly reviews the Group’s business operations and maintains full and effective oversight on the management of Mynews. The roles and responsibilities of the Board in discharging its fiduciary and leadership functions have been formalized in the Board Charter which is reviewed periodically and published on the Company’s website.

##### 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.

## Corporate Governance Overview Statement

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

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

##### Chairman and GCEO (cont'd)

The Chairman is responsible for instilling good corporate governance practices, provides leadership and manages the interface between the Board and Management. He ensures active participation from the Board for decision making. He is not a member of the Audit Committee, Nominating Committee and Remuneration Committee to avoid the risk of self-review and impairment of the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

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. He leads the Management team in ensuring that the Group's businesses deliver shareholder value. The GCEO briefs the Board on the Group's business operations and Management's initiatives during the quarterly Board meetings.

##### Independent Non-Executive Directors

The Independent 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 four (4) 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 important in giving impartial opinions, advice and judgements to ensure the interest of the Group, shareholders, employees, customers and other stakeholders are well protected and represented.

The Board recognises the importance of Senior Independent Director ("SID") to serve as a sounding board for the Chairman and as an intermediary for other directors. The SID is also the point of contact for shareholders and other stakeholders.

##### Board Committees

The Board has also delegated various responsibilities to the 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 ("AC")
- ❖ Risk Management Committee ("RMC")
- ❖ Nominating Committee ("NC")
- ❖ Remuneration Committee ("RC")

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 possesses qualified Company Secretary pursuant to Section 235 of the Companies Act 2016. The Company Secretary plays an advisory role, advising the Board and its Board Committees on matters pertaining to compliance, legal matters, regulations, listing requirements, statutory requirements and best practices. The Company Secretary ensures 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.



## Corporate Governance Overview Statement

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

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

##### 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 its purview and jurisdiction. 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 its financial position and the mitigating factors. All proposals tabled to the Board are supported with relevant information and explanations to facilitate 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.

##### 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 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 advice if so necessary for them to execute their fiduciary duties.

##### 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 Corporate Governance.

##### 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.

##### Whistleblowing Policy

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

myNEWS careline at: [mynewscareline@mynews.com.my](mailto:mynewscareline@mynews.com.my)

CU careline at: [cucareline@mycu.my](mailto:cucareline@mycu.my)

##### Anti-Bribery and Anti-Corruption Policy

The Board has also established a standalone Anti-Bribery and Anti-Corruption Policy to highlight the Company's stand on the prohibition of bribery and corruption. The said Policy which has spelt out the regulations in the Malaysian Anti-Corruption Commission Act 2009 ("MACC") and the MACC (Amendment) Act 2018 is applicable to Directors, employees and any third party/person who is associated with the Group.

## Corporate Governance Overview Statement

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

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

##### Fit and Proper Policy

In June 2022, the Board established the Fit and Proper Policy for Directors, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharging of their responsibilities in the most effective manner. The said Policy is also applied to the appointment of the Company's Senior Management.

##### 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 sustainability and maintain ethical practices, the Board continuously instills the need to cultivate and promote good corporate values throughout the organisation by upholding the virtue of "Tone from the top". The Board takes appropriate actions to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

More details on the Group's Sustainability efforts can be found in the Sustainability Statement in this Annual Report.

#### 2. BOARD COMPOSITION

##### Strengthening the Board's composition

The Board comprises seven (7) Directors, four (4) of them are Independent Non-Executive Directors which complied with MCCG Practice 5.2 that requires at least half of the Board members to be Independent Directors. These independent directors participate actively in providing independent advice, views and sound 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.

During the FY 2022, there was a change in the Board composition. The Independent Non-Executive Chairman was redesignated to Executive Chairman on 1 March 2022. Two (2) new Independent Directors had been appointed and one (1) of the Executive Director had resigned from the Board on 1 June 2022. In the course of identifying experienced, qualified and fit for purpose candidates, the Nominating Committee had shortlisted the potential candidates via recommendations from the Directors. The NC is of the view that presently this source is sufficient and the independent sources are not used to identify suitably qualified candidates. This is due to process that takes place after receiving the recommendations from the NC, the Board goes through a formal, rigorous and transparent process for the final appointment of Directors. Nonetheless, the independent sources might be used in the future appointments if necessary.

In appointing a Director, consideration is given to the current composition of the Board and the tenure of each Director on the Board. This is to determine whether there is a need to bring new skills and perspective to the boardroom. Additionally, focus will not only be on whether a Director's background and current activities qualify him or her as independent, but also whether the Director can act independently of Management. The NC shortlisted candidates for interview to review the suitability of the candidate. All potential candidates are considered by the NC, taking into account the mix of skills, competencies, qualification, experience, integrity, and time commitment. Diversity in terms of age and gender are also considered during the selection criteria. The Company acknowledges the importance of the gender diversity and appreciates the participation of ladies on Board. In view thereof, lady candidates will be considered in priority for new appointments.

## Corporate Governance Overview Statement

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

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

##### Board Meetings

During FY 2022, seven (7) Board meetings were held with the presence of the Company Secretary. The Directors' attendance is as follows:

Director	Directorate	Number of Meetings Held During Tenure In Office	Total Meeting Attendance
Mr. Ding Lien Bing	Executive Chairman (redesignated from Independent Non-Executive Chairman on 1 March 2022)	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 ("GCEO")	7	7
Mr. Dang Tai Hock	Executive Director / Chief Executive Officer – Food	7	7
Mr. Christopher Koh Swee Kiat (Appointed on 1 June 2022)	Independent Non-Executive Director	2	2
Pn. Latifah Binti Abdul Latiff (Appointed on 1 June 2022)	Independent Non-Executive Director	2	2
Mr. Dang Tai Wen	Executive Director / Deputy Group Chief Executive Officer (resigned as Executive Director on 1 June 2022 but remain as Deputy Group Chief Executive Officer)	5	5

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.

##### 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 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, guided by the Fit and Proper Policy, 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.

## Corporate Governance Overview Statement

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

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

##### Board Diversity (cont'd)

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, two (2) out of the seven (7) Board members or 28% are female.

Executive Directors	3	Male
Independent Non-Executive Directors	4	2 Male & 2 Female

##### Tenure of Independent Directors

The Board Charter has adopted Practice 5.3 of the MCCG that stipulates the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Practice 5.3 also stated that 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 via 2-tier voting process with justification if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term. Following the amendment to the MMLR of Bursa Securities on the enhancement in relation to the independent directors which limit the tenure of Independent Directors up to 12 years, the 2-tier voting process shall apply up to the 12<sup>th</sup> year only. The Independent Directors shall be redesignated as Non-Independent Directors if the Company still intends to retain him/her.

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. Save for Pn. Latifah Binti Abdul Latiff, none of the members of the Board has directorship in other public listed companies.

##### 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 aspects relating to Mynews, be they operations, financial related matters, rules and regulations or others.

## Corporate Governance Overview Statement

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

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

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

Details of the seminars and workshops attended by the Directors during FY 2022 are as follows:

Director	Seminars/Workshops	Date of Attendance
Mr. Ding Lien Bing	1) Securities Commission Malaysia's Audit Oversight Board Webinar - Conversation with Audit Committees 2) EY - Malaysia Budget 2022 webinar 3) Bursa Malaysia - TFCD Climate Disclosure Training Programme (1 <sup>st</sup> Module) 4) Bursa Malaysia - TFCD Climate Disclosure Training Programme (2 <sup>nd</sup> Module)	29 Nov 2021 12 Nov 2021 2 Mar 2022 9 Mar 2022
Ms. Soon Dee Hwee	1) FIDE FORUM – Bursa Malaysia Fide Forum Dialogue on Sustainability 2) FIDE FORUM – The 2050 Net Zero Carbon Emission Target: Finance's Role 3) KPMG – Asia Pacific Board Leadership & Assurance Summit 2021 4) Securities Commission Malaysia's Audit Oversight Board Webinar – Conversation with Audit Committees 5) Boardroom Limited – Malaysian Budget 2022 6) Malaysian Institute of Accountants – The Principles & Methodology of Task Force on Climate related Financial Disclosures in ESG reporting 7) Credit Suisse – 25 <sup>th</sup> Credit Suisse Asian Investment Conference 8) CIMB Bank Berhad - The Cooler Earth Sustainability Summit 2022	2 Nov 2021 12 Nov 2021 16 -18 Nov 2021 6 Dec 2021 21 Dec 2021 27 Jan 2022 21-24 Mar 2022 20 - 22 Sep 2022
En. Mohd Suffian Bin Suboh	1) MIRA Webinar – 2022 Economic & Market Outlook	14 Jan 2022
Mr. Dang Tai Luk	1) Bursa Malaysia Seminar – one day Seminar on various topic (Keluarga (Family) Malaysia, a new political landscape, Sustainable commodity growth, Sustainable Investment Phenomena and Malaysia up and rising unicorns) 2) Bursa Malaysia - TFCD Climate Disclosure Training Programme (1 <sup>st</sup> Module) 3) Bursa Malaysia - TFCD Climate Disclosure Training Programme (2 <sup>nd</sup> Module) 4) Business Resilience and Recovery – Profitmax Entrepreneurs Network	10 Nov 2021 2 Mar 2022 9 Mar 2022 23 Mar 2022

## Corporate Governance Overview Statement

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

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

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

Director	Seminars/Workshops	Date of Attendance
Mr. Dang Tai Hock	1) Bursa Malaysia – Fraud Risk Management Workshop	10 Dec 2021
Pn. Latifah Binti Abdul Latiff	1) CIMB Bank Berhad - The Cooler Earth Sustainability Summit 2022	20 - 22 Sep 2022
Mr. Christopher Koh Swee Kiat	1) Asia School of Business – Corporate Governance & Remuneration Practices for The ESG World	6 Sep 2022

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:

- Chairperson : Ms. Soon Dee Hwee (*Senior Independent Non-Executive Director*)
- Member : En. Mohd Suffian Bin Suboh (*Independent Non-Executive Director*)
- Member : Mr. Christopher Koh Swee Kiat (*Independent Non-Executive Director*)

During the financial year under review, four (4) meetings were 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 and Nominating Committee)
- Review and assess the independence of the Independent Non-Executive Directors
- Review the Continuing Education Programmes attended by the Directors during the financial year
- Review and assess the performance of the Internal and External Auditors
- Review of the Board composition
- Review and assess on candidates for new appointment

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 a Remuneration Committee to review and recommend the appropriate level of remuneration for the Board, C-Level personnel and the Group's bonus and salary increment/adjustment 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	:	Mr. Christopher Koh Swee Kiat ( <i>Independent Non-Executive Director</i> )
Member	:	Ms. Soon Dee Hwee ( <i>Senior Independent Non-Executive Director</i> )

During the financial year under review, three (3) 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:

- Review and recommend to the Board for approval, the remuneration structure for the Group
- Review and recommend to the Board on the Remuneration Package of the Executive Directors
- Review and recommend to the Board on the fees and meeting allowances of the Non-Executive Directors

The Company has remuneration policies and procedures to determine the remuneration of Directors and Senior Management. The Executive Directors' remunerations are designed to link rewards to the Company's and individual's performances whilst the remunerations of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed. 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 2022, the Board is satisfied that the Remuneration Committee had fulfilled its role and discharged its duties effectively.

##### Directors Remuneration

The Directors' remuneration for FY 2022 is as follows:

Executive Directors (ED)	Fees RM	Meeting Allowance RM	Salaries & Bonuses RM	Benefits' in-kind RM	Total RM
Mr. Dang Tai Luk	-	-	743,079	13,325	756,404
Mr. Dang Tai Wen (resigned as an ED on 1 June 2022)	-	-	669,168	17,400	686,568
Mr. Dang Tai Hock	-	-	286,218	17,400	303,618
Mr. Ding Lien Bing (redesignated as Executive Chairman on 1 March 2022)	30,000	5,000	358,180	-	393,180

## Corporate Governance Overview Statement

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

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

##### Directors Remuneration (cont'd)

Non-Executive Directors (NED)	Fees RM	Meeting Allowance RM	Total RM
Ms. Soon Dee Hwee	79,166	12,000	91,166
En. Mohd Suffian Bin Suboh	70,000	12,000	82,000
Mr. Christopher Koh Swee Kiat (appointed as NED on 1 June 2022)	25,000	4,000	29,000
Pn. Latifah Binti Abdul Latiff (appointed as NED on 1 June 2022)	25,000	4,000	29,000

##### 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 Company 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 2022 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. One (1) member from the AC is a professionally qualified accountant having vast experience in the finance industry including financial reporting process.

The outsourced Internal Auditors, Crowe Governance 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 Auditors attended all four (4) meetings of the AC in FY 2022. 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. None of the AC Member is a former partner of the External Auditors who is subject to observe the 3 years cooling-off period before being appointed as a member of the AC.

## **Corporate Governance Overview Statement**

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)**

#### **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.

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

#### **6. ENGAGEMENT 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 followings :-

- The quarterly announcement on financial results to Bursa Securities.
- Circulars and Annual Reports.
- Quarterly Investors' Briefing
- General meetings of shareholders.
- Meetings with investors, analysts and fund managers on ad hoc basis.
- Company website at [www.mynews.com.my](http://www.mynews.com.my), can be easily accessible for 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.

The Exco mainly consists of the Executive Directors, and the Investor Relations members meet regularly with the Company's existing and potential investors to disseminate the information of its activities, strategy and financial performance and any other potential areas of interests by Shareholders. Eventually, the Board is kept updated on Shareholders' feedback and areas of interest.

## Corporate Governance Overview Statement

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

#### 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.

The Company leverages technology to facilitate the voting and remote shareholders' participation in its 9th AGM at the Company's Headquarters, Kota Damansara and shareholders participated via live streaming of the Meeting. All the Directors had attended and the Chairmain, GCEO and Senior Management 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 the resolutions tabled were approved and passed by its shareholders.

The Notice of AGM together with the Company's Annual Report for the financial year ended 31 October 2021 were circulated on 24 February 2022 which fulfilled the 28 days' notice requirement for the meeting. The Minutes of the AGM was also published in the Company's website within 30 business days after the AGM.

## Audit Committee Report

The Audit Committee (“AC”) of Mynews is pleased to present its report for FY 2022.

### Audit Committee Members

Chairperson	:	Ms. Soon Dee Hwee (Senior Independent Non-Executive Director)
Member	:	En. Mohd Suffian Bin Suboh (Independent Non-Executive Director)
Member	:	Pn. Latifah Binti Abdul Latiff (Independent Non-Executive Director) (Appointed on 1 June 2022)
Member	:	Mr. Christopher Koh Swee Kiat (Independent Non-Executive Director) (Appointed on 1 June 2022)

### Number of Meetings Held and Details of Attendance

The attendance of the members at the AC meetings held during FY 2022 is as follows:

Members	Designation	Attendance of Meeting	
Ms. Soon Dee Hwee	Chairperson	5/5	100%
En. Mohd Suffian Bin Suboh	Member	5/5	100%
Pn. Latifah Binti Abdul Latiff (Appointed as AC Member on 1 June 2022)	Member	2/2	100%
Mr. Christopher Koh Swee Kiat (Appointed as AC Member on 1 June 2022)	Member	2/2	100%
Mr. Ding Lien Bing (Resigned as AC Member on 1 March 2022)	Member	2/2	100%

### Composition Compliance

The AC consists of four (4) members who are all independent non-executive directors. One of them, namely, Ms. Soon, is a member of the MIA. The composition of the AC complies with the Listing Requirements and fulfills the financial literacy and independence elements outlined in the MCCG.

### 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 duties and responsibilities in accordance with the Terms of Reference.

### Summary of Work Carried Out During FY 2022

During FY 2022, the AC had carried out the following activities in discharging its duties:

#### a) Financial Reporting

- Reviewed the unaudited quarterly financial statements and results prior to the Board’s approval and their release to Bursa Malaysia.
- Reviewed the annual audited financial statements of the Group for financial year ended 31 October 2022 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 2022 (cont'd)

During FY 2022, the AC had carried out the following activities in discharging its 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 2022.
- 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 Malaysia PLT without the presence of the Executive Directors and Management on 25 January 2022.
- Reviewed the proposed audit fees for FY 2022 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	
1. Outlet Audit	<ul style="list-style-type: none"><li>• Headquarters' Monitoring Mechanism</li><li>• Sales Collection and Physical Cash Handling</li><li>• Stock Management</li><li>• Point-of-Sales User Access Management</li><li>• Outlet Administration</li></ul>
2. Supply Chain Management	<ul style="list-style-type: none"><li>• Procurement to Payment</li><li>• Inventory Management of Distribution Centres</li><li>• Route Planning</li></ul>



## Audit Committee Report

### Summary of Work Carried Out During FY 2022 (cont'd)

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

- 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 (cont'd):

Key audit areas	
3.	Food Processing Centre <ul style="list-style-type: none"> <li>Manufacturing process of bakery and ready-to-eat products</li> <li>Compliance to HALAL certificate requirement</li> <li>Compliance to ISO requirements on food safety management and good manufacturing process</li> <li>Bakery products management at food processing centres</li> <li>Health, safety and environment measures at food processing centres</li> <li>Route planning and distribution of bakery products to outlets</li> </ul>
4.	Management Services <div> <div>a) Marketing and Brand Management <ul style="list-style-type: none"> <li>Adherence to established policies and procedures</li> <li>Budget and monitoring</li> <li>Marketing activities</li> <li>Post-mortem analysis of marketing campaigns</li> <li>Brand Collaboration</li> <li>Point Of Sale Materials "POSM"</li> </ul> </div> <div>b) New Outlet Opening / Closure of Outlets <ul style="list-style-type: none"> <li>Adherence to established policies and procedures</li> <li>Feasibility studies on new outlets</li> <li>Statistical analysis for opening and closure of outlets</li> <li>Monitoring of renovation and refurbishment</li> <li>Process of setting up new outlet</li> <li>Monitoring on rental payments</li> <li>Approval on documentations for new and closure of outlets</li> </ul> </div> <div>c) Maintenance of Existing Outlet <ul style="list-style-type: none"> <li>Adherence to established policies and procedures</li> <li>Preventive Maintenance</li> <li>Monitoring of warranty on assets</li> <li>Defect works / Cleaning works</li> <li>Licensing / Pest control activities / Insurance</li> </ul> </div> </div>

- Reviewed the audit recommendations and representations made and corrective actions taken by management in addressing and resolving issues as well as ensured 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 27 September 2022 without the presence of Executive Directors and Management for discussion on internal audit related matters.

## Audit Committee Report

### Summary of Work Carried Out During FY 2022 (cont'd)

#### 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 were appropriately identified and that the persons connected thereto had declared their interests thereon the transactions and reported accordingly.

For FY 2022, the AC was 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 was outsourced to Crowe Governance Sdn Bhd ("Crowe"), which reports directly to the Audit Committee. The internal audit staff on the engagement were free from any relationships or conflict of interest that could impair their objectivity and independence. The internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework ("IPPF").

During FY 2022, 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 caused any material loss, contingencies or uncertainties that would require a separate disclosure in this annual report.

The fee incurred for FY 2022 in relation to the outsourced internal audit functions was RM80,000, exclusive of service tax and out-of-pocket expenses.

## Risk Management Committee Report

The Risk Management Committee of Mynews is pleased to present its report for FY 2022.

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

### Risk Management Committee Members

Chairman	:	Mr. Dang Tai Hock (Executive Director/Chief Executive Officer – Food)
Member	:	En. Mohd Suffian Bin Suboh (Independent Non-Executive Director)
Member	:	Ms. Soon Dee Hwee (Senior Independent Non-Executive Director) (Appointed on 1 June 2022)
Member	:	Pn. Latifah Binti Abdul Latiff (Independent Non-Executive Director) (Appointed on 1 June 2022)

### Number of Meetings Held and Details of Attendance

The attendance of the members at the RMC meetings held during FY 2022 is as follows:

	Members	Designation	Attendance of Meeting	
1	Mr. Dang Tai Hock	Chairman	4/4	100%
2	En. Mohd Suffian Bin Suboh	Member	4/4	100%
3	Ms. Soon Dee Hwee (Appointed as RMC Member on 1 June 2022)	Member	2/2	100%
4	Pn. Latifah Binti Abdul Latiff (Appointed as RMC Member on 1 June 2022)	Member	2/2	100%
5	Mr. Ding Lien Bing (Resigned as RMC Member on 1 June 2022)	Member	2/2	100%

### Composition Compliance

The RMC consists of four (4) members, three of them are independent which satisfy the Corporate Governance 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 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 2022, 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 organisation 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.

### 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) or [cucareline@mycu.my](mailto:cucareline@mycu.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 ("BCM")

The Management recognises the importance of business continuity and sustainability. The Management has put in place a BCM 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 2022 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 control 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 Crowe Governance Sdn Bhd ("Crowe"), 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 2022, 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 ("ICD") that carries out daily operational audits to assess and ensure that internal control measures are in place at the operational units, principally the retail outlets. ICD ensures that the control measures 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 control measures and their effectiveness of the internal controls are reported to the respective Heads of Department and Senior Management.

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.



## Statement on Risk Management and Internal Control

### INTERNAL CONTROL (cont'd)

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 monthly and are attended by the Heads of Department to discuss on departmental and operational matters. Regular meetings are convened with the related departments to ensure smooth execution of projects planned.
4. Standard Operating Procedure (“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. Departmental Reporting Indicator (“DRI”). The DRI is an integral part of Mynews to measure, monitor, control and track performance. The DRI are sent by the Heads of Department to the Senior Management on monthly basis to identify the trends, 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.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements 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.

## **Statement on Risk Management and Internal Control**

### **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.

The Executive Committee ("EXCO") to the best of their knowledge and based on a review undertaken on the state of risk management and internal control have provided documented assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively based on the internal control framework of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 30 January 2023.

## 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 Malaysia PLT (RM)		
Description	Company	Subsidiaries	Total
Audit	43,000	162,000	205,000
*Non-audit	20,200	41,500	61,700
Total	63,200	203,500	266,700

\*Comprised of tax services, review of Statement on Risk Management and Internal Control and verification of documents.

### 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 30 to the financial statements on page 120.

### 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 2022.

### 4. Utilisation of Proceeds Raised from Corporate Proposals

There was no corporate proposal during the financial year. In view thereof, there was no proceeds raised.

## Statement on Directors' Responsibility For the Audited Financial Statements

The Companies Act 2016 requires the Directors of the Company to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of 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 on 10 February 2023.

## 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 2022.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 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>(23,599)</u>	<u>2</u>
Attributable to:-		
Owners of the Company	(19,618)	
Non-controlling interests	<u>(3,981)</u>	
	<u>(23,599)</u>	

### DIVIDENDS

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

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ULTIMATE HOLDING COMPANY

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

## 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\*  
Soon Dee Hwee  
Dang Tai Hock\*  
Mohd Suffian Bin Suboh  
Latifah Binti Abdul Latiff (appointed on 1.6.2022)  
Christopher Koh Swee Kiat (appointed on 1.6.2022)  
Dang Tai Wen (resigned on 1.6.2022)

\* 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:-

Toshiki Shimizu  
Keiya Sato  
Hiroshi Chiyoda  
Takehiko Abe  
Manabu Fujimoto  
Blake Dang Kuok Siang  
Tsuguru Imahashi  
Low Chooi Hoon (resigned on 1.4.2022)

### 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 its related corporations of those who were Directors at the end of the financial year are as follows:-

	Balance at <u>1.11.2021</u>	<u>Number of ordinary shares</u>		Balance at <u>31.10.2022</u>
		<u>Addition</u>	<u>Sold</u>	
<b>The Company</b>				
<u>Direct interests</u>				
Ding Lien Bing	605,000	765,200	-	1,370,200
Soon Dee Hwee	400,000	-	-	400,000
Mohd Suffian Bin Suboh	90,000	-	-	90,000
Dang Tai Hock	-	3,653,900	-	3,653,900
<u>Indirect interests</u>				
Dang Tai Luk #	395,498,200	3,653,900	-	399,152,100
Dang Tai Hock ##	395,498,200	-	-	395,498,200

# Indirect interests by virtue of his shareholding in D&D Consolidated Sdn. Bhd., his parent's shareholding in Red Orchid Sdn. Bhd. and his brother, Dang Tai Hock's direct shareholding in the Company.

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

## 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 its related corporations of those who were Directors at the end of the financial year are as follows (cont'd):-

	Balance at <u>1.11.2021</u>	<u>Number of ordinary shares</u>		Balance at <u>31.10.2022</u>
		<u>Addition</u>	<u>Sold</u>	
<b>Direct interests 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 Hock	3,241	-	-	3,241
<u>Preference shares</u>				
Dang Tai Hock	30,448	-	-	30,448

By virtue of their interests in the shares of the holding company, Dang Tai Luk 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 the financial year, the fees, salaries and other benefits received and receivable by the Directors of the Company are as follows:-

	<u>Incurred by the Company</u> RM	<u>Incurred by the Group subsidiaries</u> RM	<u>Total</u> RM
Directors' fee	229,166	-	229,166
Directors' salaries and other benefits	37,000	2,280,083	2,317,083
	<u>266,166</u>	<u>2,280,083</u>	<u>2,546,249</u>

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 above) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than disclosed in Note 30 to the Financial Statements.

### ISSUE OF SHARES AND DEBENTURES

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

### 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 RM19,090 respectively.

## Directors' Report

### 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 there were no bad debts to be written off and adequate provision had been made for doubtful debts; 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 write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (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.





## Statement by Directors and Statutory Declaration

### STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 135 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 2022 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

.....  
DING LIEN BING

Kuala Lumpur  
10 February 2023

### STATUTORY DECLARATION

I, Ding Lien Bing, 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 61 to 135 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 10 February 2023 )

) .....  
DING LIEN BING  
(MIA No. 6896)  
CHARTERED ACCOUNTANT

Before me:

MUHAMMAD FAIZ DHARMENDRA BIN ABDULLAH (W737)  
Commissioner for Oaths

# 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 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 135.

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 2022, 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 2022, the Group's inventories balances amounting to RM81.05 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 92% 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.

**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

*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 and others measurement principles.

*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.

## **Independent Auditors' Report to the Members of Mynews Holdings Berhad**

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

#### **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.

#### **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)

TAN VEER LEEN  
(NO: 03627/12/2023 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
10 February 2023



## Statements of Financial Position As at 31 October 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	247,910	206,834	-	-
Right-of-use assets	5	208,491	140,458	-	-
Intangible asset	6	3,498	3,914	-	-
Investment properties	7	5,110	12,110	-	-
Investment in subsidiaries	8	-	-	214,897	214,897
Investment in jointly controlled entity	9	6,872	6,039	-	-
Deferred tax assets	10	837	837	-	-
Fixed deposits with licensed banks	11	168	165	-	-
Total non-current assets		472,886	370,357	214,897	214,897
<b>Current assets</b>					
Inventories	12	81,047	58,778	-	-
Contract assets	24	11,756	12,990	-	-
Trade receivables	13	3,934	1,393	-	-
Other receivables	14	31,628	35,916	11	11
Amount due from jointly controlled entity	9	80	38	-	-
Tax recoverable		6,213	5,645	4	4
Other investments	15	-	176	-	-
Fixed deposits with licensed banks	11	768	737	-	-
Cash and bank balances		11,737	15,336	38	38
		147,163	131,009	53	53
Non-current asset held for sale	16	7,678	-	-	-
Total current assets		154,841	131,009	53	53
<b>Total assets</b>		<b>627,727</b>	<b>501,366</b>	<b>214,950</b>	<b>214,950</b>

**Statements of Financial Position**  
As at 31 October 2022 (cont'd)

		<b>Group</b>		<b>Company</b>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to owners of the Company:-</b>					
Share capital	17	201,581	201,581	201,581	201,581
Revaluation reserve	18	17,950	17,950	-	-
Merger deficit	19	(45,952)	(45,952)	-	-
Retained earnings		<u>46,003</u>	<u>65,621</u>	<u>13,093</u>	<u>13,091</u>
		219,582	239,200	214,674	214,672
Non-controlling interests		<u>2,748</u>	<u>6,729</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>222,330</u>	<u>245,929</u>	<u>214,674</u>	<u>214,672</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Other payables	20	11,391	7,560	-	-
Bank borrowings	21	48,070	45,565	-	-
Lease liabilities	5	115,783	58,648	-	-
Deferred tax liabilities	22	<u>7,100</u>	<u>5,117</u>	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>182,344</u>	<u>116,890</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	23	73,210	31,617	-	-
Other payables	20	63,128	51,015	276	278
Contract liabilities	24	1,844	1,525	-	-
Bank borrowings	21	42,432	25,420	-	-
Lease liabilities	5	<u>42,439</u>	<u>28,970</u>	<u>-</u>	<u>-</u>
Total current liabilities		<u>223,053</u>	<u>138,547</u>	<u>276</u>	<u>278</u>
<b>Total liabilities</b>		<u>405,397</u>	<u>255,437</u>	<u>276</u>	<u>278</u>
<b>Total equity and liabilities</b>		<u><u>627,727</u></u>	<u><u>501,366</u></u>	<u><u>214,950</u></u>	<u><u>214,950</u></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 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Revenue	24	631,333	394,369	600	770
Cost of sales		(418,885)	(273,913)	-	-
Gross profit		212,448	120,456	600	770
Finance income		204	179	-	2
Other income	25	2,075	4,272	-	-
Administration expenses		(33,107)	(29,106)	(598)	(433)
Selling and distribution expenses		(126,882)	(85,353)	-	-
Other expenses	25	(68,484)	(56,762)	-	-
Impairment loss on non-financial assets		-	-	-	(1,112)
Fair value gain on investment properties	7	678	-	-	-
Finance costs		(8,818)	(6,376)	-	-
Share of profit/(loss) of jointly controlled entity	9	833	(744)	-	-
(Loss)/profit before tax	26	(21,053)	(53,434)	2	(773)
Tax (expense)/income	27	(2,546)	3,463	-	(1)
Net (loss)/profit for the financial year		(23,599)	(49,971)	2	(774)
<b>Other comprehensive (loss)/income:</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation surplus on land and buildings, net of tax	18	-	8,558	-	-
Total comprehensive (loss)/income		(23,599)	(41,413)	2	(774)
<b>Net (loss)/profit for the financial year attributable to:</b>					
Owners of the Company		(19,618)	(43,209)	2	(774)
Non-controlling interests		(3,981)	(6,762)	-	-
		(23,599)	(49,971)	2	(774)
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(19,618)	(34,651)	2	(774)
Non-controlling interests		(3,981)	(6,762)	-	-
		(23,599)	(41,413)	2	(774)
<b>Earnings per share</b>					
Basic/diluted loss per share attributable to owners of the Company (sen)	28	(2.88)	(6.33)		

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

## Statements of Changes in Equity For the Financial Year Ended 31 October 2022

Group	Note	Share capital RM'000	Non-distributable		Distributable		Non-controlling interests RM'000	Total RM'000
			Revaluation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000		
<b>Balance at 1 November 2020</b>		201,581	9,392	(45,952)	108,830	<b>273,851</b>	12,266	<b>286,117</b>
Capital contribution from non-controlling interests		-	-	-	-	-	1,225	<b>1,225</b>
Net loss for the financial year		-	-	-	(43,209)	<b>(43,209)</b>	(6,762)	<b>(49,971)</b>
Other comprehensive income for the financial year	18	-	8,558	-	-	<b>8,558</b>	-	<b>8,558</b>
Total comprehensive loss for the financial year		-	8,558	-	(43,209)	<b>(34,651)</b>	(6,762)	<b>(41,413)</b>
<b>Balance at 31 October 2021</b>		201,581	17,950	(45,952)	65,621	<b>239,200</b>	6,729	<b>245,929</b>
Net loss/total comprehensive loss for the financial year		-	-	-	(19,618)	<b>(19,618)</b>	(3,981)	<b>(23,599)</b>
<b>Balance at 31 October 2022</b>		201,581	17,950	(45,952)	46,003	<b>219,582</b>	2,748	<b>222,330</b>

**Statements of Changes in Equity**  
For the Financial Year Ended 31 October 2022 (cont'd)

		<b>Distributable</b>	
	<u>Share capital</u>	Retained <u>earnings</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>Company</b>			
<b>Balance at 1 November 2020</b>	201,581	13,865	<b>215,446</b>
Total comprehensive loss for the financial year	-	(774)	<b>(774)</b>
<b>Balance at 31 October 2021</b>	201,581	13,091	<b>214,672</b>
Total comprehensive income for the financial year	-	2	<b>2</b>
<b>Balance at 31 October 2022</b>	201,581	13,093	<b>214,674</b>

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

## Statements of Cash Flows

### For the Financial Year Ended 31 October 2022

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>				
(Loss)/profit before tax	(21,053)	(53,434)	2	(773)
<b>Adjustments for:</b>				
Amortisation of intangible asset	416	242	-	-
Bad debts written off	-	1	-	-
Depreciation of property, plant and equipment	27,345	21,913	-	-
Depreciation of right-of-use assets	40,869	34,407	-	-
Dividend income from other investments	(1)	(32)	-	-
Dividend income from a subsidiary	-	-	(600)	(770)
Gain on modification of leases	(154)	(316)	-	-
Fair value gain on investment properties	(678)	-	-	-
Impairment loss on non-financial assets	-	-	-	1,112
Finance costs	8,818	6,376	-	-
Finance income	(204)	(179)	-	(2)
Inventories written off and wastages	20,944	9,882	-	-
Loss on disposal of property, plant and equipment	364	285	-	-
Gain on disposal of right-of-use assets	(70)	-	-	-
Property, plant and equipment written off	2,695	2,877	-	-
Rental rebates	(1,719)	(6,386)	-	-
Share of (profit)/loss of jointly controlled entity	(833)	744	-	-
Operating profit/(loss) before working capital changes	76,739	16,380	(598)	(433)
Changes in working capital:-				
Inventories	(43,213)	(1,724)	-	-
Receivables	1,747	1,562	-	3
Payables	54,488	9,778	(2)	(2)
Jointly controlled entity	(42)	249	-	-
Contract assets	1,234	2,021	-	-
Contract liabilities	319	580	-	-
Cash generated from/(used in) operations	91,272	28,846	(600)	(432)
Tax refunded	7	22	-	3
Tax paid	(1,138)	(3,070)	-	(1)
Net cash from/(used in) operating activities	90,141	25,798	(600)	(430)

**Statements of Cash Flows**  
For the Financial Year Ended 31 October 2022 (cont'd)

		<b>Group</b>		<b>Company</b>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>					
Acquisition of intangible asset		-	(4,156)	-	-
Advances to subsidiaries		-	-	-	(373)
Capital contribution from non-controlling interests		-	1,225	-	-
Dividend received from a subsidiary		-	-	600	770
Dividend received from other investments	1	32	-	-	-
Finance income received	204	179	-	2	-
Placement of fixed deposits	(34)	(2)	-	-	-
Proceeds from disposal of other investments – quoted shares	177	4,737	-	-	-
Proceeds from disposal of property, plant and equipment	60	538	-	-	-
Proceeds from disposal of right-of-use assets	155	-	-	-	-
Purchase of property, plant and equipment		<u>(71,388)</u>	<u>(23,467)</u>	<u>-</u>	<u>-</u>
Net cash (used in)/from investing activities		<u>(70,825)</u>	<u>(20,914)</u>	<u>600</u>	<u>399</u>
<b>FINANCING ACTIVITIES</b>					
Finance cost paid		(8,818)	(6,376)	-	-
Loan from a corporate shareholder of a subsidiary	<b>A</b>	2,951	-	-	-
Payment of lease liabilities	<b>A</b>	(36,565)	(26,243)	-	-
Repayment of bank borrowings	<b>A</b>	(32,473)	(26,678)	-	-
Drawdown of bank borrowings	<b>A</b>	<u>51,990</u>	<u>30,108</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities		<u>(22,915)</u>	<u>(29,189)</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		(3,599)	(24,305)	-	(31)
At beginning of financial year		<u>15,336</u>	<u>39,641</u>	<u>38</u>	<u>69</u>
At end of financial year	<b>B</b>	<u><u>11,737</u></u>	<u><u>15,336</u></u>	<u><u>38</u></u>	<u><u>38</u></u>

## Statements of Cash Flows

For the Financial Year Ended 31 October 2022 (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>2022</b>				
Lease liabilities	87,618	107,169 (a)	(36,565)	158,222
Loan from a corporate shareholder of a subsidiary	-	-	2,951	2,951
Bank borrowings	<u>70,985</u>	<u>-</u>	<u>19,517 (b)</u>	<u>90,502</u>
<b>2021</b>				
Lease liabilities	89,484	24,377 (a)	(26,243)	87,618
Bank borrowings	<u>67,555</u>	<u>-</u>	<u>3,430 (b)</u>	<u>70,985</u>

(a) Being additions, lease modification, lease termination and rental rebates of lease liabilities as disclosed in Note 5 to the Financial Statements.

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

#### B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Fixed deposits with licensed banks	936	902	-	-
Cash and bank balances	<u>11,737</u>	<u>15,336</u>	<u>38</u>	<u>38</u>
	12,673	16,238	38	38
Less: Fixed deposits pledged to licensed banks (Note 11)	(168)	(165)	-	-
Less: Fixed deposits with maturity more than 3 months	<u>(768)</u>	<u>(737)</u>	<u>-</u>	<u>-</u>
	<u>11,737</u>	<u>15,336</u>	<u>38</u>	<u>38</u>



**Statements of Cash Flows**  
For the Financial Year Ended 31 October 2022 (cont'd)

**NOTES TO THE STATEMENTS OF CASH FLOWS (cont'd)**

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

	<u>Note</u>	<u>2022</u> RM'000	<u>2021</u> RM'000
<u>Included in net cash flows from operating activities:-</u>			
Payment relating to short-term leases	5	5,813	5,162
Payment relating to variable lease payments not included in the measurement of lease liabilities	5	4,225	382
<u>Included in net cash flows used in financing activities:-</u>			
Payment of lease liabilities		36,565	26,243
Payment on interest of lease liabilities	5	<u>5,687</u>	<u>4,112</u>
		<u>52,290</u>	<u>35,899</u>

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

# Notes to the Financial Statements

## 31 October 2022

### 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 8 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 Directors regard D&D Consolidated Sdn. Bhd. as ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors passed on 10 February 2023.

### 2. BASIS OF PREPARATION

#### 2.1 Fundamental accounting concept

During the financial year, the Group had reported a net loss of RM23.60 million (2021: RM49.97 million). As at 31 October 2022, the Group's current liabilities exceeded its current assets by RM68.21 million (2021: RM7.54 million). These events or conditions indicate material uncertainty exists that may cast a doubt on the Group's ability to continue as a going concern.

The Group believes that it will continue to enjoy the existing credit facilities granted by the banks as it has not defaulted on any repayment obligations for the financial year. In view thereof and barring any unforeseen circumstances, management believes that with the existing credit lines granted by the banks and the positive outlook in the retail industry in 2023, the Group will be able to generate sufficient cash flow to meet its obligations and working capital needs for the next financial year. Together with that, the Group was able to generate net operating cash inflows of RM90.14 million (2021: RM25.80 million) for the financial year. And subsequent to the financial year, the Group has entered into a Sale and Purchase Agreement on 15 November 2022 to dispose a parcel of freehold industrial land for RM8.10 million, which is expected to be completed by the second quarter of financial year 2023.

The Group continuously monitors its working capital management and right sizes its operational and financial resources to optimise cost efficiencies. The Directors have, to the best of their abilities, prepared cash flow projection encompassing 12 months after the end of the reporting date that incorporates the estimated impact of the measures described in the preceding paragraphs. As at the date of authorisation of these financial statements, the cash flow projection supports the notion that the Group is able to generate sufficient cash flows for the next 12 months after the end of the reporting date to meet cash flow requirements, realise assets and discharge liabilities in the normal course of business of the Group.

**Notes to the Financial Statements**  
31 October 2022

**2. BASIS OF PREPARATION (CONT'D)**

**2.1 Fundamental accounting concept (cont'd)**

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis and accordingly the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of the liabilities that may be necessary should the Group be unable to continue as a going concern.

**2.2 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.

**2.3 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.

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.

**Notes to the Financial Statements**  
**31 October 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.3 Basis of measurement (cont'd)**

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.

**2.4 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.

**2.5 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.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the current financial periods beginning on or after 1 November 2021.

Initial application of the new standards/amendments/improvements to the standards did not have material financial impact to the financial statements.

**2.6 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 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 and Amendments to MFRS effective 1 January 2023:-*

Amendments to MFRS 4*#	Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17 and amendments to MFRS 17*#	Insurance Contracts
Amendments to MFRS 17*#	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements -Disclosure of Accounting Policies

**Notes to the Financial Statements**  
31 October 2022

**2. BASIS OF PREPARATION (CONT'D)**

**2.6 Standards issued but not yet effective (cont'd)**

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 (cont'd):-

MFRS and Amendments to MFRS effective 1 January 2023 (cont'd):-

Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112*	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs – effective 1 January 2024:-

Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Non-Current Liabilities with Covenants

Amendments to MFRSs – effective date deferred indefinitely:-

Amendments to MFRS 10 and 128#	Consolidated Financial Statements and Investment in Associate and Joint Venture – Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures.
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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.

**2.7 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.

**2.7.1 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 and right-of-use assets

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.

The carrying amount of the land and buildings at the reporting date and the relevant revaluation basis are disclosed in Notes 4 and 5 to the Financial Statements.

**Notes to the Financial Statements**  
**31 October 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.7 Significant accounting estimates and judgements (cont'd)**

**2.7.1 Estimation uncertainty (cont'd)**

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 7 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 2022, 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.

Amortisation of intangible asset

Intangible asset is amortised for a period of 10 years based on management estimated useful life.

The carrying amount of the Group's intangible asset at the reporting date is disclosed in Note 6 to the Financial Statements.

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.

**Notes to the Financial Statements**  
**31 October 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.7 Significant accounting estimates and judgements (cont'd)**

**2.7.1 Estimation uncertainty (cont'd)**

Inventories (cont'd)

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 forecast of 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 33.2 to the Financial Statements.

Recognition of rebates and incentives income from suppliers

The suppliers provide various incentives and rebates which include volume rebates, display and promotional incentives, and etc.

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 points programme

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

The loyalty points 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 is 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.

**Notes to the Financial Statements**  
**31 October 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.7 Significant accounting estimates and judgements (cont'd)**

**2.7.1 Estimation uncertainty (cont'd)**

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 20 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.

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.

**2.7.2 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.



**Notes to the Financial Statements**  
**31 October 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.7 Significant accounting estimates and judgements (cont'd)**

**2.7.2 Significant management judgements (cont'd)**

Classification between investment properties and owner-occupied properties (cont'd)

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.

**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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.1 Consolidation (cont'd)**

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

*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 Kukup Sdn. Bhd., Mycu Retail 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.

*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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.1 Consolidation (cont'd)**

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

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 exceeds 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 investment in the joint venture is impaired.

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 decrease 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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.1 Consolidation (cont'd)**

**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.

To the extent that any revaluation decreases 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 %

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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 Intangible asset**

Intangible asset which consists of licensing fee is measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

The licensing fee with finite life is amortised on straight-line basis over the estimated economic useful life of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and is treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss when the asset is derecognised.

**3.4 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 properties 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 year which they arise.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.4 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.

**3.5 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.

**3.5.1 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 3.12 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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Financial instruments (cont'd)**

**3.5.1 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 commit 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 and financial assets at fair value through profit or loss on its statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("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 and other receivables (exclude prepayments), amount due from 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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Financial instruments (cont'd)**

**3.5.1 Financial assets (cont'd)**

**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.

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.



**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Financial instruments (cont'd)**

**3.5.1 Financial assets (cont'd)**

**Impairment (cont'd)**

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.

**3.5.2 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.

**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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Financial instruments (cont'd)**

**3.5.2 Financial liabilities (cont'd)**

**Subsequent measurement (cont'd)**

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 and other payables and bank 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.

**3.5.3 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.

**3.6 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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.6 Impairment of non-financial assets (cont'd)**

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.

**3.7 Inventories**

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

Cost of raw materials, trading goods 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.

**3.8 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.

**3.8.1 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.

## Notes to the Financial Statements 31 October 2022

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.8 Leases (cont'd)

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

##### 3.8.1.1 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. Leasehold land is 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. The accounting policies for revaluation of right-of-use assets is same as property, plant and equipment as disclosed in Note 3.2 to the Financial Statements.

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 to 4 years
Warehouse and kitchen equipment	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 3.4 to the Financial Statements.

The right-of-use assets are also subject to impairment as detailed in Note 3.6 to the Financial Statements.

##### 3.8.1.2 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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.8 Leases (cont'd)**

**3.8.1.2 Lease liabilities (cont'd)**

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.

**3.8.1.3 COVID-19-related rent concession**

MASB has issued COVID-19-related rent concessions - amendments to MFRS 16 Leases. The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.

If a rent concession results from a lease modification, the Company 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 Company recognises the rent concession as rental rebates in the period in which the event or condition that triggers the reduced payment occurs.

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 2022; 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.

**3.8.1.4 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 leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3.8.2 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.

**Notes to the Financial Statements**  
**31 October 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.8 Leases (cont'd)**

**3.8.2 As lessor (cont'd)**

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.

**3.9 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.

**3.10 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.

**3.11 Non-current asset held for sale**

Non-current asset held for sale comprising assets that are expected to be recovered primarily through sale rather than through continuing use.

Classification of the assets as held for sale occurs only when the assets are available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or plan will be withdrawn.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**3.12 Revenue**

**3.12.1 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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.12 Revenue (cont'd)**

**3.12.1 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 suppliers.

**(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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.12 Revenue (cont'd)**

**3.12.2 Other income**

**(a) Rental income**

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

**(b) Finance income**

Finance 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.

**3.13 Contract balances**

**3.13.1 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.

**3.13.2 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.

**3.14 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 are 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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.14 Provision (cont'd)**

**3.14.1 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.

**3.15 Employees' benefits**

**3.15.1 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.

**3.15.2 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.

**3.16 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 year's profit/loss 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.

**3.17 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 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.17 Tax expenses (cont'd)**

**3.17.1 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).

**3.17.2 Deferred tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements 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.

**3.18 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.

**3.19 Earnings per ordinary share**

The Group presents basic and diluted 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, if any.

Notes to the Financial Statements  
31 October 2022

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation		At cost					Total RM'000
	Freehold 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
<b>Valuation/cost</b>								
At 1 November 2020	14,750	47,327	12,356	19,402	79,717	4,880	63,211	21,803
Additions	-	428	19,160	2,151	194	44	1,356	134
Disposals	-	-	-	(1,243)	(709)	-	(763)	-
Written off	-	-	-	(24)	(4,580)	-	(67)	-
Revaluation	-	1,295	-	-	-	-	-	-
Reclassification	-	-	(21,452)	808	11,392	-	9,252	-
Transfer to right-of- use assets	-	-	-	-	-	-	-	(5,277)
At 31 October 2021	14,750	49,050	10,064	21,094	86,014	4,924	72,989	16,660
Additions	-	-	355	2,305	32,817	154	34,940	817
Disposals	-	-	-	(727)	(933)	(200)	(1,866)	-
Written off	-	-	-	(20)	(4,957)	-	(45)	-
Transfer from right- of-use assets	-	-	-	-	-	833	-	-
Reclassification	-	-	(9,592)	542	5,562	-	3,488	-
At 31 October 2022	14,750	49,050	827	23,194	118,503	5,711	109,506	17,477
								339,018

**Notes to the Financial Statements**  
31 October 2022

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**Group (cont'd)**

	← At valuation →	At cost							
		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	
	Freehold land RM'000								Total RM'000
Accumulated depreciation	At 1 November 2020	-	1,500	-	7,990	24,342	1,023	15,012	53,263
	Charge for the year	-	918	-	3,646	8,095	820	6,719	21,913
	Revaluation	-	(1,987)	-	-	-	-	-	(1,987)
	Disposals	-	-	-	(1,198)	(414)	-	(280)	(1,892)
	Written off	-	-	-	(25)	(1,735)	-	(34)	(1,794)
Transfer to right-of- use assets	-	-	-	-	-	-	-	(792)	(792)
At 31 October 2021	-	431	-	10,413	30,288	1,843	21,417	4,319	68,711
Charge for the year	-	995	-	3,897	10,311	982	9,380	1,780	27,345
Disposals	-	-	-	(721)	(556)	(199)	(1,826)	-	(3,302)
Written off	-	-	-	(18)	(2,268)	-	(41)	-	(2,327)
Transfer from right- of-use assets	-	-	-	-	-	681	-	-	681
At 31 October 2022	-	1,426	-	13,571	37,775	3,307	28,930	6,099	91,108
Net carrying amount									
At 31 October 2022	14,750	47,624	827	9,623	80,728	2,404	80,576	11,378	247,910
At 31 October 2021	14,750	48,619	10,064	10,681	55,726	3,081	51,572	12,341	206,834

**Notes to the Financial Statements**  
**31 October 2022**

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Included in the depreciation of property, plant and equipment amounted to RM1,779,000 (2021: RM1,716,000) 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 in previous financial years.

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.

**Level 2 Fair Value**

Level 2 fair values of land and buildings have been generally derived using the Comparison Method. Sales price of comparable properties in close proximity 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.

The Group engaged external, independent and qualified valuers to determine the fair values of the freehold land and buildings on 3 September 2021 and 4 October 2021.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "Revaluation Reserve" under the equity.

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

	<b>Level 2</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<b>Recurring</b>		
Freehold land	14,750	14,750
Buildings	47,624	48,619

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

**Notes to the Financial Statements**  
**31 October 2022**

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

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

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>2022</u> RM'000	<u>2021</u> RM'000
Freehold land	10,362	10,362
Buildings	<u>38,292</u>	<u>39,133</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 21 to the Financial Statements are as follows:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
Freehold land	11,400	11,400
Buildings	<u>45,122</u>	<u>46,064</u>

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

**As lessee**

The Group has lease contracts for premises mainly outlet premises, motor vehicles, warehouse equipment, kitchen equipment and staff accommodation 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.

**Notes to the Financial Statements**  
31 October 2022

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (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	Valuation	Cost					Total
		Leasehold land	Outlet premises	Warehouse equipment	Motor vehicles	Kitchen equipment	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Valuation/cost</b>							
At 1 November 2020	39,729	178,747	921	1,724	6,053	675	227,849
Additions	-	20,226	-	286	-	248	20,760
Transfer from property, plant and equipment	-	-	-	-	5,277	-	5,277
Revaluation	6,471	-	-	-	-	-	6,471
Terminated/expired	-	(1,400)	-	-	-	-	(1,400)
Lease modification	-	10,019	-	-	-	(116)	9,903
At 31 October 2021	46,200	207,592	921	2,010	11,330	807	268,860
Additions	-	94,003	-	-	-	2,335	96,338
Transfer to property, plant and equipment	-	-	-	(833)	-	-	(833)
Disposal	-	-	-	(302)	-	-	(302)
Terminated/expired	-	(8,027)	-	-	-	-	(8,027)
Lease modification	-	8,811	-	-	-	(3)	8,808
At 31 October 2022	46,200	302,379	921	875	11,330	3,139	364,844

**Notes to the Financial Statements**  
31 October 2022

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

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

Set out below are carrying amounts of right-of-use assets recognised and the movements during the financial year (cont'd):-

Group	Valuation		Cost					Total
	Leasehold land	Outlet premises	Warehouse equipment	Motor vehicles	Kitchen equipment	Staff accommodation		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>Accumulated depreciation</b>								
At 1 November 2020	1,066	96,310	153	912	908	216		99,565
Charge for the year	441	32,117	92	402	1,133	222		34,407
Transfer from property, plant and equipment	-	-	-	-	792	-		792
Revaluation	(1,507)	-	-	-	-	-		(1,507)
Terminated/expired	-	(1,400)	-	-	-	-		(1,400)
Lease modification	-	(3,403)	-	-	-	(52)		(3,455)
At 31 October 2021	-	123,624	245	1,314	2,833	386		128,402
Charge for the year	543	38,531	92	170	1,133	400		40,869
Transfer to property, plant and equipment	-	-	-	(681)	-	-		(681)
Disposal	-	-	-	(217)	-	-		(217)
Terminated/expired	-	(8,027)	-	-	-	-		(8,027)
Lease modification	-	(3,993)	-	-	-	-		(3,993)
At 31 October 2022	543	150,135	337	586	3,966	786		156,353
<b>Net carrying amount</b>								
At 31 October 2022	45,657	152,244	584	289	7,364	2,353		208,491
At 31 October 2021	46,200	83,968	676	696	8,497	421		140,458

Included in the depreciation of right-of-use assets amounted to RM1,470,000 (2021: RM1,248,000) 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 21 to the Financial Statements.



**Notes to the Financial Statements**  
**31 October 2022**

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

**Lease liabilities**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<u>Current</u>		
- less than 1 year	42,439	28,970
<u>Non-current</u>		
- more than 1 year but less than 5 years	95,543	33,943
- more than 5 years	20,240	24,705
	115,783	58,648
<b>Total lease liabilities</b>	<b>158,222</b>	<b>87,618</b>

The lease liabilities bear interest at rates range from 2.10% to 5.00% (2021: 2.10% to 5.00%) per annum.

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

	<u>2022</u> RM'000	<u>2021</u> RM'000
At beginning of financial year	87,618	89,484
Additions	92,746	23,760
Lease modification	16,142	7,003
Accretion of interest	5,687	4,112
Payments		
- principal	(36,565)	(26,243)
- interest	(5,687)	(4,112)
Rental rebates	(1,719)	(6,386)
At end of financial year	<b>158,222</b>	<b>87,618</b>

During the year and previous 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 2022**

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

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

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Depreciation of right-of-use assets	40,869	34,407
Interest expense on lease liabilities	5,687	4,112
Gain on modification of leases	(154)	(316)
Expense relating to short-term leases	5,813	5,162
Variable lease payments	4,225	382
Rental rebates	(1,719)	(6,386)

**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>	<u>Variable payments</u>	<u>Total payments</u>	<u>Estimated annual impact on rent of a 1% increase in sales</u>
	RM'000	RM'000	RM'000	RM'000
<u>2022</u>				
Leases with lease payments based on sales	12,547	4,225	16,772	168
<u>2021</u>				
Leases with lease payments based on sales	13,061	382	13,443	134

**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>	<u>More than 2 years</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<u>2022</u>			
Extension options not reasonably certain to be exercised	25,776	76,530	102,306
<u>2021</u>			
Extension options not reasonably certain to be exercised	1,963	63,889	65,852

**Notes to the Financial Statements**  
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**6. INTANGIBLE ASSET**

<b>Group</b>	<u>Licensing fee</u> RM'000
<b>Cost</b>	
Balance at 1 November 2020	-
Addition	4,156
Balance at 31 October 2021/31 October 2022	4,156
<b>Accumulated amortisation</b>	
Balance at 1 November 2020	-
Charge for the year	242
Balance at 31 October 2021	242
Charge for the year	416
Balance at 31 October 2022	658
<b>Net carrying amount</b>	
At 31 October 2022	3,498
At 31 October 2021	3,914

Intangible asset relates to 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, to operate CU brand in Malaysia.

**7. INVESTMENT PROPERTIES**

<b>Group</b>	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Leasehold buildings</u> RM'000	<u>Total</u> RM'000
<b>At fair value:</b>				
At 1 November 2020/31 October 2021	7,000	540	4,570	12,110
Fair value gain	678	-	-	678
Transfer to non-current asset held for sale (Note 16)	(7,678)	-	-	(7,678)
At 31 October 2022	-	540	4,570	5,110

The carrying amounts of investment properties pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 21 to the Financial Statements are as follow:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
Leasehold buildings	3,200	3,200

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.

**Notes to the Financial Statements**  
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**7. INVESTMENT PROPERTIES (CONT'D)**

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>2022</u> RM'000	<u>2021</u> RM'000
Rental income	<u>170</u>	<u>114</u>
Direct operating expenses:		
Quit rent and assessment		
- income generating quit rent and assessment	(10)	(9)
- non-income generating quit rent and assessment	<u>(15)</u>	<u>(8)</u>

**8. SUBSIDIARIES**

(i) **Investment in subsidiaries**

	<u>2022</u> RM'000	<u>2021</u> RM'000
Unquoted shares, at cost	216,009	216,009
Less: Accumulated impairment losses	<u>(1,112)</u>	<u>(1,112)</u>
	<u>214,897</u>	<u>214,897</u>

Impairment made was due to there were cessation of the operation of subsidiaries since previous financial year.

**Notes to the Financial Statements**  
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**8. SUBSIDIARIES (CONT'D)**

**(i) Investment in subsidiaries (cont'd)**

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

Name of companies	Principal place of business	Effective equity interest		Principal activities
		2022	2021	
		%	%	
Mynews Retail Sdn. Bhd.	Malaysia	100	100	Retailer and convenience store business.
Mycu Retail Sdn. Bhd.	Malaysia	100	100	Retailer and convenience store business.
Bison Foods Sdn. Bhd.	Malaysia	100	100	Dormant.
Mynews Kukuh Sdn. Bhd.	Malaysia	100	100	Dormant.
Mynews Food Sdn. Bhd.	Malaysia	100	100	Investment holding.
<u>Subsidiaries of Mynews Retail Sdn. Bhd.</u>				
DKE Technology Sdn. Bhd.	Malaysia	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.	Malaysia	100	100	Provision of management services.
<u>Subsidiaries of Mynews Food Sdn. Bhd.</u>				
Mynews Kineya Sdn. Bhd.	Malaysia	51	51	Production, manufacturing and sale of prepared and ready-to-eat meals.
Mynews Ryoyupan Sdn. Bhd.	Malaysia	51	51	Production, manufacturing and sale of bakery products.

**Notes to the Financial Statements**  
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**8. SUBSIDIARIES (CONT'D)**

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

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

	Mynews Kineya Sdn. Bhd.	Mynews Ryoyupan Sdn. Bhd.	Total
<b>2022</b>			
<b>Percentage of equity interest and voting interest (%)</b>	49%	49%	
Carrying amount of non-controlling interests (RM'000)	2,483	265	2,748
Loss allocated to non-controlling interests (RM'000)	1,603	2,378	3,981
<b>2021</b>			
<b>Percentage of equity interest and voting interest (%)</b>	49%	49%	
Carrying amount of non-controlling interests (RM'000)	4,085	2,644	6,729
Loss allocated to non-controlling interests (RM'000)	3,771	2,991	6,762

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 2022</b>		
Non-current assets	25,471	22,207
Current assets	9,898	2,357
Non-current liabilities	(19,043)	(16,237)
Current liabilities	(11,259)	(7,785)
Net assets	5,067	542
<b>Summary of financial performance for the financial year ended 31 October 2022</b>		
Net loss/total comprehensive loss for the financial year	(3,271)	(4,853)
Included in the total comprehensive loss is:		
Revenue	32,677	10,572
<b>Summary of cash flows for the financial year ended 31 October 2022</b>		
Net cash (outflows)/inflows from operating activities	(3,205)	205
Net cash (outflows)/inflows from investing activities	(823)	163
Net cash inflows/(outflows) from financing activities	4,601	(1,756)
Net cash inflows/(outflows)	573	(1,388)

**Notes to the Financial Statements**  
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**8. SUBSIDIARIES (CONT'D)**

**(ii) Non-controlling interests in subsidiaries (cont'd)**

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

	Mynews Kineya <u>Sdn. Bhd.</u> RM'000	Mynews Ryoyupan <u>Sdn. Bhd.</u> RM'000
<b>Financial position as at 31 October 2021</b>		
Non-current assets	29,347	24,714
Current assets	3,168	3,491
Non-current liabilities	(18,740)	(19,351)
Current liabilities	(5,437)	(3,459)
Net assets	<u>8,338</u>	<u>5,395</u>
<b>Summary of financial performance for the financial year ended 31 October 2021</b>		
Net loss/total comprehensive loss for the financial year	<u>(7,695)</u>	<u>(6,105)</u>
Included in the total comprehensive loss is:-		
Revenue	<u>8,980</u>	<u>5,794</u>
<b>Summary of cash flows for the financial year ended 31 October 2021</b>		
Net cash outflows from operating activities	(9,717)	(5,882)
Net cash inflows from investing activities	9,123	3,682
Net cash inflows from financing activities	545	3,650
Net cash (outflows)/inflows	<u>(49)</u>	<u>1,450</u>

**9. JOINTLY CONTROLLED ENTITY**

**(i) Investment in jointly controlled entity**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Unquoted shares, at cost	500	500
Share of results of jointly controlled entity	<u>6,372</u>	<u>5,539</u>
	<u>6,872</u>	<u>6,039</u>

**Notes to the Financial Statements**  
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**9. JOINTLY CONTROLLED ENTITY (CONT'D)**

**(i) Investment in jointly controlled entity (cont'd)**

Details of the jointly controlled entity which the principal place of business are located in Malaysia are as follows:-

Name of company	Effective equity interest		Principal activity
	<u>2022</u> %	<u>2021</u> %	
WH Smith Malaysia Sdn. Bhd. * <sup>^</sup>	50	50	Retailer and convenience store business.

\* not audited by Grant Thornton Malaysia PLT

<sup>^</sup> The latest audited financial statements for this jointly controlled entity is for the financial year ended 31 August 2022. 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 2022.

The following table summarises the information of the Group's jointly controlled entity:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Financial position as at 31 October</b>		
Non-current assets	973	1,703
Current assets	14,676	12,431
Current liabilities	(1,905)	(2,056)
Cash and cash equivalents	<u>7,385</u>	<u>2,708</u>
<b>Summary of financial performance for the financial year ended 31 October</b>		
Net profit/(loss)/total comprehensive income/(loss) for the financial year	<u>1,667</u>	<u>(1,487)</u>
Included in net profit/(loss)/total comprehensive income/(loss):		
Revenue	14,398	2,024
Depreciation and amortisation	(653)	(819)
Finance income	10	45
Tax expense	<u>(6)</u>	<u>(50)</u>



**Notes to the Financial Statements**  
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**9. 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>2022</u> RM'000	<u>2021</u> RM'000
<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>6,872</u>	<u>6,039</u>
<b>Group's share of results for the financial year ended 31 October</b>		
Group's share of net profit/(loss)/total comprehensive income/(loss)	<u>833</u>	<u>(744)</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 receivable on demand.

**10. DEFERRED TAX ASSETS**

<b>Group</b>	At 1 November <u>2021</u> RM'000	Recognised in <u>profit or loss</u> RM'000	At 31 October <u>2022</u> RM'000
Property, plant and equipment	(887)	627	(260)
Right-of-use assets	(5,409)	471	(4,938)
Lease liabilities	5,322	(1,425)	3,897
Unabsorbed business losses	419	(30)	389
Unutilised capital allowances	<u>1,392</u>	<u>357</u>	<u>1,749</u>
	<u>837</u>	<u>-</u>	<u>837</u>

**Notes to the Financial Statements**  
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**10. DEFERRED TAX ASSETS (CONT'D)**

<b>Group</b>	At 1 November <u>2020</u> RM'000	Recognised in <u>profit or loss</u> RM'000	At 31 October <u>2021</u> RM'000
Property, plant and equipment	(530)	(357)	(887)
Right-of-use assets	(4,861)	(548)	(5,409)
Lease liabilities	4,881	441	5,322
Unabsorbed business losses	928	(509)	419
Unutilised capital allowances	419	973	1,392
	<u>837</u>	<u>-</u>	<u>837</u>

**11. FIXED DEPOSITS WITH LICENSED BANKS**

**Group**

Fixed deposits with licensed banks earned interest at rates range from 1.25% to 2.10% (2021: 1.25% to 3.10%) per annum. RM168,000 (2021: RM165,000) 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**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Raw materials	2,247	795
Packing materials	563	379
Trading goods	<u>78,237</u>	<u>57,604</u>
	<u>81,047</u>	<u>58,778</u>
<b>Recognised in profit or loss:</b>		
- Cost of sales	386,037	257,990
- Inventories written off and wastages	<u>20,944</u>	<u>9,882</u>

**13. TRADE RECEIVABLES**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Trade receivables	4,116	1,575
Less: Expected credit losses		
At beginning/end of financial year	<u>(182)</u>	<u>(182)</u>
	<u>3,934</u>	<u>1,393</u>

Trade receivables are generally on 30 to 90 (2021: 30 to 90) days term and are non-interest bearing.

**Notes to the Financial Statements**  
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**14. OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	2,854	2,282	-	-
Deposits	22,145	22,127	2	2
Prepayments	6,629	11,507	9	9
	<u>31,628</u>	<u>35,916</u>	<u>11</u>	<u>11</u>

In prior year, included in deposits of the Group was an amount of RM641,000 placed as indication of interest to purchase of a piece of land upon fulfilment of various pre-sale terms by the vendor.

**15. OTHER INVESTMENTS**

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<b>Financial asset at fair value through profit or loss</b>		
<u>Current</u>		
Unit trust funds	<u>-</u>	<u>176</u>

**Movement in unit trust funds:**

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At beginning of financial year	176	4,913
Dividend income	1	32
Redemption during the financial year	<u>(177)</u>	<u>(4,769)</u>
At end of financial year	<u>-</u>	<u>176</u>

**16. NON-CURRENT ASSET HELD FOR SALE**

On 15 November 2022, the Group has entered into a sales and purchase agreement ("SPA") with a third party, to dispose a parcel of freehold industrial land held known as Lot 1289 (No. 66) Rawang Intergrated Industrial Park, 48000 Rawang, Selangor with measuring approximately 5,574 square metres for a sale consideration of RM8,100,000. This transaction is yet to be completed as of the date of authorisation of financial statements.

**Notes to the Financial Statements**  
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**16. NON-CURRENT ASSET HELD FOR SALE (CONT'D)**

The non-current asset classified as held for sale of the Group's statement of financial position as at 31 October 2022 is as follows:-

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Investment property (Note 7)	<u>7,678</u>	<u>-</u>

The carrying value of investment property is the same as its carrying value before it was being reclassified to non-current asset held for sale.

**17. SHARE CAPITAL**

	<b>Group and Company</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Issued and fully paid: -</b>		
682,154,000 ordinary shares with no par value	<u>201,581</u>	<u>201,581</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

**18. REVALUATION RESERVE**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
At beginning of financial year	17,950	9,392
Revaluation surplus, net of tax	<u>-</u>	<u>8,558</u>
At end of financial year	<u>17,950</u>	<u>17,950</u>

**19. 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.

**Notes to the Financial Statements**  
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20. **OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Non-current</b>				
Provision of restoration costs	8,440	7,560	-	-
Loan from a corporate shareholder of a subsidiary	2,951	-	-	-
	<u>11,391</u>	<u>7,560</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
Non-trade payables	41,188	12,899	-	-
Accruals	21,184	36,578	276	278
Provision of restoration costs	756	1,538	-	-
	<u>63,128</u>	<u>51,015</u>	<u>276</u>	<u>278</u>

Loan from a corporate shareholder of a subsidiary amounting to RM2,951,000, the amount is unsecured, interest at rates ranging from 4.07% to 4.82% (2021: Nil) per annum and is repayable by annual instalment of 2 years commencing once the subsidiary has met its condition on generating income.

The movement of the provision of restoration cost is as follow:-

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
At beginning of financial year	9,098	2,440
Provision made during the financial year	3,810	6,963
Reversal of provision	<u>(3,712)</u>	<u>(305)</u>
At end of financial year	<u>9,196</u>	<u>9,098</u>
<b>Analysed as:</b>		
- Non-current	8,440	7,560
- Current	<u>756</u>	<u>1,538</u>
	<u>9,196</u>	<u>9,098</u>

The Group has obligation to restore the rented premises after expiry/termination of the lease contracts.

**Notes to the Financial Statements**  
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**21. BANK BORROWINGS**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Secured</b>		
<u>Non-current</u>		
- Revolving credits	25,431	20,766
- Term loans	22,639	24,799
	<u>48,070</u>	<u>45,565</u>
<u>Current</u>		
- Revolving credits	22,840	13,454
- Term loans	2,172	2,158
- Supplier financing	10,361	9,808
- Banker acceptance	7,059	-
	<u>42,432</u>	<u>25,420</u>
<b>Total bank borrowings</b>	<u><u>90,502</u></u>	<u><u>70,985</u></u>

The term loans, revolving credits, banker acceptance and supplier financing of the Group are secured by:

- (a) Legal charge over the Group's land and buildings as disclosed in Notes 4, 5 and 7 to the Financial Statements; and
- (b) Corporate guarantee by the Company.

The banker acceptance, term loans and revolving credits bear interest at rates range from 3.40% to 4.82% (2021: 3.30% to 5.06%) per annum.

**22. DEFERRED TAX LIABILITIES**

<b>Group</b>	<u>At</u> <u>1 November</u> <u>2021</u> RM'000	<u>Recognised in</u> <u>profit or loss</u> RM'000	<u>At</u> <u>31 October</u> <u>2022</u> RM'000
Property, plant and equipment	9,709	807	10,516
Right-of-use assets	17,472	2,897	20,369
Lease liabilities	(18,927)	(2,964)	(21,891)
Unabsorbed business losses	(6,043)	2,274	(3,769)
Unutilised capital allowances	(1,503)	(1,388)	(2,891)
Revaluation reserves	4,607	-	4,607
Others	(198)	357	159
	<u>5,117</u>	<u>1,983</u>	<u>7,100</u>

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**22. DEFERRED TAX LIABILITIES (CONT'D)**

<b>Group</b>	At 1 November <u>2020</u> RM'000	Recognised in other comprehensive <u>income</u> RM'000	Recognised in <u>profit or loss</u> RM'000	At 31 October <u>2021</u> RM'000
Property, plant and equipment	7,822	-	1,887	9,709
Right-of-use assets	18,368	-	(896)	17,472
Lease liabilities	(19,472)	-	545	(18,927)
Unabsorbed business losses	-	-	(6,043)	(6,043)
Unutilised capital allowances	(1,212)	-	(291)	(1,503)
Revaluation reserves	1,905	2,702	-	4,607
Others	(645)	-	447	(198)
	<u>6,766</u>	<u>2,702</u>	<u>(4,351)</u>	<u>5,117</u>

**23. TRADE PAYABLES**

**Group**

The normal trade credit terms of trade payables range from 30 to 90 (2021: 30 to 90) days and are non-interest bearing.

**24. REVENUE**

**24.1 Revenue**

	<b>Group</b>		<b>Company</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Types of revenue</b>				
Sales of merchandise goods	575,275	341,617	-	-
Provision of in-store services	2,978	2,556	-	-
Other services income	14,589	8,122	-	-
Promotional income	38,491	42,073	-	-
Dividend income	-	-	600	770
Trading currencies	-	1	-	-
	<u>631,333</u>	<u>394,369</u>	<u>600</u>	<u>770</u>
<b>Timing of recognition</b>				
Satisfied overtime	38,491	42,073	-	-
Satisfied at a point in time	<u>592,842</u>	<u>352,296</u>	<u>600</u>	<u>770</u>
	<u>631,333</u>	<u>394,369</u>	<u>600</u>	<u>770</u>

All the revenue of the Group and of the Company are generated in Malaysia.

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**24. REVENUE (CONT'D)**

**24.2 Contract assets**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<u>Current</u>		
Promotional income	11,756	12,990

**24.3 Contract liabilities**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<u>Current</u>		
Loyalty points programme	1,844	1,525

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.

**25. OTHER INCOME/EXPENSES**

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Other income</b>		
Dividend income	1	32
Gain on modification of leases	154	316
Gain on realised foreign exchange	-	3
Gain on disposal of right-of-use assets	70	-
Rental income	614	592
Wages subsidy	-	2,797
Hiring incentive	1,140	-
Other income	96	532
	<u>2,075</u>	<u>4,272</u>

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Other expenses</b>		
Amortisation of intangible asset	416	242
Bad debts written off	-	1
Depreciation of property, plant and equipment	25,566	20,197
Depreciation of right-of-use assets	39,399	33,159
Loss on disposal of property, plant and equipment	364	285
Loss on realised foreign exchange	44	1
Property, plant and equipment written off	2,695	2,877
	<u>68,484</u>	<u>56,762</u>



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**26. (LOSS)/PROFIT BEFORE TAX**

(Loss)/profit before tax has been determined after charging, amongst others, the following items:-

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit	205	185	43	38
- non-statutory audit	<u>62</u>	<u>45</u>	<u>20</u>	<u>7</u>

**27. TAX EXPENSE/(INCOME)**

Income tax expense/(income) recognised in profit or loss:-

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Current tax				
- current year	565	1,096	-	-
- (over)/underprovision in prior years	<u>(2)</u>	<u>(208)</u>	<u>*</u>	<u>1</u>
	563	888	-	1
Deferred tax				
- current year	3,042	(4,003)	-	-
- overprovision in prior years	<u>(1,059)</u>	<u>(348)</u>	<u>-</u>	<u>-</u>
	<u>1,983</u>	<u>(4,351)</u>	<u>-</u>	<u>-</u>
	<u>2,546</u>	<u>(3,463)</u>	<u>-</u>	<u>1</u>

\* *Immaterial amount*

Income tax expense recognised in other comprehensive income:-

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Deferred tax related to surplus on revaluation of land and buildings	<u>-</u>	<u>2,702</u>

Malaysian income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

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**27. TAX EXPENSE/(INCOME) (CONT'D)**

A reconciliation of tax expense/(income) 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:-

	<b>Group</b>		<b>Company</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
(Loss)/profit before tax	<u>(21,053)</u>	<u>(53,434)</u>	<u>2</u>	<u>(773)</u>
Income tax at rate of 24% (2021: 24%)	(5,053)	(12,824)	1	(186)
Non-allowable expenses	4,137	6,517	143	371
Income not subject to tax	(314)	(245)	(144)	(185)
(Over)/underprovision in prior years	(1,061)	(556)	-	1
Deferred tax assets not recognised	<u>4,837</u>	<u>3,645</u>	<u>-</u>	<u>-</u>
	<u>2,546</u>	<u>(3,463)</u>	<u>-</u>	<u>1</u>

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

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Unabsorbed business losses	37,837	25,303
Unutilised capital allowances	<u>17,269</u>	<u>9,649</u>
	<u>55,106</u>	<u>34,952</u>

The potential deferred tax assets of the Group have not been recognised in respect of those items as it is not probable that whether sufficient taxable profits will be available in which the Group can utilise those benefits in near future.

The unabsorbed business losses of the Group can be carried forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed business losses will be disregarded. As such, the expiry of the unrecognised unabsorbed business losses is as follows:-

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Carried forward up to year of assessment 2028	214	248
Carried forward up to year of assessment 2029	4,788	4,788
Carried forward up to year of assessment 2030	7,477	7,477
Carried forward up to year of assessment 2031	12,570	12,790
Carried forward up to year of assessment 2032	<u>12,788</u>	<u>-</u>
	<u>37,837</u>	<u>25,303</u>

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**28. EARNINGS PER SHARE**

Basic/diluted loss per share

Basic/diluted loss per share is calculated by dividing net loss 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.

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
Net loss for the financial year attributable to ordinary equity holders of the Company (RM'000)	<u>(19,618)</u>	<u>(43,209)</u>
Weighted average number of ordinary shares in issue (Number in '000)	<u>682,154</u>	<u>682,154</u>
Basic/diluted loss per share (sen)	<u>(2.88)</u>	<u>(6.33)</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.

**29. EMPLOYEE BENEFITS EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	76,915	53,236	-	-
Directors' remuneration	2,546	2,182	266	268
Defined contribution plan	6,484	4,832	-	-
Social security contribution	<u>1,327</u>	<u>699</u>	<u>-</u>	<u>-</u>
	<u>87,272</u>	<u>60,949</u>	<u>266</u>	<u>268</u>

The details of the Directors' remuneration are as below:-

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	1,987	1,684	37	33
Defined contribution plan	328	261	-	-
Social security contribution	2	2	-	-
Fees	<u>229</u>	<u>235</u>	<u>229</u>	<u>235</u>
	<u>2,546</u>	<u>2,182</u>	<u>266</u>	<u>268</u>

**Notes to the Financial Statements**  
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**30. RELATED PARTY DISCLOSURES**

**30.1 Related party transactions**

Related party transactions have been entered into, in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company other than those disclosed elsewhere in the financial statements, are as follows:-

	<b>Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Jointly controlled entity</b>		
- Administration fee charged to	12	26
- Management fees charged to	284	40
- Warehouse and storage fee charged to	432	432
<b>Persons or entities that are related to certain Directors of the Company</b>		
- Advertising and promotion fee charged to	238	312
- Purchases of raw materials from	915	550
- Medical fee charged by	-	5
<b>Non-controlling interests</b>		
- Purchases of raw materials from	3,916	2,632
- Purchases of property, plant and equipment	-	12
- Upkeep expenses charged by	106	69
- Royalty fee charged by	106	58
- Intellectual property right charged by	19	10
- Technical support charged by	274	273
- Rental income received from	12	12
- Interest charged by	40	-
- Staff secondment by	250	238
- Sales to	-	15
	<hr/>	<hr/>
	<b>Company</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Dividend income from a subsidiary	600	770
Purchases of fresh food from a subsidiary	<hr/> 1	<hr/> 1

**Notes to the Financial Statements**  
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**30. RELATED PARTY DISCLOSURES (CONT'D)**

**30.2 Compensation of key management personnel**

The remuneration of the Directors and other members of key management personnel during the financial year are as follows:-

	<b>Group</b>		<b>Company</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	5,788	4,589	37	33
Defined contribution plan	752	604	-	-
Social security contributions	16	11	-	-
Fees	229	235	229	235
	<u>6,785</u>	<u>5,439</u>	<u>266</u>	<u>268</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 29 to the Financial Statements.

**30.3 Outstanding balances arising from related parties**

The outstanding balances arising from related parties as at the reporting date are disclosed in Notes 9 and 20 to the Financial Statements.

**31. CAPITAL COMMITMENT**

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<u>Authorised and contracted for:-</u>		
- Property, plant and equipment	<u>11,560</u>	<u>37,229</u>

**32. 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.

**Notes to the Financial Statements**  
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**32. OPERATING SEGMENT (CONT'D)**

**Business segment (cont'd)**

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.

<u>2022</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		630,945	388	-	631,333
Inter segment revenue		-	42,861	(42,861)	-
<b>Total revenue</b>		<b>630,945</b>	<b>43,249</b>	<b>(42,861)</b>	<b>631,333</b>
Depreciation of property, plant and equipment		25,431	1,914	-	27,345
Depreciation of right-of-use assets		39,397	4,679	(3,207)	40,869
Finance income		(184)	(20)	-	(204)
Finance costs		8,381	2,070	(1,633)	8,818
Share of profit of jointly control entity		(833)	-	-	(833)
Tax expenses		2,546	-	-	2,546
Other material non-cash items	(i)	22,040	142	-	22,182
<b>Net loss for the financial year</b>	(ii)	<b>(12,879)</b>	<b>(8,367)</b>	<b>(2,353)</b>	<b>(23,599)</b>
<b>Segment assets</b>	(iii)	<b>629,241</b>	<b>60,625</b>	<b>(62,139)</b>	<b>627,727</b>
<b>Segment liabilities</b>	(iv)	<b>393,115</b>	<b>55,015</b>	<b>(42,733)</b>	<b>405,397</b>
<b>Additions to non-current assets:-</b>					
- Property, plant and equipment		70,532	856	-	71,388
- Right-of-use assets		94,250	2,088	-	96,338

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32. **OPERATING SEGMENT (CONT'D)**

**Business segment (cont'd)**

<u>2021</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		394,331	38	-	394,369
Inter segment revenue		-	19,785	(19,785)	-
Total revenue		394,331	19,823	(19,785)	394,369
Depreciation of property, plant and equipment		20,067	1,846	-	21,913
Depreciation of right- of-use assets		33,052	4,714	(3,359)	34,407
Finance income		(160)	(22)	3	(179)
Finance costs		6,043	2,205	(1,872)	6,376
Share of loss of jointly control entity		744	-	-	744
Tax income		(3,449)	(14)	-	(3,463)
Other material non- cash items	(i)	6,241	59	-	6,300
Net loss for the financial year	(ii)	(37,633)	(13,800)	1,462	(49,971)
Segment assets	(iii)	500,531	60,415	(59,580)	501,366
Segment liabilities	(iv)	247,929	46,683	(39,175)	255,437
Additions to non-current assets:-					
- Property, plant and equipment		23,308	159	-	23,467
- Right-of-use assets		20,513	247	-	20,760
- Intangible asset		4,156	-	-	4,156

**Notes to the Financial Statements**  
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**32. 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:-

- (i) Other material non-cash expenses/(income) comprise the following items:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
Bad debts written off	-	1
Amortisation of intangible asset	416	242
Inventories written off and wastages	20,944	9,882
Gain on modification of leases	(154)	(316)
Rental rebates	(1,719)	(6,386)
Property, plant and equipment written off	2,695	2,877
	<u>22,182</u>	<u>6,300</u>

- (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>2022</u> RM'000	<u>2021</u> RM'000
Revenue	(49,943)	(19,785)
Other income	(8,212)	(4,477)
Administrative expenses	786	709
Selling and distribution expenses	7,082	5,049
Cost of sales	46,301	18,094
Finance costs	1,633	1,872
	<u>(2,353)</u>	<u>1,462</u>

- (iii) The following items are deducted from segment operating assets to arrive at total assets reported in consolidated statement of financial position:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
Right-of-use assets	25,485	31,424
Investments in subsidiaries	24,225	24,225
Amount due from subsidiaries/related companies	11,378	2,880
Deferred tax assets	91	91
Other receivables	960	960
	<u>62,139</u>	<u>59,580</u>



**Notes to the Financial Statements**  
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**32. 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):-

- (iv) The following items are deducted from segment operating liabilities to arrive at total liabilities reported in consolidated statement of financial position:-

	<u>2022</u> RM'000	<u>2021</u> RM'000
Provision of restoration costs	350	350
Lease liabilities	30,045	34,985
Amount due to subsidiaries/related companies	11,378	2,880
Other payables	960	960
	<u>42,733</u>	<u>39,175</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.

**33. FINANCIAL INSTRUMENTS**

**33.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Fair value through profit or loss ("FVTPL"); and  
(ii) Amortised cost ("AC").

	<u>Carrying amount</u> RM'000	<u>FVTPL</u> RM'000	<u>AC</u> RM'000
<b>2022</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	3,934	-	3,934
Other receivables	24,999	-	24,999
Amount due from jointly controlled entity	80	-	80
Fixed deposits with licensed banks	936	-	936
Cash and bank balances	11,737	-	11,737
	<u>41,686</u>	<u>-</u>	<u>41,686</u>
<b>Financial liabilities</b>			
Trade payables	73,210	-	73,210
Other payables	65,323	-	65,323
Bank borrowings	90,502	-	90,502
	<u>229,035</u>	<u>-</u>	<u>229,035</u>

**Notes to the Financial Statements**  
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**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.1 Categories of financial instruments (cont'd)**

	Carrying amount RM'000	FVTPL RM'000	AC RM'000
<b>2022</b>			
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	2	-	2
Cash and bank balances	38	-	38
	<u>40</u>	<u>-</u>	<u>40</u>
<b>Financial liability</b>			
Other payables	<u>276</u>	<u>-</u>	<u>276</u>
<b>2021</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	1,393	-	1,393
Other receivables	24,409	-	24,409
Amount due from jointly controlled entity	38	-	38
Other investments	176	176	-
Fixed deposits with licensed banks	902	-	902
Cash and bank balances	15,336	-	15,336
	<u>42,254</u>	<u>176</u>	<u>42,078</u>
<b>Financial liabilities</b>			
Trade payables	31,617	-	31,617
Other payables	49,477	-	49,477
Bank borrowings	70,985	-	70,985
	<u>152,079</u>	<u>-</u>	<u>152,079</u>
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	2	-	2
Cash and bank balances	38	-	38
	<u>40</u>	<u>-</u>	<u>40</u>
<b>Financial liability</b>			
Other payables	<u>278</u>	<u>-</u>	<u>278</u>

**Notes to the Financial Statements**  
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**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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 financial 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 83% (2021: 63%) of trade receivables are owing by four (2021: three) customers.

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**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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 amount RM'000	Loss allowance RM'000	Net balances RM'000
<b>2022</b>			
Not past due	325	-	325
Past due 1 to 30 days	3,284	-	3,284
Past due 31 to 60 days	18	-	18
Past due 61 to 90 days	165	-	165
Past due more than 90 days	142	-	142
	3,934	-	3,934
<b>Credit impaired at the reporting date:</b>			
Individually impaired	182	(182)	-
	4,116	(182)	3,934
Contract assets	11,756	-	11,756

**Notes to the Financial Statements**  
31 October 2022

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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)**

Set below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix (cont'd):-

	Gross carrying amount RM'000	Loss allowance RM'000	Net balances RM'000
<b>2021</b>			
Not past due	754	-	754
Past due 1 to 30 days	262	-	262
Past due 31 to 60 days	134	-	134
Past due 61 to 90 days	144	-	144
Past due more than 90 days	99	-	99
	1,393	-	1,393
<b>Credit impaired at the reporting date:</b>			
Individually impaired	182	(182)	-
	1,575	(182)	1,393
Contract assets	12,990	-	12,990

**(ii) Other receivables**

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

**(iii) Intercompany balances**

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group had trade transaction with the jointly controlled entity and monitor the results regularly.

As at the reporting date, there was no indication that the amount due from jointly controlled entity is not recoverable.

**Notes to the Financial Statements**  
**31 October 2022**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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. 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 reporting date, there was no indication that any subsidiaries would default on repayment on borrowing, finance lease liabilities or rental payments.

The maximum exposure to credit risk is RM97,634,000 (2021: RM78,684,000), 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 2022

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **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>2022</b>						
<b>Unsecured:</b>						
Trade payables	73,210	73,210	73,210	-	-	-
Other payables	65,323	65,323	62,372	2,951	-	-
Lease liabilities	158,222	178,182	49,215	33,144	74,455	21,368
<b>Secured:</b>						
Bank borrowings	90,502	98,841	44,467	14,389	24,499	15,486
	<u>387,257</u>	<u>415,556</u>	<u>229,264</u>	<u>50,484</u>	<u>98,954</u>	<u>36,854</u>
<b>2021</b>						
<b>Unsecured:</b>						
Trade payables	31,617	31,617	31,617	-	-	-
Other payables	49,477	49,477	49,477	-	-	-
Lease liabilities	87,618	104,332	33,355	9,223	34,910	26,844
<b>Secured:</b>						
Bank borrowings	70,985	79,402	27,237	12,070	25,567	14,528
	<u>239,697</u>	<u>264,828</u>	<u>141,686</u>	<u>21,293</u>	<u>60,477</u>	<u>41,372</u>
<b>Company</b>						
<b>2022</b>						
<b>Unsecured:</b>						
Other payables	276	276	276	-	-	-
Financial guarantee for subsidiaries	-	97,634	97,634	-	-	-
<b>2021</b>						
<b>Unsecured:</b>						
Other payables	278	278	278	-	-	-
Financial guarantee for subsidiaries	-	78,684	78,684	-	-	-

**Notes to the Financial Statements**  
31 October 2022

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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:-

<b>Group</b>	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Fixed deposits with licensed banks	<u>936</u>	<u>902</u>
<u>Financial liability</u>		
Lease liabilities	<u>158,222</u>	<u>87,618</u>
<b>Floating rate instruments</b>		
<u>Financial liability</u>		
Bank borrowings (exclude supplier financing)	<u>80,141</u>	<u>61,177</u>

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/equity for the financial year by the amount shown below. This analysis assumes that other variables remain constant.

	<b>(Decrease)/increase</b>			
	<u>Equity</u>		<u>Net loss for the financial year</u>	
	RM'000 +0.5%	RM'000 -0.5%	RM'000 +0.5%	RM'000 -0.5%
2022	(401)	401	401	(401)
2021	(306)	306	306	(306)



**Notes to the Financial Statements**  
**31 October 2022**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 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'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 investments in quoted equity securities and the unit trust investments.

Management of the Group and of the Company monitor 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 financial assets that subject to market risk are as follows:-

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Unit trust funds	-	176

*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/equity for the financial year by the amount shown below. This analysis assumes that other variables, remain constant.

	<b>Increase/(Decrease)</b>			
	<u>Equity</u>		<u>Net loss for the financial year</u>	
	RM'000	RM'000	RM'000	RM'000
	+0.5%	-0.5%	+0.5%	-0.5%
2022	-	-	-	-
2021	1	(1)	(1)	1

**33.3 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 2022**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.3 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.

	<b>Fair value of financial instruments carried at fair value</b>	
	<b>Level 1 Group</b>	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Unit trust funds	-	176

There were no transfers between Level 1 and Level 2 during the financial year (2021: 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.

**34. 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 2022**

**35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE**

**(a) Covid-19 Implication**

The Group had been significantly impacted by the Covid-19 pandemic even though the retail convenience business was allowed to operate throughout the various forms of Movement Control Order (“MCO”). The Group has implemented several measures to weather this challenging time. Besides the operational issues, the financial performance of the Group 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 Group has been granted some rental rebates amounting to RM1,719,000 (2021: RM6,386,000) by some of the landlords.

Malaysia transitioned to an endemic phase of Covid-19 on 1 April 2022 to return almost to normal life after a two-year battle with the virus. Almost all of the pandemic related restrictions such as shorter business operating hours were removed and physical distancing was no longer necessary.

**(b) Litigation due to the dispute on the term and condition on the tenancy agreement**

- On 6 October 2022, the Group announced that its wholly owned subsidiary, Mynews Retail Sdn. Bhd. (“Mynews Retail” or “Tenant”) had on 5 October 2022 received a Winding-Up Petition presented on 28 September 2022, with hearing date scheduled on 8 February 2023 in the Shah Alam High Court (“the Case”) by Kumpulan Hamzah Kwong Hing Realty Sdn. Bhd. (“the Petitioner” or “Landlord”) via its solicitors.
- On 18 October 2022, the Group announced that its wholly owned subsidiary, Mynews Retail Sdn. Bhd. (“Mynews Retail” or “Tenant”), the winding up petition was heard by the Judge Dato’ Azmi bin Ariffin in the Shah Alam High Court on 18 October 2022. The Petitioner informed the Court that they intend to withdraw their winding up petition as the indebted amount had been paid. The Tenant’s solicitors, Messrs Tay & Partners, informed the Court that the alleged indebted amount was paid under protest.

Upon hearing the parties, the Court ordered that the winding up petition to be withdrawn with no order as to costs.

## List of Properties

No.	Location / Postal address	Description / Age of building	Existing use	Land / Built-up area	Tenure / Date of expiry of lease	NBV as at 31 October 2022 (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 18 years	Warehouse	Land area: 108,715 sq. ft. (equivalent to 10,100 sq. m.)  Built-up area 125,270 (equivalent to 11,638 sq. m.)	Freehold/ Perpetuity  Revaluation date: 4 October 2021	21,501
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 8 years	Tenanted	Land area: 2,433 sq. ft. (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: 4 October 2021	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 6 years	Tenanted	Built-up area: 486 sq. ft. (equivalent to 45 sq. m.)	Freehold/ Perpetuity  Purchase date: 18 October 2011  Revaluation date: 4 October 2021	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 6 years	Tenanted	Built-up area: 486 sq. ft. (equivalent to 45 sq. m.)	Freehold / Perpetuity  Purchase date: 18 October 2011  Revaluation date: 4 October 2021	270

## List of Properties

No.	Location / Postal address	Description / Age of building	Existing use	Land / Built-up area	Tenure / Date of expiry of lease	NBV as at 31 October 2022 (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 Age of building 16 years	Vacant	Land area: 59,998 sq. ft. (equivalent to 5,574 sq. m.)	Freehold / Perpetuity  Purchase date: 22 July 2016  Revaluation date: 4 October 2021	7,678
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 16 years	Vacant	Built-up area: 2,175 sq. ft. (equivalent to 202 sq. m.)	99 years, expires on 28 May 2105  Purchase date: 25 July 2016  Revaluation date: 4 October 2021	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 6 years	Warehouse	Land area: 0.25 hectare (equivalent to 2,500 sq. m.)  Built-up area: 17,000 sq. ft. (equivalent to 1,579 sq. m.)	Freehold / Perpetuity  Purchase date: 8 December 2016  Revaluation date: 4 October 2021	5,851
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 18 years	Office building and food processing centre	Land area: 17,869 sq. m. metres  Built-up area : 11,206.52 sq. m. (approximately 120,626 sq ft)	99 years, expires on 19 January 2107  Purchase date: 30 August 2017  Revaluation date: 3 September 2021	80,679

## Analysis of Shareholdings As at 31 January 2023

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 31 JANUARY 2023

Size of shareholding	No. of shareholders		No. of shares	
	No.	%	No.	%
Less than 100	60	1.36	725	*0.00
100 to 1,000	832	18.92	476,955	0.07
1,001 to 10,000	2,229	50.68	11,148,904	1.63
10,001 to 100,000	1,021	23.22	32,892,065	4.82
100,001 to less than 5% of issued shares	255	5.80	305,858,351	44.84
5% and above of issued shares	1	0.02	331,777,000	48.64
<b>Total</b>	<b>4,398</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 31 JANUARY 2023

No.	Shareholder	Shareholding	
		No.	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for D&D Consolidated Sdn Bhd (PB)	331,777,000	48.64
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for D&D Consolidated Sdn Bhd (M2681A)	20,000,000	2.93
3.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for D&D Consolidated Sdn Bhd (M2682A)	20,000,000	2.93
4.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for D&D Consolidated Sdn Bhd	20,000,000	2.93
5.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad (SWAP)	17,691,000	2.59
6.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	16,158,400	2.37
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	12,975,400	1.90
8.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 14)	12,940,000	1.90

## Analysis of Shareholdings as at 31 January 2023

No.	Shareholder	Shareholding	
		No.	%
9.	Dang Tai Kien	9,779,000	1.43
10.	Dang Tai Gean	9,178,000	1.35
11.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	7,974,900	1.17
12.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dang Tai Kien	7,965,000	1.17
13.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	6,900,000	1.01
14.	Kong Goon Khing	6,000,000	0.88
15.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	5,403,100	0.79
16.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dang Tai Kien	5,234,900	0.77
17.	Cartaban Nominees (Tempatan) Sdn Bhd Corston-Smith Asset Management Sdn Bhd for Corston-Smith Asean Corporate Governance Fund	4,500,000	0.66
18.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Dang Tai Hock (5651-1501)	3,753,900	0.55
19.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Exempt An for Inter-Pacific Asset Management Sdn Bhd	3,750,000	0.55
20.	Red Orchid Sdn Bhd	3,721,200	0.55
21.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Prem Equity)	3,685,600	0.54
22.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Phillip Master Equity Growth Fund (50144 TR01)	3,271,100	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.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Principal Small Cap Opportunities Fund (240218)	3,176,600	0.47
25.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	2,753,000	0.40
26.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (KENANGAESG)	2,360,200	0.35
27.	Wong Kok Liang	2,250,000	0.33
28.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Balance)	2,134,200	0.31

#### Analysis of Shareholdings as at 31 January 2023

No.	Shareholder	Shareholding	
		No.	%
29.	Liew Heng Heng	2,117,000	0.31
30.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	2,050,000	0.30

#### SUBSTANTIAL SHAREHOLDERS AS AT 31 JANUARY 2023

(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	-	-	*399,252,100	58.53
Dang Tai Wen	-	-	*399,252,100	58.53
Dang Tai Hock	3,753,900	0.55	**395,498,200	57.98

*Notes:*

\*Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D&D Consolidated Sdn Bhd, his parent's shareholding in Red Orchid Sdn Bhd and through his brother, Dang Tai Hock's shareholdings in the Company.

\*\*Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D&D Consolidated Sdn Bhd and his parent's shareholding in Red Orchid Sdn Bhd.

#### DIRECTORS' SHAREHOLDINGS AS AT 31 JANUARY 2023

(As per the Register of Directors' Shareholdings of the Company)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ding Lien Bing	1,370,200	0.20	-	-
Dang Tai Luk	-	-	*399,252,100	58.53
Dang Tai Hock	3,753,900	0.55	**395,498,200	57.98
Soon Dee Hwee	400,000	0.06	-	-
Mohd Suffian Bin Suboh	90,000	0.01	-	-
Christopher Koh Swee Kiat	-	-	-	-
Latifah Binti Abdul Latiff	-	-	-	-

*Notes:*

\*Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D&D Consolidated Sdn Bhd, his parent's shareholding in Red Orchid Sdn Bhd and through his brother, Dang Tai Hock's shareholdings in the Company.

\*\*Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D&D Consolidated Sdn Bhd and his parent's shareholding in Red Orchid Sdn Bhd.

#### CHIEF EXECUTIVE (WHO IS NOT A DIRECTOR)'S SHAREHOLDINGS AS AT 31 JANUARY 2023

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dang Tai Wen	-	-	*399,252,100	58.53

*Notes:*

\*Deemed interested by virtue of Section 8(4) of the Companies Act, 2016 through his shareholding in D&D Consolidated Sdn Bhd, his parent's shareholding in Red Orchid Sdn Bhd and through his brother, Dang Tai Hock's shareholdings in the Company.



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting (“10<sup>th</sup> AGM”) of the Company will be conducted virtually by way of 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, Malaysia on 30 March 2023, Thursday at 10.00 a.m. for the transaction of the following business:

### AGENDA

#### AS ORDINARY BUSINESS:

- |     |  |  |
|-----|--|--|
| 1.  | To receive the Audited Financial Statements for the financial year ended 31 October 2022 together with the Reports of Directors and Auditors thereon.  | (Please refer to<br><b>Explanatory Note A</b><br>to this Agenda)   |
| 2.  | To approve the payment of Directors’ Fees of RM229,167 for the financial year ended 31 October 2022.   | <b>Ordinary Resolution</b><br><b>1</b><br>(Please refer to<br><b>Explanatory Note B</b><br>to this Agenda) |
| 3.  | To approve the payment of Directors’ Fees of up to RM389,584 for the financial year ending 31 October 2023 and for the period from 1 November 2023 until the next AGM of the Company, payable monthly in arrears after each month of completed service of the Directors. | <b>Ordinary Resolution</b><br><b>2</b><br>(Please refer to<br><b>Explanatory Note B</b><br>to this Agenda) |
| 4.  | To approve the payment of Directors’ meeting allowances of up to RM84,000 for the period from 31 March 2023 until the next Annual General Meeting (“AGM”) of the Company.  | <b>Ordinary Resolution</b><br><b>3</b><br>(Please refer to<br><b>Explanatory Note C</b><br>to this Agenda) |
| 5.  | To re-elect the following Directors who are retiring in accordance with Article 114(1) of the Company’s Constitution and being eligible, offers himself for re-election:   | (Please refer to<br><b>Explanatory Note D</b><br>to this Agenda)   |
| 5.1 | Mr. Dang Tai Luk   | <b>Ordinary Resolution</b><br><b>4</b>   |
| 5.2 | Mr. Dang Tai Hock  | <b>Ordinary Resolution</b><br><b>5</b>   |
| 6.  | To re-elect the following Directors who are retiring in accordance with Article 124 of the Company’s Constitution and being eligible, offers himself/herself for re-election:  | (Please refer to<br><b>Explanatory Note E</b><br>to this Agenda)   |
| 6.1 | Pn. Latifah Binti Abdul Latiff   | <b>Ordinary Resolution</b><br><b>6</b>   |
| 6.2 | Mr. Christopher Koh Swee Kiat  | <b>Ordinary Resolution</b><br><b>7</b>   |
| 7.  | To re-appoint 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</b><br><b>8</b>   |

## Notice of Annual General Meeting

### AS SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution:

**Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

(Please refer to  
Explanatory Note  
F to this Agenda)

**Ordinary  
Resolution 9**

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

THAT pursuant to Section 85 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act.

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

## Notice of Annual General Meeting

9. To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:

(Please refer to  
Explanatory Note  
G to this Agenda)

**Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (i) and 2.4 (ii) of the Circular to Shareholders dated 27 February 2023**

Ordinary  
Resolution 10

**"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 (i) and 2.4 (ii)** of the Circular to Shareholders dated 27 February 2023 ("**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 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

10. To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:

(Please refer to  
Explanatory Note G to  
this Agenda  
Ordinary  
Resolution 11

**Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4 (iii) to 2.4 (viii) of the Circular to Shareholders dated 27 February 2023**

"**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 (iii) to 2.4 (viii)** of the Circular to Shareholders dated 27 February 2023 ("**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 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."

## BY ORDER OF THE BOARD

**MS. CHIA FOOI CHING**  
(SSM PC No. 202008003836)  
(MAICSA 7051382)  
Company Secretary

Petaling Jaya  
27 February 2023

## 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 10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> 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 **22 March 2023** ("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 Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 10<sup>th</sup> AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> before the aforesaid lodgement cut-off time. Please refer to the Administrative Guide for the 10<sup>th</sup> AGM on the procedures for electronic lodgement of Proxy Form.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by way of poll.

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE AGENDA

**A. Item 1 of the Agenda**

To receive the Audited Financial Statements for the financial year ended 31 October 2022 together with the Reports of Directors and Auditors thereon

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. Items 2 and 3 of the Agenda – Ordinary Resolutions 1 and 2**

Payment of Directors' Fees

- (i) The proposed payment of Directors' Fees to Independent Directors totaling RM229,167 for the financial year ended 31 October 2022 is based on the following fee structure (per annum):

	<b>Chairman</b>	<b>Member</b>
Board	RM20,000	RM60,000
Audit Committee	RM15,000	NIL
Nominating Committee	RM10,000	NIL
Remuneration Committee	RM10,000	NIL

Except for the Directors' fee for Encik Mohd Suffian Bin Suboh, the Directors' fees for the rest of the Directors were pro-rated due to redesignation, resignation and new appointment in the various Committees and Board. Please refer to the Corporate Governance Overview Statement for fees breakdown.

- (ii) The proposed payment of Directors' Fees to Independent Directors up to RM389,584 for the financial year ending 31 October 2023 and for the period from 1 November 2023 until the next AGM of the Company, payable monthly in arrears after each month of completed service of the Directors, is based on the following fee structure (per month):

	<b>Chairman</b>	<b>Member</b>
Board	NIL	RM5,000
Audit Committee	RM1,250	NIL
Nominating Committee	RM833.33	NIL
Remuneration Committee	RM833.33	NIL

**C. Item 4 of the Agenda – Ordinary Resolution 3**

Payment of Directors' meeting allowances

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 3 is to facilitate payment of Directors' meeting allowances for Non-Executive Directors for the period from 31 March 2023 until the next AGM ("11<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 31 March 2023 to the date of the 11<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.

The meeting allowance is RM2,000 for a full day meeting and RM1,000 for a half day meeting.

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE AGENDA

- D. Item 5 of the Agenda – Ordinary Resolutions 4 and 5  
To re-elect the Directors who are retiring in accordance with Article 114(1) of the Company's Constitution
- Mr. Dang Tai Luk and Mr. Dang Tai Hock are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 10<sup>th</sup> AGM.
- The Board of Directors has through the Nominating Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.
- The profiles of the Directors standing for re-election are set out in the Profile of Directors of the Annual Report 2022.
- E. Item 6 of the Agenda – Ordinary Resolutions 6 and 7  
To re-elect the Directors who are retiring in accordance with Article 124 of the Company's Constitution
- Article 124 of the Company's Constitution provides that any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.
- Pn. Latifah Binti Abdul Latiff and Mr. Christopher Koh Swee Kiat who were appointed as Independent Non-Executive Director of the Company on 1 June 2022, are standing for re-election and being eligible, have offered themselves for re-election.
- Their expertise and experience that they bring to the Board, shall further strengthen the Board composition. The Board has therefore recommended the re-election of the Directors who are retiring at the 10<sup>th</sup> AGM. The profiles of the retiring Directors are set out in the Profile of Directors of the Annual Report 2022.
- F. Item 8 of the Agenda – Ordinary Resolution 9  
Authority to Allot Shares
- The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016, obtained from the shareholders at the last AGM. The resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued shares of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.
- As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted at the last AGM held on 26 April 2022 of which will lapse at the conclusion of this 10<sup>th</sup> AGM and hence, no proceeds were raised.
- This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).
- Ordinary Resolution 9, if passed, the shareholders of the Company shall agree to waive their statutory pre-emptive right and thus will allow the Directors to issue new shares to any person under general mandate without having to offer the new shares to all existing shareholders of the Company prior to issuance of the new shares.

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE AGENDA

- G. Items 9 and 10 of the Agenda – Ordinary Resolutions 10 and 11  
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.4
- 

The detailed text on Resolutions 10 and 11 are included in the Circular to Shareholders dated 27 February 2023 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 issue a General Meeting Record of Depositors as at 22 March 2023. Only a depositor whose name appears on the Record of Depositors as at 22 March 2023 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.

### STATEMENT ACCOMPANYING NOTICE OF 10<sup>th</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. Details of Individuals who are standing for election as Directors

There is no individual standing for election as Director (other than those Directors who are standing for re-election as Directors) at the 10<sup>th</sup> Annual General Meeting of the Company.

2. General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements

Kindly refer to the Explanatory Note on Special Business – Authority for Directors to Allot Issue Shares under Explanatory Note F of the Notes to the Notice of the 10<sup>th</sup> AGM.

The Company did not utilise the mandate obtained at the last Annual General Meeting and thus no proceeds were raised from the previous mandate.



**MYNEWS HOLDINGS BERHAD**

Registration No.:201301010004/1039846-T) (Incorporated in Malaysia)

CDS Account	
Number of shares held	
*NRIC/ Company Number	

**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 Tenth Annual General Meeting of the Company, to be conducted virtually by way of 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 30 March 2023, 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 RM229,167 for the financial year ended 31 October 2022.		
2.	To approve the payment of Directors' Fees of up to RM389,584 for the financial year ending 31 October 2023 and for the period from 1 November 2023 until the next AGM of the Company, payable monthly in arrears after each month of completed service of the Directors.		
3.	To approve the payment of Directors' meeting allowances of up to RM84,000 for the period from 31 March 2023 until the next Annual General Meeting of the Company.		
4.	To re-elect Mr. Dang Tai Luk as a Director.		
5.	To re-elect Mr. Dang Tai Hock as a Director.		
6.	To re-elect Pn. Latifah Binti Abdul Latiff as a Director.		
7.	To re-elect Mr. Christopher Koh Swee Kiat as a Director.		
8.	To re-appoint Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
9.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
10.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature – Section 2.4 (i) and 2.4 (ii) of the Circular.		
11.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature – Section 2.4 (iii) and 2.4 (viii) 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 ..... 2023.

-----  
[Signature/Common Seal of Shareholder]

**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 10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> 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 **22 March 2023** ("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 Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 10<sup>th</sup> AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> before the aforesaid lodgement cut-off time. Please refer to the Administrative Guide for the 10<sup>th</sup> AGM on the procedures for electronic lodgement of Proxy Form.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by way of poll.

Fold this flap for sealing

**AFFIX  
STAMP**

**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

Then fold here



**MYNEWS HOLDINGS BERHAD**

201301010004 (1039846-T)

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