

THIS CIRCULAR TO SHAREHOLDERS OF MACPIE BERHAD ("MACPIE" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed by Mercury Securities Sdn Bhd, being the Principal Adviser for the Proposals (*as defined herein*) and Placement Agent for the Proposed Private Placement (*as defined herein*).

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MACPIE BERHAD

(Registration No. 200501002315 (679361-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

- (I) **PROPOSED PRIVATE PLACEMENT OF UP TO 129,614,800 NEW ORDINARY SHARES IN MACPIE ("MACPIE SHARES" OR "SHARES"), REPRESENTING UP TO APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF MACPIE, TO INDEPENDENT THIRD PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT");**
- (II) **PROPOSED SHARE SPLIT INVOLVING A SUBDIVISION OF EVERY 1 EXISTING MACPIE SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER INTO 2 SHARES ("SUBDIVIDED SHARES") ("PROPOSED SHARE SPLIT"); AND**
- (III) **PROPOSED BONUS ISSUE OF UP TO 561,664,282 FREE WARRANTS IN MACPIE ("WARRANTS B") ON THE BASIS OF 1 WARRANT B FOR EVERY 2 SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

**PRINCIPAL ADVISER FOR THE PROPOSALS AND
PLACEMENT AGENT FOR THE PROPOSED PRIVATE PLACEMENT**



MERCURY SECURITIES SDN BHD

(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company ("**EGM**") which is scheduled to be conducted entirely through live streaming from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Friday, 5 February 2021 at 10.00 a.m. or at any adjournment thereof together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and lodge it at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy for the EGM : Wednesday, 3 February 2021 at 10.00 a.m.

Date and time of the EGM : Friday, 5 February 2021 at 10.00 a.m.

This Circular is dated 21 January 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Board	- Board of Directors of the Company
Books Closure Date for Share Split	- 5.00 p.m. on a date to be determined and announced later by the Board on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Proposed Share Split
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	- Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	- The by-laws governing the ESOS
Circular	- This circular to Shareholders in relation to the Proposals
Covid-19	- Coronavirus disease 2019
Deed Poll A	- Deed poll constituting the Warrants A dated 6 January 2011
Deed Poll B	- Deed poll constituting the Warrants B to be executed by the Company
Directors	- Directors of the Company
EGM	- An extraordinary general meeting of the Company to be convened
Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date for Bonus Warrants
Entitlement Date for Bonus Warrants	- 5.00 p.m. on a date to be determined and announced later by the Board on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Proposed Bonus Issue of Warrants
EPS	- Earnings per Share
ESOS	- Employees' share option scheme of the Company which took effect on 5 December 2018 for a period of 5 years, unless extended
ESOS Option	- Options granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
FPE	- Financial period ended
FYE	- Financial year ended / ending
ICT	- Information and communications technology
IMR Report	- Independent market research report dated 18 January 2021 on the entertainment industry and microfinancing industry in Malaysia, which was prepared by Smith Zander
Interested Person	- A director, major shareholder or chief executive of the Company or a holding company of the Company

DEFINITIONS *(cont'd)*

LAT	- Loss after taxation
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities
LPD	- 6 January 2021, being the latest practicable date prior to the printing of this Circular
LPS	- Loss per Share
Macpie or the Company	- Macpie Berhad (200501002315 (679361-D))
Macpie Group or the Group	- Collectively, Macpie and its subsidiaries
Macpie Shares or the Shares	- Ordinary shares in Macpie
Market Day	- Any day on which Bursa Securities is open for trading of securities
Maximum Scenario	- Assuming that prior to the implementation of the Proposed Private Placement, Books Closure Date for Share Split and Entitlement Date for Bonus Warrants:- (i) all 78,754,500 outstanding Warrants A will be fully exercised into new Shares; and (ii) no ESOS Options will be granted and exercised into new Shares <i>(pursuant to the Company's undertaking not to grant any ESOS Options until completion of the Proposals)</i>; and all 129,614,800 Placement Shares will be issued
Mercury Securities or the Principal Adviser or the Placement Agent	- Mercury Securities Sdn Bhd (198401000672 (113193-W))
Minimum Scenario	- Assuming that (i) there will not be any new Shares to be issued arising from the exercise of outstanding Warrants A and/or ESOS Options prior to the implementation of the Proposed Private Placement, Books Closure Date for Share Split and Entitlement Date for Bonus Warrants and (ii) all 105,988,400 Placement Shares will be issued
NA	- Net assets
Official List	- A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Placement Shares	- Up to 129,614,800 new Shares to be issued pursuant to the Proposed Private Placement
Proposals	- Collectively, the Proposed Private Placement, Proposed Share Split and Proposed Bonus Issue of Warrants
Proposed Bonus Issue of Warrants	- Proposed bonus issue of up to 561,664,282 free Warrants B on the basis of 1 Warrant B for every 2 Shares held on the Entitlement Date for Bonus Warrants

DEFINITIONS (*cont'd*)

Proposed Private Placement	- Proposed private placement of up to 129,614,800 Placement Shares to independent third party investor(s) to be identified later at an issue price to be determined later
Proposed Share Split	- Proposed share split involving a subdivision of every 1 existing Share held on the Books Closure Date for Share Split into 2 Subdivided Shares
Record of Depositors	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	- Ringgit Malaysia and sen respectively
Rules of Bursa Depository	- Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
Shareholders	- Registered holders of the Shares
Smith Zander	- Smith Zander International Sdn Bhd (201301028298 (1058128-V)), an independent market researcher
Subdivided Shares	- Ordinary shares in Macpie after the Proposed Share Split
VWAP	- Volume-weighted average market price
Warrants A	- Outstanding warrants 2011 / 2021 issued by the Company pursuant to the Deed Poll A and expiring on 17 February 2021. Each holder of the Warrants A can subscribe for 1 new Share for every 1 Warrant A held, at the exercise price of RM0.48 in accordance with the terms and provisions of the Deed Poll A
Warrants B	- Up to 561,664,282 free warrants in Macpie to be issued pursuant to the Proposed Bonus Issue of Warrants

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time and date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Circular are, unless otherwise explained, due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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MACPIE BERHAD
(Registration No. 200501002315 (679361-D))
(Incorporated in Malaysia)

Registered office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

21 January 2021

Board of Directors

Koo Kien Keat (*Executive Director*)
Lionel Vernon Yong Nguon Kee (*Independent Non-Executive Director*)
Chong Ching Wai (*Independent Non-Executive Director*)
Woon Sing Jiunn (*Independent Non-Executive Director*)
Andy Liew Hock Sim (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED PRIVATE PLACEMENT**
- (II) **PROPOSED SHARE SPLIT**
- (III) **PROPOSED BONUS ISSUE OF WARRANTS**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On 14 December 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 15 January 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities has, vide its letter on even date, approved the following:-

- (i) the Proposed Share Split;
- (ii) admission to the Official List and the initial listing and quotation of up to 561,664,282 Warrants B to be issued pursuant to the Proposed Bonus Issue of Warrants;
- (iii) listing of:-
 - (a) up to 129,614,800 Placement Shares to be issued pursuant to the Proposed Private Placement; and
 - (b) up to 561,664,282 Subdivided Shares to be issued arising from the exercise of the Warrants B on the ACE Market of Bursa Securities.

The approval granted by Bursa Securities for the Proposals is subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDIX BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Private Placement

2.1.1 Size of placement

The Proposed Private Placement involves the issuance of up to approximately 30% of the total number of issued Shares, at an issue price to be determined later.

It is the intention of the Company to implement the Proposed Private Placement before the implementation of the Proposed Share Split and the Proposed Bonus Issue of Warrants.

As at the LPD, the Company has:-

- (i) a total issued ordinary shares of 353,294,982 Shares and none of them is held as treasury shares;
- (ii) 78,754,500 outstanding Warrants A, which have an exercise price of RM0.48 each and are expiring on 17 February 2021; and
- (iii) up to 105,988,494 ESOS Options which may be granted pursuant to the maximum allowable amount under the By-Laws based on the existing total issued ordinary shares of Macpie⁽¹⁾.

Note:-

- (1) *For the purposes of the Proposals, the Company has undertaken not to grant any ESOS Options until completion of the Proposals. Since the effective date of the ESOS on 5 December 2018 up to the LPD, the Company has not granted any ESOS Options.*

Assuming that (i) all 78,754,500 outstanding Warrants A will be fully exercised into new Shares and (ii) no ESOS Options will be granted and exercised into new Shares pursuant to the Company's undertaking not to grant any ESOS Options until completion of the Proposals prior to the implementation of the Proposals, the Proposed Private Placement entails the issuance of up to 129,614,800 Placement Shares (*after rounding down to the nearest 100 Shares*).

The effects of the Proposed Private Placement are set out in Section 5 of this Circular.

2.1.2 Placement arrangement

The Placement Shares are intended to be placed to independent third party investor(s) to be identified later. Such investor(s) shall be party(ies) which qualify under Schedule 6 or 7 of the Capital Markets and Services Act, 2007. The Placement Shares are not intended to be placed to the following persons:-

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (*as the placees may be identified and procured over a period of time rather than simultaneously*) within a period of 6 months from the date of approval by Bursa Securities for the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

2.1.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares.

2.1.4 Listing and quotation of the Placement Shares

Bursa Securities has on 15 January 2021 approved the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions as set out in Section 7 of this Circular.

2.1.5 Basis and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-market day VWAP of Macpie Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.4000 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 14.03% to the 5-day VWAP of Macpie Shares up to and including the LPD of RM0.4653 (*Source: Bloomberg*).

2.1.6 Use of proceeds

The Group is principally involved in the following:-

- (i) ICT business segment – trading and servicing computer hardware and parts, trading of telecommunication products, research development, marketing and distribution of business application software together with provision of related training and materials as well as distribution and marketing of ICT products;
- (ii) event management segment – event and artist management as well as stage and event contractions;
- (iii) retail management segment – rental of retail outlets and management services; and
- (iv) financial solutions – provision of money lending service.

The Group intends to expand its event management segment and financial solutions segment. Based on an illustrative issue price of RM0.4000 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be used in the following manner:-

Use of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
(i) Purchase of equipment for the event management segment	Within 18 months	23,000	23,000
(ii) Additional funds for the financial solutions segment	Within 12 months	15,000	20,000
(iii) Working capital	Within 12 months	2,565	6,716
(iv) Estimated expenses for the Proposals ⁽¹⁾	Immediate	1,830	2,130
Total⁽²⁾⁽³⁾		42,395	51,846

Notes:-

(1) *If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from internally generated funds. Conversely, any surplus funds following the payment of expenses will be used to fund the working capital requirements of the Group.*

(2) *Any additional proceeds raised in excess of the RM42.40 million under the Minimum Scenario will be allocated in the following order:-*

- (i) *estimated expenses for the Proposals (up to RM2.13 million);*
- (ii) *additional funds for the financial solutions segment (up to RM20.00 million); and*
- (iii) *working capital.*

Conversely, in the event that the actual proceeds raised is less than RM42.40 million under the Minimum Scenario, the amount allocated for the purchase of equipment for the event management segment and the additional funds for the financial solutions segment shall be proportionately reduced and/or additional funds shall be procured from internal funds and/or external borrowings (if required).

(3) *Pending the use of proceeds as and when they may be utilised, the proceeds shall be placed in interest-bearing deposits and/or money market instruments as the Board may deem fit.*

(i) Purchase of equipment for the event management segment

The Group has ventured into the event management business via the subscription of 51% equity interest (on 12 April 2018) and acquisition of the remaining 49% equity interest (on 4 January 2019) in Macpie Pro Sdn Bhd ("**Macpie Pro**").

The event management segment had contributed revenue of RM16.67 million and RM13.30 million for the FYE 30 June 2019 and FYE 30 June 2020 respectively, emerging as the second largest contributor of revenue for the Group. On the back of the said revenue, the event management segment contributed a segment profit of approximately RM1.10 million for the FYE 30 June 2019 and a segment loss of RM8.51 million for the FYE 30 June 2020 (*mainly due to the negative effect of the Covid-19 pandemic*).

As stated in the Annual Report 2020, Macpie Pro had held 7 events in 2019, with over 46,000 fans in attendance. Notably, Macpie Pro had successfully organised the "BLACKPINK 2019 WORLD TOUR with KIA [IN YOUR AREA] KUALA LUMPUR" concert at Stadium Malawati, Shah Alam that ran for 2 consecutive days (*on 23rd and 24th February 2019*) due to an overwhelming response from fans. Macpie was also the concert organiser for the world-famous Irish boyband, Westlife for their first tour in Malaysia after 22 years, entitled "Westlife The Twenty Tour 2019 'LIVE' in Kuala Lumpur". The 2-day concert (*on 8th and 9th August 2019*) was well received by fans with concert tickets being sold out within 36-hours.

In organising events, the set-up of event space would be tailored for the specific needs and requirements of clients, taking into consideration the purpose of event, venue dimension and size of audience. The set-up of effective sound systems, lighting systems, LED screens and staging and truss structures is fundamental to create the desired ambience to enhance the audience's audio-visual experience. For example, in the "BLACKPINK 2019 WORLD TOUR with KIA [IN YOUR AREA] KUALA LUMPUR" concert, the venue set-up was catered to an audience of approximately 7,000, featuring state-of-the-art sound systems, multi-coloured flashlights and a dynamic stage set-up with an extended runway.

Although the entertainment industry in 2020 is currently adversely affected by the Covid-19 pandemic which resulted in the closure of arts, entertainment and recreation premises, prohibitions of large-scale events and gatherings, closing of country borders and implementation of domestic and international travel restrictions, the entertainment industry in Malaysia is expected to recover as the impact of the Covid-19 pandemic subsides.

The current subdued demand in the entertainment industry represents an opportune time for the Group to acquire equipment and expand its assets base to cater for the expected increase in demand from the entertainment industry post recovery from Covid-19 pandemic. Such equipment may be sold or rented to various other companies and event organisers and/or used for in-house events and concerts.

As at 31 December 2020, the Group's event management related assets held under Macpie Equipment Sdn Bhd amount to RM6.36 million, comprising mainly stage roof, platform and barricade, scaffolding, support structures, some sound and lighting systems and other equipment. For the past events held, additional equipment was rented from external suppliers for the set-up of event space.

Accordingly, the Group intends to expand its event management segment through the purchase of event management equipment for its own use in organising events as well as for trading and/or providing equipment for rental as a service to various other companies and event organisers with an estimated total budgeted costs of up to RM23.00 million, as follows:-

Equipment intended to be purchased	Amount (up to) (RM'000)
(i) Sound equipment ⁽¹⁾	7,000
(ii) Lighting equipment ⁽²⁾	6,000
(iii) LED screens and equipment ⁽³⁾	5,000
(iv) Staging and truss equipment ⁽⁴⁾	5,000
Total	23,000

Notes:-

(1) Sound equipment (up to RM7.00 million)

The Group intends to invest in sound systems suited for both permanent installation and touring applications, from theatre to stadium productions. The sound systems would feature a unique solution for adjusting the horizontal coverage pattern to any audience or room geometry. This would enable an effective transmission of sound to the entire audience in any event space irrespective of shape.

Amongst the equipment intended to be acquired to set-up an effective sound system include loudspeakers, amplifiers, digital mixers and various other supporting audio equipment. In order to cater for events involving a large audience such as professional grade concerts, the Group intends to acquire more than 100 top-notch loudspeakers which are expected to cost approximately RM50,000 each. The remaining funds allocated will be used to purchase amplifiers, digital mixers and various other supporting audio equipment.

(2) Lighting equipment (up to RM6.00 million)

The Group intends to invest up to RM6.00 million in lighting equipment including intelligent lighting, which has automated or mechanical abilities beyond those of traditional, stationary illumination. Equipment to be purchased include moving head beam lights (to project a laser-like thin beam of light through the air), spot lights (to project a bright beam of light to a specific space) and wash lights (to light a large area). Features of these equipment include rotation capability, variable light intensity and multiple colour projections to cater for specific lighting effects. Further, the Group also intends to acquire lighting control consoles to function as the master control system to the lighting fixtures.

(3) LED screens and equipment (up to RM5.00 million)

The Group intends to purchase 800 units of 1-square metre LED panels (estimated to cost approximately RM5,000 per unit) which may be constructed into LED screens of multiple sizes, depending on the client's requirements. In order to cater for outdoor events organised by the Group, these LED screens would need to be able to withstand varying weather conditions. Other items to be purchased include LED display modules, LED software systems, video processors, cables and other related equipment.

(4) Staging and truss equipment (up to RM5.00 million)

Depending on the size and type of events to be organised, the structure set-up would need to cater for various rooftop, venue design and stage dimension. The Group intends to invest up to RM2.50 million in a ground support system with roof top for use on various types of terrain and in varying weather conditions. A safe and strong ground support system is crucial for the functionality of the overall structure as it will be the anchor for the overall structure onto which sound systems, lighting systems and LED screens are installed. In addition to that, the Group intends to purchase 100 units of electric chain hoists of approximately RM16,000 per unit to be used to lift and lower heavy loads with a working load limit of 1,000kg. Other items to be purchased include platforms, barricades and other staging and truss equipment.

Unless otherwise specified, the number of units of equipment / items to be purchased by the Group as set out in Notes (1) to (4) above has yet to be determined at this juncture and will depend on the requirements at the relevant point in time.

(ii) Additional funds for the financial solutions segment

The Group is involved in money lending through PC3 Technology Sdn Bhd ("PC3") (a wholly-owned subsidiary of the Company), which holds a money lending licence issued by the Ministry of Housing and Local Government on 15 December 2017 under the Moneylenders Act 1951 to be read together with the Moneylenders (Control and Licensing) Regulations 2003. As at 31 December 2020, the aggregate amount of loans extended to customers in the ordinary course of PC3's business amounts to RM10.25 million. For the FYE 30 June 2020, the financial solutions segment had generated a segment profit of RM0.35 million, being the largest contributor of profits to the Group.

The Covid-19 pandemic has brought upon a slowdown in economic activities which negatively affected the cash flows of numerous entities, especially households from the low to medium income group as well as small and medium-sized enterprises ("SMEs"). This represents an opportunity for the Group to expand its financial solutions segment by granting financing to affected individuals and/or businesses, provided that they are of satisfactory creditworthiness and are able to provide adequate security / collaterals.

For the purpose of expansion of the Group's financial solutions segment, the Group intends to allocate up to RM15.00 million (under the *Minimum Scenario*) and RM20.00 million (under the *Maximum Scenario*) as additional funds for its money lending business.

(iii) Working capital

The proceeds earmarked for working capital will be used to finance the Group's day-to-day operations such as payment of rental expenses, staff costs (*comprising payment of wages and salaries, allowances and bonuses, contributions to employees' provident fund and contributions to social security organisation for the staff of the Group*), utilities, marketing, office expenses and other operating and administrative expenses such as insurance, entertainment, travelling and accommodation expenses.

The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(iv) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is as follows:-

Estimated expenses	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Professional fees (<i>including advisory fees, management fees, placement commission and other professional fees payable to the solicitors and independent market researcher, company secretary and share registrar in relation to the Proposals</i>)	1,677	1,977
Fees to the relevant authorities	91	91
Printing, despatch, advertising and EGM expenses	42	42
Miscellaneous expenses and contingencies	20	20
Total	1,830	2,130

2.2 Proposed Share Split

2.2.1 Basis and number of Subdivided Shares

The Proposed Share Split involves a subdivision of every 1 existing Share held by the Shareholders, whose names appear in the Record of Depositors of the Company as at the close of business on the Books Closure Date for Share Split, into 2 Subdivided Shares.

The basis of subdivision of every 1 existing Share into 2 Subdivided Shares was determined after taking into consideration, amongst others, the following:-

- (i) the potential adjustments to the share price of Macpie Shares arising from the Proposed Share Split; and
- (ii) the enlarged total number of Macpie Shares after the Proposed Share Split.

The Books Closure Date for Share Split will be determined by the Board and announced at a later date upon receipt of all relevant approvals for the Proposed Share Split. It is the intention of the Company to implement the Proposed Share Split after the implementation of the Proposed Private Placement but prior to the implementation of the Proposed Bonus Issue of Warrants. Further, the Proposed Share Split is intended to be undertaken after the expiry of the existing Warrants A on 17 February 2021.

The actual number of Subdivided Shares will depend on the total number of Shares in issue on the Books Closure Date for Share Split, after taking into consideration any new Shares that may be issued pursuant to the Proposed Private Placement as well as any new Shares to be issued arising from the exercise of Warrants A.

For illustration purposes:-

- (i) under the Minimum Scenario, the total number of 459,283,382 issued Shares (*assuming all 105,988,400 Placement Shares will be issued pursuant to the Proposed Private Placement*) will be subdivided into 918,566,764 Subdivided Shares; and
- (ii) under the Maximum Scenario, the enlarged total number of 561,664,282 issued Shares (*assuming (i) all 78,754,500 outstanding Warrants A will be fully exercised into new Shares and (ii) all 129,614,800 Placement Shares will be issued pursuant to the Proposed Private Placement*) will be subdivided into 1,123,328,564 Subdivided Shares.

For the avoidance of doubt, the Proposed Share Split will increase the total number of Macpie Shares in issue but will not increase the value of the issued share capital of Macpie.

The reference price of Macpie Shares will be adjusted for the Proposed Share Split. For illustration purposes, based on the lowest daily VWAP of Macpie Shares during the past 3-month period up to and including 11 December 2020 (*being the date immediately before submission of the application to Bursa Securities on 14 December 2020*), the theoretical adjusted reference price of Macpie Shares upon completion of the Proposed Share Split is as follows:-

	Before the Proposed Share Split	After the Proposed Share Split
	Market price	Illustrative theoretical adjusted reference price
Lowest daily VWAP during the past 3-month period up to 11 December 2020 (RM)	0.4134	0.2067
No. of issued Shares		
- Minimum Scenario	459,283,382	918,566,764
- Maximum Scenario	561,664,282	1,123,328,564
<u>Illustrative effect to a Shareholder holding 1,000 Shares before the Proposed Share Split</u>		
• No. of Shares held	1,000	2,000
• Total value (RM)	413.40	413.40

The Board confirms that the share price adjusted for the Proposed Share Split is not less than RM0.20 based on the daily VWAP during the past 3-month period up to 11 December 2020 (*being the date immediately before submission of the application to Bursa Securities on 14 December 2020*) in accordance with Rule 6.31(1A) of the Listing Requirements.

2.2.2 Ranking of the Subdivided Shares

The Subdivided Shares shall rank equally in all respects with each other.

2.2.3 Listing and quotation of the Subdivided Shares

Bursa Securities has, vide its letter dated 15 January 2021, approved the Proposed Share Split, subject to the conditions as set out in Section 7 of this Circular.

No suspension will be imposed on the trading of Macpie Shares on the ACE Market of Bursa Securities for the purpose of implementing the Proposed Share Split. The Subdivided Shares shall be listed and quoted on the ACE Market of Bursa Securities on the next Market Day following the Books Closure Date for Share Split.

2.3 Proposed Bonus Issue of Warrants

2.3.1 Basis and number of Warrants B to be issued

The Proposed Bonus Issue of Warrants entails the issuance of up to 561,664,282 free Warrants B on the basis of 1 Warrant B for every 2 Shares held on the Entitlement Date for Bonus Warrants. For the avoidance of doubt, the Warrants B will be issued at no consideration to the Entitled Shareholders.

The basis of 1 Warrant B for every 2 Shares was determined after taking into consideration, amongst others, compliance with Rule 6.51 of the Listing Requirements which states that a listed corporation must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of the listed corporation (*excluding treasury shares and before the exercise of the convertible equity securities*) at all times.

The Entitlement Date for Bonus Warrants will be determined by the Board and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants. It is the intention of the Company to implement the Proposed Bonus Issue of Warrants after the implementation of the Proposed Private Placement and Proposed Share Split. Further, the Proposed Bonus Issue of Warrants is intended to be undertaken after the expiry of the existing Warrants A on 17 February 2021.

The actual number of Warrants B to be issued will depend on the total number of Shares in issue on the Entitlement Date for Bonus Warrants, after taking into consideration any new Shares that may be issued pursuant to the Proposed Private Placement as well as any new Shares to be issued arising from the exercise of Warrants A.

For illustration purposes, as set out in Section 2.2.1 of this Circular:-

- (i) under the Minimum Scenario, the issued Shares of the Company will be subdivided into 918,566,764 Subdivided Shares upon completion of the Proposed Share Split. Based on the total number of 918,566,764 Subdivided Shares, the Proposed Bonus Issue of Warrants will entail the issuance of 459,283,382 Warrants B; and
- (ii) under the Maximum Scenario, the issued Shares of the Company will be subdivided into 1,123,328,564 Subdivided Shares upon completion of the Proposed Share Split. Based on the total number of 1,123,328,564 Subdivided Shares, the Proposed Bonus Issue of Warrants will entail the issuance of 561,664,282 Warrants B.

Fractional entitlements arising from the Proposed Bonus Issue of Warrants in respect of the Warrants B, if any, shall be disregarded and/or dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue of Warrants is not intended to be implemented in stages over a period of time.

2.3.2 Indicative salient terms of the Warrants B

Issuer	: Macpie.
Issue size	: Up to 561,664,282 Warrants B.
Form and constitution	: The Warrants B will be issued in registered form and constituted by the Deed Poll B to be executed by the Company.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants B	: 3 years commencing from and including the date of issuance of the Warrants B.
Exercise Period	: The Warrants B may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants B to the close of business at 5.00 p.m. (Malaysian time) on the Market Day immediately preceding the date which is the 3 rd anniversary from the date of issuance of the Warrants B (" Exercise Period "). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	: The exercise price of the Warrants B (" Exercise Price ") shall be determined and announced by the Board at a later date after obtaining the relevant approvals but before the announcement of the Entitlement Date for Bonus Warrants. The Exercise Price of Warrants B in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
Subscription rights	: Each Warrant B shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
Mode of exercise	: The holders of the Warrants B are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new Shares. The payment of such fee must be made in RM.
Adjustments to the Exercise Price and/or the number of the Warrants B	: Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.

Rights of the Warrants B holders	: The Warrants B do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants B exercise their Warrants B for new Shares in accordance with the provisions of the Deed Poll B and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued arising from the exercise of the Warrants B	: The new Shares to be issued arising from the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants B, rank equally in all respects with the then existing issued Shares.
Rights of the Warrants B holders in the event of winding up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:- (i) for the purposes of such winding-up, compromise or arrangement (<i>other than a consolidation, amalgamation or merger in which the Company is the continuing corporation</i>) to which the holders of the Warrants B (<i>or some other persons designated by them for such purpose by special resolution</i>) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and (ii) every Warrant B holder shall be entitled to exercise his Warrants B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant B holder credited as fully paid subject to the prevailing laws, and such Warrant B holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants B shall lapse and cease to be valid for any purpose.
Modification of rights of Warrants B holders	: Save as otherwise provided in the Deed Poll B, a special resolution of the Warrants B holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants B holders.
Modification of the Deed Poll B	: Any modification to the terms and conditions of the Deed Poll B may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll B. Any of such modification shall however be subject to the approval of Bursa Securities (<i>if so required</i>).

	No amendment or addition may be made to the provisions of the Deed Poll B without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrants B holders.
Listing status	: The Warrants B will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants B on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants B holding not less than 1 board lot of Warrants B each.
Transferability	: The Warrants B shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Governing laws	: The Warrants B and the Deed Poll B shall be governed by the laws of Malaysia.

2.3.3 Basis and justification of determining the issue price and exercise price of the Warrants B

The Warrants B will be issued at no consideration to the Entitled Shareholders pursuant to the Proposed Bonus Issue of Warrants.

The exercise price of the Warrants B shall be determined and announced by the Board at a later date after obtaining the relevant approvals but before the announcement of the Entitlement Date for Bonus Warrants after taking into consideration, amongst others:-

- (i) the theoretical ex-all price (“**TEAP**”) of the Shares based on the 5-Market Day VWAP of the Shares up to and including the last trading day prior to the price-fixing date of the Warrants B;
- (ii) the prevailing market price and volatility in trading of the Shares;
- (iii) appetite of investors for the Proposed Private Placement which may be impacted by the Covid-19 pandemic as well as political developments in the nation. Where necessary, the Proposed Bonus Issue of Warrants may act as a sweetener for the placee(s) to subscribe for the new Shares to be placed out; and
- (iv) future prospects and potential funding requirements of the Group, taking into consideration the Group’s future plans as set out in Section 4.4 of this Circular.

At this juncture, the Board has yet to determine the range of discount or premium to be applied to the TEAP in determining the exercise price of the Warrants B. Nonetheless, it is envisaged that any discount or premium is not expected to be more than 40% to the TEAP.

Based on an illustrative exercise price of RM0.2600 per Warrant B, this represents a premium of approximately 11.7% to the TEAP of the Shares of RM0.2327 (*after adjusting for the effects of the Proposed Share Split*), calculated based on the 5-Market Day VWAP of the Shares up to and including the LPD of RM0.4653.

2.3.4 Ranking of the new Shares to be issued arising from the exercise of the Warrants B

The new Shares to be issued arising from the exercise of the Warrants B shall, upon allotment, issuance and full payment of the exercise price, rank equally in all respects with the then existing issued Shares.

2.3.5 Listing and quotation of the Warrants B and new Shares to be issued arising from the exercise of the Warrants B

Bursa Securities has, vide its letter dated 15 January 2021, granted its approval for the admission of the Warrants B to the Official List as well as the listing and quotation of the Warrants B and the new Shares to be issued arising from the exercise of the Warrants B on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

2.3.6 Use of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants B will be issued at no consideration to the Entitled Shareholders.

The exact quantum of proceeds that may be received by the Company upon the exercise of the Warrants B would depend on the actual number of Warrants B exercised during the tenure of the Warrants B and the exercise price to be determined.

Strictly for illustrative purposes, based on the illustrative exercise price of RM0.2600 per Warrant B, the Company will raise gross proceeds of up to approximately RM146.03 million upon full exercise of the Warrants B under the Maximum Scenario.

Any proceeds arising from the exercise of the Warrants B (*which will be received on an "as and when basis" over the tenure of the Warrants B*) will be used to finance the Group's general working capital requirements which shall include the payment of rental expenses, staff costs (*comprising payment of wages and salaries, allowances and bonuses, contributions to employees' provident fund and contributions to social security organisation for the staff of the Group*), utilities, marketing, office expenses and other operating and administrative expenses such as insurance, entertainment, travelling and accommodation expenses.

The exact utilisation breakdown and the timeframe for full utilisation cannot be determined at this juncture as it would depend on the timing of receipt of such proceeds as well as the actual requirements of the Group at the time of utilisation.

As at 31 December 2020, the Group has cash and bank balances of RM18.15 million. Pending the use of proceeds arising from the exercise of the Warrants B as and when they may be used, the unused proceeds shall be placed in interest-bearing deposits.

2.4 Details of fund-raising exercises undertaken by the Company in the past 12 months

Save as disclosed below, Macpie has not undertaken any other fund-raising exercises or issued any new Shares to raise funds:-

Proposed private placement

On 1 September 2020, the Company proposed to undertake a private placement of up to 43,204,900 new Shares, representing not more than 10% of the total number of issued Shares after taking into consideration the existing number of issued Shares and assuming full exercise of the outstanding Warrants A prior to the implementation of the proposed private placement. However, the proposed private placement was subsequently aborted on 15 September 2020.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Private Placement

As detailed in Section 2.1.6 of this Circular, the proceeds to be raised from the Proposed Private Placement will be used mainly for expansion of the Group's event management and financial solutions businesses.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings, thereby allowing the Group to preserve its cash flows.

The Board is of the opinion that the Group would be able to raise funds more expeditiously and cost effectively via a private placement as opposed to a pro-rata issuance of securities such as a rights issue. A rights issue will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or alternatively, procure underwriting arrangements (*which will incur additional cost*) in order to achieve a minimum subscription level to raise the requisite funds. In addition, a rights issue is likely to take a longer time to complete as compared to a private placement.

Although the Proposed Private Placement is expected to result in dilution to the shareholdings of existing Shareholders, the use of proceeds from the Proposed Private Placement for expansion of the Group's event management and financial solutions businesses is expected to contribute positively to the future earnings of the Group.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Group.

3.2 Proposed Share Split

The adjustment in the market price of the Shares as a result of the Proposed Share Split is expected to result in the Subdivided Shares being more affordable in order to appeal to a wider group of public shareholders and investors. The Proposed Share Split may also improve the trading liquidity of the Shares by increasing the number of Shares in issue.

Following the completion of the Proposed Share Split, the theoretical market price of each Share will decrease to half (1/2) of its current market price and the total number of Shares in issue will increase by the corresponding ratio. Notwithstanding this, the Shareholders should note that the Proposed Share Split is not expected to alter the total value of the Shares held by them before and after the completion of the Proposed Share Split.

3.3 Proposed Bonus Issue of Warrants

The rationale for the Proposed Bonus Issue of Warrants is as follows:-

- (i) to reward Shareholders and investors for their support towards the Macpie Group by enabling them to participate in convertible securities of Macpie, which are tradable on the ACE Market of Bursa Securities, without incurring any cost;
- (ii) to provide Shareholders and investors with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants B, and to allow Shareholders and investors to further participate in the future growth of the Group when the Warrants B are exercised;

- (iii) to provide the Group with additional working capital when the Warrants B are exercised in the future. The exercise of the Warrants B will allow the Group to obtain proceeds without incurring interest expenses as compared to bank borrowings; and
- (iv) to strengthen the capital base of the Group by increasing the size of its shareholders' funds arising from the exercise of the Warrants B and provide the Group with greater flexibility in terms of the options available to meet its future funding requirements.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Malaysian economy

The Malaysian economy contracted by 8.3% in the first half of 2020, with a decline of 17.1% in the second quarter. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%) (2019: 4.3%). The economy is expected to contract at a slower pace in the second half of the year, aided by the speedy implementation of various stimulus packages to support the people and revitalise the economy. In 2020, the economy is expected to contract by 4.5%. The impact of the packages is anticipated to have spill-over effects and provide an additional boost to the economy in 2021. With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand.

The immediate focus of the Government in managing the crisis is on ensuring the safety of the people and addressing the needs of households and businesses adversely affected by the Covid-19. A new Act entitled Temporary Measures for Government Financing (Coronavirus Disease 2019 (Covid-19)) 2020 was passed in Parliament on 21 September 2020 to finance the stimulus packages. This new Act enables the Government to implement the stimulus packages formulated on the six stages of R effectively. The "Resolve" stage was characterised by the Government's effort to contain the spread of the virus through the implementation of a full Movement Control Order ("MCO"). The "Resilient" stage was when the Government announced the PRIHATIN and the PRIHATIN Plus stimulus packages. During the "Restart" and "Recovery" stages when the Covid-19 curve was flattened and the economy was gradually opened, the Government announced the PENJANA package. PENJANA aimed at rejuvenating the economy based on three strategic thrusts - empowering the people, propelling businesses and stimulating the economy. The next two stages - "Revitalise" and "Reform", will involve the formulation and implementation of measures in the 2021 Budget and the Twelfth Malaysia Plan, 2021-2025 (12MP). In particular, the 2021 Budget will focus on caring for the people, enabling local businesses and revitalising the economy.

Efforts by the Government to revive the economy have proven to be effective as reflected in the improving macroeconomic indicators from the significant decline in the second quarter of 2020. The stimulus packages that consist of fiscal and non-fiscal measures totalling RM305 billion are expected to cushion the crisis and stimulate the economy by boosting aggregate demand and sustaining employment. Internal estimates project that the packages would add to the gross domestic product ("GDP") growth by 4.0 - 4.2 percentage points in 2020.

Unless and until a vaccine is found and made widely accessible, the war against Covid-19 is not over, and efforts to curb the virus and its impact are still ongoing.

(Sources: Annual Report 2019, Bank Negara Malaysia as well as Economic Outlook 2021, Ministry of Finance Malaysia)

4.2 Entertainment industry in Malaysia

Entertainment is a form of activity that provides enjoyment, leisure, fun and amusement to participants or an audience. It allows the participants or audience to temporarily unwind and “get away” from their regular daily responsibilities, which is important for the overall physical and emotional well-being of an individual. The entertainment industry includes events which showcase various forms of activities such as music, drama, dance, sports and stand-up comedy, to cater to different preferences in entertainment, thus making it a major industry worldwide.

In view of the outbreak of the Covid-19 since early 2020, the Government of Malaysia imposed movement restrictions throughout Malaysia (*i.e.* MCO from 18 March 2020 to 3 May 2020, Conditional MCO (“**CMCO**”) from 4 May 2020 to 9 June 2020, and Recovery MCO (“**RMCO**”) from 10 June 2020 to 31 March 2021) to curb the spread of the virus, which involved closure of arts, entertainment and recreation premises, prohibitions of large-scale events and gatherings, closing of country borders and implementation of domestic and international travel restrictions. These restrictions caused many entertainment events and activities to be cancelled or postponed, ceasing the operations of entertainment providers and businesses and making the entertainment industry one of the hardest hit industries during the Covid-19 pandemic. Following the loosening of the movement restrictions during the RMCO, effective 1 July 2020, entertainment events have been allowed subject to public health guidelines set by the Government including implementation of physical distancing within the premise. Nevertheless, due to a resurgence of Covid-19 infected cases, CMCO was re-imposed in most of the states and federal territories for different durations in the last quarter of 2020 up to January 2021, where events and gatherings have been prohibited again in these areas. As the reported Covid-19 infected cases remained high, the Government re-imposed MCO and CMCO between 13 January 2021 and 26 January 2021 in certain states and federal territories throughout Malaysia depending on the severity of Covid-19 infected cases in those areas. Depending on local standard operation procedures, entertainment businesses may not be allowed to operate and/or events may be prohibited.

The entertainment industry in Malaysia, represented by revenue generated from the arts, entertainment and recreation segment, grew from RM23.30 billion in 2017 to RM27.12 billion in 2019, at a compound annual growth rate (“**CAGR**”) of 7.89%. Smith Zander forecasts the entertainment industry in Malaysia to decrease to RM13.55 billion in 2020 at a 50.04% decline from 2019.

The decline in the entertainment industry in 2020 is in view of the Covid-19 pandemic which resulted in the closure of arts, entertainment and recreation premises as well as prohibitions of large-scale events during the movement restriction periods which led to a decline in revenue recorded by the industry. Following the re-opening of such premises and organisation of certain entertainment events as permitted by the Government, the entertainment industry still faced limitations in 2020 as the number of participants allowed in entertainment events were limited due to physical distancing measures; people may still reduce or avoid participating in entertainment events and activities as a precautionary measure to minimise the possibility of getting infected with the Covid-19 virus; and/or people reduce expenditure on entertainment due to any negative impact to business, employment and household income resulting from adverse economic conditions following the Covid-19 pandemic.

Further, due to a resurgence of Covid-19 infected cases, CMCO was re-imposed in most of the states and federal territories for different durations in the last quarter of 2020 up to January 2021, where events and gatherings have been prohibited again in these areas. Additionally, the re-imposition of MCO and CMCO between 13 January 2021 and 26 January 2021 in certain states and federal territories throughout Malaysia is expected to further impact the entertainment industry as events are prohibited and/or face limitations.

Nevertheless, there have been positive news on the development of Covid-19 vaccines achieving high efficacy rates during phase 3 clinical trials. The Government is currently targeting to procure vaccine supply for about 80.00% of the population. Once the vaccines are tested and passed for usage, the Government plans to begin mass vaccination in the first quarter of 2021. Further, several companies in the private sector have also entered into agreements with vaccine suppliers for the commercialisation and distribution of vaccines in Malaysia. As the impact of the Covid-19 pandemic subsides, the recovery of the entertainment industry is expected in the longer term which is driven by the following drivers:-

(i) Revival and resumption of entertainment events which were previously halted due to the Covid-19 pandemic will boost the entertainment industry

Entertainment events are a source of income for many industry players such as performers, artistes and entertainers as well as event organisers and equipment vendors. These industry players typically plan and organise a single or series of events according to pre-determined schedules. However, due to the outbreak of the Covid-19 virus in 2020, entertainment events have been postponed or cancelled as entertainment businesses were forced to temporarily shut down during the movement restriction periods; and large-scale events and gatherings are prohibited to curb the spread of the virus.

On the other hand, the advancement of livestreaming enables certain entertainment events to be carried out virtually during the Covid-19 pandemic which allow audience to view the event through digital platforms. As the Covid-19 pandemic subsides, the entertainment industry is expected to recover, and eventually grow in the longer term as the environment allows more events and activities to be held; more people become comfortable to attend these events; and more international performers and artistes are able to travel to Malaysia. The expected industry recovery is in line with the need for industry players to resume organising events to generate income as well as to cater to the demand from the audience in anticipation of new entertainment events which have been put on hold during the pandemic.

(ii) Passion and desire for entertainment events and activities which is encouraged by abundance of entertainment content and information on the internet will continue to drive the entertainment industry

Entertainment has become an integral part of lifestyle for many people as it brings enjoyment, experience and relaxation. Participating in entertainment events and activities such as music concerts or stand-up comedy shows can often rejuvenate a person as he/she temporarily breaks away from routine tasks and responsibilities. It enables a person to watch and/or meet performers and artistes whom he/she admires or be surrounded by an enticing ambience such as award shows and sports events that would otherwise be unavailable in a person's usual environment. Further, entertainment is also a regular activity for many, such as weekly or monthly outings to participate in entertainment events with family and friends. As such, the demand for, and participation in, entertainment events are expected to gradually recover as the Covid-19 pandemic subsides.

In addition, the proliferation of internet usage drives the entertainment industry as entertainment information such as the latest releases of events and shows, news and/or development of music artistes, actors and actresses, athletes and comedians are in abundance on the internet, allowing people to easily access such information, enticing them to participate in entertainment events. Entertainment content and information can also be easily accessed as it is widely available on social media platforms such as Instagram and Facebook, video sharing websites such as YouTube and TikTok, and entertainment websites. As such, the availability and accessibility of entertainment content and information on the internet fuels desires for live experiences of their preferred entertainment, thus contributing to the demand for entertainment events and subsequently driving the growth of the entertainment industry in Malaysia.

(iii) The increasing income and affluence of the population provides growth opportunities for entertainment events and activities

Malaysia is an upper-middle income developing country whereby its gross national income ("GNI") per capita increased from RM41,647.00 in 2017 to RM45,212.00 in 2019 at a CAGR of 4.19%. The increasing GNI per capita indicates a more affluent population with greater propensity to spend and higher standards of living, making entertainment events and activities more attainable. Therefore, the increasing affordability of desired entertainment events and activities creates more demand in the entertainment industry.

However, the economic contraction due to the Covid-19 pandemic has negatively affected the disposable income of individuals who have experienced pay cuts or loss of employment. Bank Negara Malaysia projects the economic growth of Malaysia, measured by GDP growth, to be between -3.50% to -5.50% in 2020. Nevertheless, the economic conditions of Malaysia are expected to gradually recover as the uncertainties caused by the impact of the Covid-19 pandemic subside. Bank Negara Malaysia projects Malaysia's GDP growth to be between 6.50% and 7.50% in 2021. The expected economic recovery will contribute to increasing wealth and disposable income of the population, which may thus lead to more demand for entertainment events and activities.

Premised on the above growth drivers, Smith Zander believes that the entertainment industry in Malaysia is expected to recover as the impact of the Covid-19 pandemic subsides. The recovery of the entertainment industry is expected to be driven by a gradual increase in entertainment events and activities in line with increasing demand for entertainment. While the rate of recovery is currently uncertain, the entertainment industry in Malaysia is expected to eventually recover to pre-Covid-19 levels.

(Source: IMR Report)

4.3 Microfinancing industry in Malaysia

Financial institutions which provide microfinancing comprises banks and non-bank financial institutions ("NBFIs") within the financial system. NBFIs include licensed moneylending companies, co-operatives, pawn brokers, non-bank providers of credit and hire purchase financing, provident and pension funds and fund management organisations. These NBFIs may provide microfinancing and/or other financial products and services. Within the financial system, banks are regulated by Bank Negara Malaysia whereas NBFIs are generally regulated by other authorities such as the Ministry of Finance, Ministry of Housing and Local Government and Malaysia Co-operative Societies Commission.

The microfinancing industry size in the IMR Report focuses on microfinancing extended by NBFIs, which is represented by the share of microfinancing among total NBFIs' assets. The microfinancing industry in Malaysia grew by 3.07 percentage points from 5.24% of total NBFIs' assets in 2017 to 8.31% of total NBFIs' assets in 2018. Subsequently, the share of microfinancing experienced a slight increase of 0.06 percentage points, thus representing 8.37% of total NBFIs' assets in 2019. As such, the growth of the microfinancing industry indicates increasing demand for microfinancing extended by NBFIs. Data for the microfinancing industry for 2020 and its forecast for 2021 have not been made publicly available by Bank Negara Malaysia. Nevertheless, moving forward, the microfinancing industry is expected to be further driven by the need for microfinancing during and beyond the Covid-19 pandemic, as well as by the convenience and accessibility of microfinancing which are outlined in the following drivers:-

(i) The need for financial support for businesses creates demand for microfinancing

Microfinancing is essential in supporting the financial system as it provides financing to businesses which are underserved by the banking sector. These businesses include different types of SMEs, especially start-up companies and entrepreneurs, hawkers and micro enterprises. With microfinancing provided by NBFIs, businesses are able to sustain and grow their businesses and livelihoods. Consequently, the financial support provided through microfinancing contributes to overall economic growth.

Further, entrepreneurs and SMEs may seek loans from NBFIs to raise capital to fund the cost of starting up their businesses and support the early stages of business growth. Additionally, in view of the current Covid-19 pandemic which has adversely impacted businesses, employment and the overall economy, more businesses may seek financial assistance, including from NBFIs, to support their cashflow and sustain their business operations. Therefore, the financial support provided through microfinancing promotes financial resilience as it enables businesses to endure financial challenges until the businesses and the economy recover and further grow as the pandemic subsides. Beyond the pandemic, microfinancing will also help businesses to sustain during business cyclicity and seasonality.

As such, microfinancing is required to aid business continuity and growth which thus leads to improving living standards and welfare of employers and the community. Therefore, the continuous need for financial support for businesses, especially those without bank credit facilities, is expected to create demand for microfinancing.

(ii) Convenience and accessibility of microfinancing provided by NBFIs drive the growth of the microfinancing industry

Microfinancing is a convenient and accessible financing option for businesses. Such convenience includes loan processing and loan disbursement which may be done in a short time and this is beneficial for ad-hoc and/or emergency purposes.

In addition, NBFIs which provide microfinancing may offer financial solutions which are tailored to a particular type or status of a business (*i.e. the borrower*) such that a particular loan is suitable for the business (*e.g. financial position and nature of business*). A NBFI which provides microfinancing may also specialise in a particular sector or type of business such as information, communications and technology and food and beverages, thus providing relevant advisory and expertise on the financing needs of their borrowers.

Further, microfinancing requirements set by NBFIs are typically less stringent than requirements set by banks. Nevertheless, necessary background checks on microfinancing applicants such as checking of payslips, bills and other financing-related information are still carried out by NBFIs to minimise default rates. Due to the less stringent requirements, microfinancing extended by NBFIs is accessible to more businesses as they have higher chances for loan approvals. In addition, the accessibility of microfinancing is extended to businesses who want to take out loans without collateral.

The convenience and accessibility of microfinancing extended by NBFIs thus enhance financial inclusion and empowerment among businesses, therefore driving demand for microfinancing as businesses are able to secure such loans easier and quicker. Thus, this is expected to drive the growth of the microfinancing industry.

Premised on the above growth drivers, Smith Zander believes that the microfinancing industry in Malaysia is expected to be positive moving forward as microfinancing is fundamental in the course of businesses, and such that the microfinancing provided by NBFIs supplements the need for financing within the financial system.

(Source: IMR Report)

4.4 Prospects and future plans of the Macpie Group

The Covid-19 pandemic has adversely impacted the overall economy in Malaysia and the Group is not spared from the negative effects of the pandemic. The closure of arts, entertainment and recreation premises, prohibitions of large-scale events and gatherings, closing of country borders and implementation of domestic and international travel restrictions have caused many entertainment events and activities to be cancelled or postponed, making the entertainment industry one of the hardest hit industries during the Covid-19 pandemic.

Nevertheless, the entertainment industry in Malaysia is expected to recover as the impact of the Covid-19 pandemic subsides. Despite a world focused on entertainment from screens, the experience of a live event such as music concerts and other entertainment events is still highly valued as audience may watch and/or meet their favourite performers and artistes and be surrounded by an enticing ambience.

The current subdued demand in the entertainment industry represents an opportune time for the Group to acquire equipment and expand its assets base to cater for the expected increase in demand from the entertainment industry post recovery from Covid-19 pandemic.

Accordingly, as set out in Section 2.1.6 of this Circular, the Group intends to use proceeds of up to RM23.00 million from the Proposed Private Placement to purchase event management equipment to support the Group's continued growth in the event management segment. In undertaking the expansion plan for its event management segment, the Group will capitalise on its past experience in organising large-scale events such as the "BLACKPINK 2019 WORLD TOUR with KIA [IN YOUR AREA] KUALA LUMPUR" concert and the "Westlife The Twenty Tour 2019 'LIVE' in Kuala Lumpur" concert.

Further, the Group intends to allocate up to RM15.00 million (*under the Minimum Scenario*) and RM20.00 million (*under the Maximum Scenario*) as additional funds for its money lending business to expand the financial solutions segment in view that the slowdown in economic activities due to the Covid-19 pandemic has negatively affected the cash flows of numerous entities, especially households from the low to medium income group as well as SMEs. Prior to granting any financing to the affected individuals and/or businesses, their creditworthiness and adequacy of security / collaterals will be assessed.

In addition, amidst the Covid-19 pandemic environment, the Group will be on the lookout for opportunities to acquire and/or invest in any suitable and/or complementary businesses and/or assets which may generate positive financial returns to the Group in future. The necessary announcements will be made in accordance with the Listing Requirements (*if required*) as and when the Company enters into any agreements for such acquisitions and/or investments. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought. As at the LPD, there is no such agreement which has been entered into by the Company, whereby the requisite announcement has not been made to Bursa Securities.

Premised on the successful implementation of the Group's expansion plans (*see further details in Section 2.1.6 of this Circular*) and the industry outlook of the entertainment industry in Malaysia as well as the microfinancing industry in Malaysia (*see further details in Sections 4.2 and 4.3 of this Circular respectively*), the Board is cautiously optimistic of the future prospects of the Group.

5. EFFECTS OF THE PROPOSALS

5.1 Share capital

The pro forma effects of the Proposals on the issued share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	353,294,982	50,976,626	353,294,982	50,976,626
Assuming full exercise of all outstanding Warrants A	-	-	78,754,500	46,202,640 ⁽¹⁾
Placement Shares to be issued pursuant to the Proposed Private Placement	353,294,982	50,976,626	432,049,482	97,179,266
Enlarged issued share capital after the Proposed Private Placement	105,988,400	42,395,360 ⁽²⁾	129,614,800	51,845,920 ⁽²⁾
Issued share capital after the Proposed Share Split	459,283,382	93,371,986	561,664,282	149,025,186
New Shares to be issued assuming full exercise of Warrants B	918,566,764	93,371,986	1,123,328,564	149,025,186
	459,283,382	119,413,679 ⁽³⁾	561,664,282	146,032,713 ⁽³⁾
Enlarged issued share capital after the Proposals	1,377,850,146	212,785,665	1,684,992,846	295,057,899

Notes:-

(1) Assuming the exercise of 78,754,500 outstanding Warrants A at the exercise price of RM0.48 per Warrant A and after accounting for the reversal of warrant reserve of approximately RM8.40 million.

(2) Based on an illustrative issue price of RM0.4000 per Placement Share.

(3) Based on an illustrative exercise price of RM0.2600 per Warrant B.

5.2

NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:-

Minimum Scenario

	Audited as at 30 June 2020 (RM)	(I) After the Proposed Private Placement ⁽¹⁾ (RM)	(II) After (I) and the Proposed Share Split ⁽²⁾ (RM)	(III) After (II) and assuming full exercise of Warrants B ⁽³⁾ (RM)
Share capital	50,976,626	93,371,986	93,371,986	212,785,665
Warrant reserve	8,400,480	8,400,480	-	-
Accumulated losses	(18,842,621)	(20,672,621)	(12,272,141)	(12,272,141)
Shareholders' equity / NA	40,534,485	81,099,845	81,099,845	200,513,524
Non-controlling interests	(534,067)	(534,067)	(534,067)	(534,067)
Total equity	40,000,418	80,565,778	80,565,778	199,979,457
No. of Shares in issue (units)	353,294,982	459,283,382	918,566,764	1,377,850,146
NA per Share	0.11	0.18	0.09	0.15
Total borrowings	1,301,000	1,301,000	1,301,000	1,301,000
Gearing (times)	0.03	0.02	0.02	0.01

Notes:-

- (1) Assuming all 105,988,400 Placement Shares are issued at an illustrative issue price of RM0.4000 each and after deducting estimated expenses to be incurred in relation to the Proposals of approximately RM1.83 million.
- (2) After accounting for the expiry of 78,754,500 outstanding Warrants A on 17 February 2021 prior to the implementation of the Proposed Share Split.
- (3) Based on an illustrative exercise price of RM0.2600 per Warrant B.

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Maximum Scenario

	Audited as at 30 June 2020 (RM)	(I) Assuming full exercise of all outstanding Warrants A ⁽¹⁾ (RM)	(II) After (I) and the Proposed Private Placement ⁽²⁾ (RM)	(III) After (II) and the Proposed Share Split (RM)	(IV) After (III) and assuming full exercise of Warrants B ⁽³⁾ (RM)
Share capital	50,976,626	97,179,266	149,025,186	149,025,186	295,057,899
Warrant reserve	8,400,480	-	-	-	-
Accumulated losses	(18,842,621)	(18,842,621)	(20,972,621)	(20,972,621)	(20,972,621)
Shareholders' equity / NA	40,534,485	78,336,645	128,052,565	128,052,565	274,085,278
Non-controlling interests	(534,067)	(534,067)	(534,067)	(534,067)	(534,067)
Total equity	40,000,418	77,802,578	127,518,498	127,518,498	273,551,211
No. of Shares in issue (units)	353,294,982	432,049,482	561,664,282	1,123,328,564	1,684,992,846
NA per Share	0.11	0.18	0.23	0.11	0.16
Total borrowings	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Gearing (times)	0.03	0.02	0.01	0.01	negligible

Notes:-

- (1) Assuming the exercise of 78,754,500 outstanding Warrants A at the exercise price of RM0.4800 per Warrant A and after accounting for the reversal of warrant reserve of approximately RM8.40 million.
- (2) Assuming all 129,614,800 Placement Shares are issued at an illustrative issue price of RM0.4000 each and after deducting estimated expenses to be incurred in relation to the proposals of approximately RM2.13 million.
- (3) Based on an illustrative exercise price of RM0.2600 per Warrant B.

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5.3

Substantial Shareholders' shareholdings

The pro forma effects of the Proposals on the substantial Shareholders' shareholdings in the Company are as follows:-

Minimum Scenario

	As at 31 December 2020				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Substantial Shareholders								
Ace Solution Investments Ltd	70,000,000	19.81	-	-	70,000,000	15.24	-	-
XOX (Hong Kong) Limited	46,300,000	13.11	-	-	46,300,000	10.08	-	-
XOX Bhd	-	-	46,300,000 ⁽³⁾	13.11	-	-	46,300,000 ⁽³⁾	10.08

	(II) After (I) and the Proposed Share Split				(III) After (II) and assuming full exercise of Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Substantial Shareholders								
Ace Solution Investments Ltd	140,000,000	15.24	-	-	210,000,000	15.24	-	-
XOX (Hong Kong) Limited	92,600,000	10.08	-	-	138,900,000	10.08	-	-
XOX Bhd	-	-	92,600,000 ⁽³⁾	10.08	-	-	138,900,000 ⁽³⁾	10.08

Notes:-

- (1) Computed based on 353,294,982 Shares.
- (2) Computed based on 459,283,382 Shares following the completion of the Proposed Private Placement.
- (3) Deemed interested pursuant to its interest in XOX (Hong Kong) Limited.
- (4) Computed based on 918,566,764 Shares following the completion of the Proposed Share Split.
- (5) Computed based on 1,377,850,146 Shares assuming full exercise of the Warrants B.

Maximum Scenario

	As at 31 December 2020				(I) Assuming full exercise of all outstanding Warrants A			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Substantial Shareholders								
Ace Solution Investments Ltd	70,000,000	19.81	-	-	70,000,000	16.20	-	-
XOX (Hong Kong) Limited	46,300,000	13.11	-	-	46,300,000	10.72	-	-
XOX Bhd	-	-	46,300,000 ⁽³⁾	13.11	-	-	46,300,000 ⁽³⁾	10.72

	(II) After (I) and the Proposed Private Placement				(III) After (II) and the Proposed Share Split			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Substantial Shareholders								
Ace Solution Investments Ltd	70,000,000	12.46	-	-	140,000,000	12.46	-	-
XOX (Hong Kong) Limited	46,300,000	8.24	-	-	92,600,000	8.24	-	-
XOX Bhd	-	-	46,300,000 ⁽³⁾	8.24	-	-	92,600,000 ⁽³⁾	8.24

	(IV) After (III) and assuming full exercise of Warrants B			
	Direct		Indirect	
	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁶⁾
Substantial Shareholders				
Ace Solution Investments Ltd	210,000,000	12.46	-	-
XOX (Hong Kong) Limited	138,900,000	8.24	-	-
XOX Bhd	-	-	138,900,000 ⁽³⁾	8.24

Notes:-

- (1) Computed based on 353,294,982 Shares.
- (2) Computed based on 432,049,482 Shares assuming full exercise of all outstanding Warrants A.
- (3) Deemed interested pursuant to its interest in XOX (Hong Kong) Limited.
- (4) Computed based on 561,664,282 Shares following the completion of the Proposed Private Placement.
- (5) Computed based on 1,123,328,564 Shares following the completion of the Proposed Share Split.
- (6) Computed based on 1,684,992,846 Shares assuming full exercise of the Warrants B.

5.4

Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of the Group for the FYE 30 June 2021. The potential effects of the Proposed Private Placement on the consolidated earnings and EPS of the Company moving forward will depend on, amongst others, the number of Placement Shares to be issued and the level of returns generated from the use of the proceeds to be raised from the Proposed Private Placement. The potential effects of the exercise of the Warrants B on the future earnings of the Group and EPS of the Company will depend upon, amongst others, the number of Warrants B exercised at any point in time, the actual exercise price of the Warrants B and the returns generated by the Group from the use of proceeds raised from the exercise of the Warrants B.

Assuming that the earnings of the Group remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Placement Shares, the Proposed Share Split and as and when the Warrants B are exercised into new Shares.

For illustration purposes, assuming that the Proposals had been completed and the Warrants B had been fully exercised at the beginning of the FYE 30 June 2020 and the earnings of the Group remain unchanged, the pro forma effects of the Proposals on the consolidated earnings and EPS of the Company are as follows:-

	Minimum Scenario			Maximum Scenario		
	LAT attributable to owners of the Company (RM'000)	Weighted average number of Shares in issue ('000 units)	LPS (sen)	LAT attributable to owners of the Company (RM'000)	Weighted average number of Shares in issue ('000 units)	LPS (sen)
Audited FYE 30 June 2020	(8,144)	353,295	(2.31)	(8,144)	353,295	(2.31)
(I) After the Proposed Private Placement ^{(1)/(2)}	(9,974)	459,283	(2.17)	(10,274)	561,664	(1.83)
(II) After (I) and the Proposed Share Split	(9,974)	918,567	(1.09)	(10,274)	1,123,329	(0.91)
(III) After (II) and assuming full exercise of Warrants B	(9,974)	1,377,850	(0.72)	(10,274)	1,684,993	(0.61)

Notes:-

- (1) For the Maximum Scenario, assuming that prior to the implementation of the Proposed Private Placement, Books Closure Date for Share Split and Entitlement Date for Bonus Warrants, all 78,754,500 outstanding Warrants A will be fully exercised into new Shares.
- (2) After deducting estimated expenses to be incurred in relation to the Proposals of approximately RM1.83 million (under the Minimum Scenario) and approximately RM2.13 million (under the Maximum Scenario).

The pro forma effects above have not taken into consideration any returns which may be generated from the use of the proceeds to be raised from the Proposed Private Placement as well as the exercise of Warrants A and/or Warrants B.

5.5 Convertible securities

Since the effective date of the ESOS on 5 December 2018 up to the LPD, the Company has not granted any ESOS Options. Pursuant to the maximum allowable amount under the By-Laws based on the existing total issued ordinary shares of Macpie, the Company may grant up to 105,988,494 ESOS Options. Nonetheless, the Company has undertaken not to grant any ESOS Options until completion of the Proposals. Accordingly, there will be no adjustment to exercise price or number of outstanding ESOS Options to be made resulting from the Proposals.

As at the LPD, there are 78,754,500 outstanding Warrants A, which have an exercise price of RM0.48 each and are expiring on 17 February 2021. In accordance with the provisions of the Deed Poll A, the Proposed Private Placement will not result in any adjustment to the exercise price and number of outstanding Warrants A. Further, as the Proposed Share Split and the Proposed Bonus Issue of Warrants are intended to be undertaken after the expiry of the existing Warrants A, the Proposed Share Split and the Proposed Bonus Issue of Warrants will not result in any adjustment to the exercise price and number of outstanding Warrants A.

Save for the above, the Company does not have any other outstanding convertible securities as at the LPD.

6. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed in the 1st quarter of 2021. The tentative timeline for the implementation of the Proposals is as follows:-

Date	Events
5 February 2021	• EGM
February 2021	• Listing and quotation of the Placement Shares on the ACE Market of Bursa Securities and completion of the Proposed Private Placement • Announcement of the Books Closure Date for Share Split • Expiry of Warrants A on 17 February 2021 • Books Closure Date for Share Split • Listing and quotation of the Subdivided Shares on the ACE Market of Bursa Securities • Completion of the Proposed Share Split
February / March 2021	• Announcement of the Entitlement Date for Bonus Warrants • Entitlement Date for Bonus Warrants • Admission, listing and quotation of the Warrants B on the ACE Market of Bursa Securities • Completion of the Proposed Bonus Issue of Warrants

7. APPROVALS REQUIRED AND CONDITIONALITY

7.1 Approvals required

The Proposals are subject to approvals being obtained from the following:-

- (i) Bursa Securities for the following:-
 - (a) the Proposed Share Split;
 - (b) admission to the Official List and the initial listing and quotation of up to 561,664,282 Warrants B to be issued pursuant to the Proposed Bonus Issue of Warrants;

(c) listing of:-

- (1) up to 129,614,800 Placement Shares to be issued pursuant to the Proposed Private Placement; and
- (2) up to 561,664,282 Subdivided Shares to be issued arising from the exercise of the Warrants B on the ACE Market of Bursa Securities.

The approval by Bursa Securities was obtained on 15 January 2021, subject to the following conditions:-

Conditions imposed	Status of compliance
(1) Macpie and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement and Proposed Bonus Issue of Warrants;	To be complied
(2) Macpie and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Private Placement and Proposed Bonus Issue of Warrants;	To be complied
(3) Macpie to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement and Proposed Bonus Issue of Warrants are completed;	To be complied
(4) Macpie and Mercury Securities are required to make the relevant announcements pursuant to Rule 6.36(2)(a)&(b) and 6.36(4) of the Listing Requirements.	To be complied
(5) Mercury Securities to furnish Bursa Securities with details of the placees as per Rule 6.16 of the Listing Requirements for its clearance, prior to the issuance / allotment of the Placement Shares; and	To be complied
(6) Macpie to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

(ii) the Shareholders at the forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.

7.2 Conditionality

The Proposed Private Placement, Proposed Share Split and Proposed Bonus Issue of Warrants are not conditional upon each other.

The Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion as at the LPD.

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

None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposals, apart from their respective entitlements as Shareholders under the Proposed Share Split and Proposed Bonus Issue of Warrants, of which all other entitled Shareholders are similarly entitled to.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after careful deliberation and taking into consideration all aspects of the Proposals including the rationale and effects of the Proposals, use of proceeds and future prospects of the Group, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

11. ADDITIONAL INFORMATION

11.1 Historical financial information of the Group

The following table sets out a summary of the financial performance of the Group for the 15-month FPE 30 June 2018, FYE 30 June 2019, FYE 30 June 2020 as well as the 3-month FPE 30 September 2020:-

	Unaudited	Audited			
	3-month FPE 30 September 2020	FYE 30 June 2020	FYE 30 June 2019	15-month FPE 30 June 2018	15-month FPE 30 June 2018 (annualised)
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	5,105	64,934	85,599	50,174	40,139
Cost of sales	(5,137)	(61,122)	(73,923)	(44,154)	(35,323)
Gross (loss) / profit	(32)	3,812	11,676	6,020	4,816
Other income	53	1,781	1,981	2,148	1,718
Distribution costs	-	-	(56)	(99)	(79)
Administrative and other expenses	(1,773)	(14,819)	(14,956)	(14,350)	(11,480)
Finance costs	-	(127)	(1,200)	(2,624)	(2,099)
Loss before taxation	(1,752)	(9,353)	(2,555)	(8,905)	(7,124)
Taxation	-	636	(1,010)	(61)	(49)
LAT for the financial year / period	(1,752)	(8,717)	(3,565)	(8,966)	(7,173)
LAT attributable to:-					
- owners of the Company	(1,587)	(8,144)	(2,766)	(8,819)	(7,055)
- non-controlling interests	(165)	(573)	(799)	(147)	(118)
	(1,752)	(8,717)	(3,565)	(8,966)	(7,173)
Gross (loss) / profit margin (%)	(0.63)	5.87	13.64	12.00	12.00
LAT margin (%)	(34.32)	(13.42)	(4.16)	(17.87)	(17.87)
Weighted average number of Shares in issue ('000)	353,295	353,295	323,387	294,778	235,822
Basic LPS (sen)	(0.45)	(2.31)	(0.85)	(2.99)	(2.99)

(i) 3-month FPE 30 September 2020 vs 3-month FPE 30 September 2019

The Group's revenue for the 3-month FPE 30 September 2020 decreased by approximately RM22.53 million or 81.51% to approximately RM5.11 million (FPE 30 September 2019: RM27.64 million) mainly due to the effect of the Covid-19 global pandemic which has resulted in significant decline in the performance of the following business segments:-

- (a) the revenue from the ICT segment declined by approximately RM10.88 million to RM4.57 million (3-month FPE 30 September 2019: RM15.45 million);
- (b) the revenue from the event management segment declined by approximately RM9.35 million to RM0.16 million (3-month FPE 30 September 2019: RM9.51 million); and
- (c) the revenue from the retail management segment declined by approximately RM1.95 million to RM0.42 million (3-month FPE 30 September 2019: RM2.37 million).

As a result of the decline in revenue amidst the Covid-19 pandemic, the Group recorded a LAT of RM1.75 million in the 3-month FPE 30 September 2020 as compared to a PAT of RM0.06 million in the previous corresponding financial period, representing a decrease of RM1.81 million.

(ii) FYE 30 June 2020 vs FYE 30 June 2019

The Group's revenue for FYE 30 June 2020 decreased by approximately RM20.67 million or 24.15% to approximately RM64.93 million (FYE 30 June 2019: RM85.60 million) mainly due to the following:-

- (a) the negative effect of the Covid-19 pandemic which has resulted in significant decline in the performance of the following business segments:-
 - (1) the revenue from the ICT segment declined by approximately RM5.88 million to RM43.75 million (FYE 30 June 2019: RM49.63 million);
 - (2) the revenue from the retail management segment declined by approximately RM5.21 million to RM7.08 million (FYE 30 June 2019: RM12.29 million);
 - (3) the revenue from the event management segment declined by approximately RM3.37 million to RM13.30 million (FYE 30 June 2019: RM16.67 million); and
- (b) the cessation of the hydraulic segment (FYE 30 June 2019: RM4.55 million) following the disposal of Tejari Sdn Bhd, a wholly-owned subsidiary of Macpie, on 28 June 2019.

The Group recorded an increase in LAT by approximately RM5.15 million or 144.26% to approximately RM8.72 million for the FYE 30 June 2020 (FYE 30 June 2019: RM3.57 million) mainly due to bad debts written off and impairment losses on receivables of RM6.08 million, contributed mainly from the event management segment (*approximately RM4.60 million*) arising mainly from the postponement by the clients of some events which were scheduled to be held.

(iii) FYE 30 June 2019 vs 15-month FPE 30 June 2018 (annualised)

The Group's revenue for the FYE 30 June 2019 increased by approximately RM45.46 million or 113.25% to RM85.60 million (15-month FPE 30 June 2018: RM40.14 million (annualised)). The increase in revenue is mainly due to the following:-

- (a) increase in revenue from the ICT segment by RM26.11 million or 111.01% to RM49.63 million in the FYE 30 June 2019 (15-month FPE 30 June 2018: RM23.52 million (annualised)) mainly driven by higher volume of mobile devices' distribution as the Group provides more variety of mobile devices to its customers such as smart phones, feature phones and wearables at affordable prices; and
- (b) RM16.67 million in revenue contributed from new business venture into event management in the FYE 30 June 2019 (15-month FPE 30 June 2018: Nil) derived from concerts, entertainment events in Malaysia and equipment rental as a service for other companies and event organisers.

The Group recorded a decrease in LAT by approximately RM3.60 million or 50.21% to RM3.57 million (15-month FPE 30 June 2018: RM7.17 million (annualised)) as the Group focused on profit-making subsidiaries and segments during the FYE 30 June 2019 whereby:-

- (a) the financial solutions segment recorded a segment profit of approximately RM1.78 million (15-month FPE 30 June 2018: segment loss of RM1.75 million (annualised)), mainly attributable to interest income from lending to customers involved in the ICT segment of the Group;
- (b) the event management segment (*which is a new business venture*) recorded a segment profit of approximately RM1.10 million (15-month FPE 30 June 2018: segment loss of RM0.40 million (annualised)), mainly derived from events and concerts held during the year; and
- (c) the ICT segment recorded a segment profit of approximately RM0.18 million (15-month FPE 30 June 2018: segment loss of RM0.72 million (annualised)), mainly attributable to the cost effective measure taken in reducing the administrative and operating expenses.

11.2 Steps taken by the Group to improve its financial condition

During the past few years, the Group has undertaken efforts to improve its financial performance and strengthen its financial position including the following plans:-

- (i) disposal of several non-performing/loss-making and/or dormant subsidiaries since the FYE 31 March 2017 to reduce further losses and cost to the Group such as Vsurf Sdn Bhd, Inventure Conglomerate Sdn Bhd, Prestige Atoz Sdn Bhd, Essential Action Sdn Bhd, Goodwill Paradise Sdn Bhd and Tejari Sdn Bhd. Such effort enables the Group to focus on its profit-making subsidiaries;
- (ii) disposal of freehold land and a single-storey factory and a two-storey office erected thereon for a total cash consideration of RM7.50 million during the FYE 31 March 2017, of which the cash consideration was earmarked for working capital of the Group;
- (iii) implementation of a private placement exercise, which was completed on 14 June 2019 and raised a total proceeds of approximately RM4.04 million mainly for the purchase of smartphones and laptops for the ICT segment;

- (iv) business venture into the event management segment via the subscription of 51% equity interest (on 12 April 2018) and acquisition of the remaining 49% equity interest (on 4 January 2019) in Macpie Pro. Thereafter, the Group has been expanding its event management segment, which then contributed revenue of RM16.67 million and RM13.30 million for the FYE 30 June 2019 and FYE 30 June 2020 respectively, emerging as the second largest contributor of revenue for the Group;
- (v) business venture into the financial solutions segment during the FYE 15-month FPE 30 June 2018 through a wholly-owned subsidiary of the Company, PC3 which has obtained a money lending license from the Ministry of Housing and Local Government on 15 December 2017. For the FYE 30 June 2020, the financial solutions segment had generated a segment profit of RM0.35 million, being the largest contributor of profits to the Group;
- (vi) collaboration with Red One Network Sdn Bhd to provide device bundle plans to end users in Malaysia for the period from 6 August 2020 to 31 December 2020 (*unless renewed*) involving the sale of feature phones, smart phones, new products and accessories (*if any*) carrying the Nokia trademarks and proprietary marks. As at the LPD, negotiation is ongoing in respect of renewal of the collaboration; and
- (vii) business venture into the e-sports and digital media management services segment in November 2020 with XOX Mobile Sdn Bhd, a wholly-owned subsidiary of XOX Berhad for services related to the organisation of the event known as XOX Unity Player Unknown Battleground (PUBG) League. The event is expected to be held in the 1st quarter of 2021.

11.3 Impact of the Proposals to the Company and its Shareholders

The Proposed Private Placement and Proposed Bonus Issue of Warrants will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flows.

Although the issuance of new Shares from the Proposed Private Placement and any exercise of Warrants B is expected to result in dilution to the shareholdings of existing Shareholders, the use of proceeds raised for expansion of the Group's event management and financial solutions businesses as well as working capital of the Group is expected to contribute positively to the future earnings of the Group. Further details on the Group's expansion plans are set out in Section 2.1.6 of this Circular.

The Proposed Share Split is expected to result in the Subdivided Shares being more affordable in order to appeal to a wider group of public shareholders and investors as well as improve the trading liquidity of the Shares in view that the theoretical market price of each Share will decrease to half (1/2) of its current market price and the total number of Shares in issue will increase by the corresponding ratio.

The Proposed Bonus Issue of Warrants is implemented to, amongst others, reward Shareholders and investors for their support towards the Macpie Group by enabling them to participate in convertible securities of Macpie, which are tradable on the ACE Market of Bursa Securities, without incurring any cost. Further, when the warrant holders exercise the Warrants B to increase their equity participation in the Company, proceeds will be raised from such exercise of Warrants B, which may be used for the Group's working capital purposes.

Upon completion of the Proposals, the enlarged capital base is also expected to further strengthen the financial position of the Group.

Further details on the effects of the Proposals are set out in Section 5 of this Circular.

11.4 Value creation to the Company and its Shareholders and adequacy of the Proposals in meeting the financial requirements of the Group

As set out in Section 2.1.6 of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be used mainly for the purchase of equipment for the event management segment to support the Group's continued growth in the event management segment as well as to be used as additional funds for the Group's financial solutions segment. These initiatives are aimed at capitalising on expected recovery from the economic slowdown as a result of the Covid-19 pandemic.

Meanwhile, the additional working capital funds from the Proposed Private Placement and any exercise of Warrants B will help to facilitate the Group's day-to-day operations by providing more flexibility in terms of cash flow management. This also prepares the Group to withstand the impact arising from slowdown in economic activities amidst the current Covid-19 pandemic.

Premised on the above and after taking into consideration the proposed use of proceeds from the Proposed Private Placement (Section 2.1.6 of this Circular) and any exercise of Warrants B (Section 2.3.6 of this Circular), the industry outlook of the entertainment industry in Malaysia (Section 4.2 of this Circular) and the microfinancing industry in Malaysia (Section 4.3 of this Circular) as well as the effects of the Proposals (Section 5 of this Circular), the Board is of the view that the Proposals are adequate to meet the Group's financial requirements at this juncture. The Group will continuously assess its financial position and condition moving forward and meet any financial requirements as required.

12. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be conducted entirely through live streaming from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Friday, 5 February 2021 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without modifications, to give effect to the Proposals.

If you are unable to participate, speak and vote in person at the EGM, you may appoint a proxy or proxies to participate, speak and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM as indicated above or at any adjournment thereof at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for taking of the poll. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting in person at the EGM should you subsequently decide to do so.

13. FURTHER INFORMATION

You are advised to refer to the enclosed appendix for further information.

Yours faithfully,
For and on behalf of the Board of
MACPIE BERHAD

KOO KIEN KEAT
Executive Director

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors, collectively and individually, accept full responsibility for the completeness and accuracy of the information contained in this Circular. They confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS AND CONFLICT OF INTEREST**2.1 Mercury Securities**

Mercury Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Mercury Securities confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

2.2 Smith Zander

Smith Zander, being the independent market researcher, has given and has not subsequently withdrawn its written consent to the inclusion of its name, extracts of its IMR Report referred to in Sections 4.2 and 4.3 of this Circular and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Smith Zander confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Macpie Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular as well as the last transacted market prices on the relevant dates are as follows:-

	High	Low
	RM	RM
2020		
January	0.135	0.100
February	0.110	0.090
March	0.100	0.030
April	0.075	0.060
May	0.130	0.070
June	0.165	0.090
July	0.130	0.100
August	0.200	0.100
September	0.600	0.155
October	0.575	0.400
November	0.665	0.430
December	0.485	0.405
Last transacted market price on 11 December 2020, being the last Market Day immediately prior to the announcement of the Proposals	0.415	
Last transacted market price as at the LPD	0.455	

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur during normal business hours from Monday to Friday (*except public holidays*) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 30 June 2019 and FYE 30 June 2020 as well as the unaudited consolidated financial statements of the Company for the 3-month FPE 30 September 2020;
- (iii) IMR Report referred to in Sections 4.2 and 4.3 of this Circular;
- (iv) letters of consent referred to in Section 2 of this Appendix I; and
- (v) the draft Deed Poll B.



MACPIE BERHAD

(Registration No. 200501002315 (679361-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Macpie Berhad (“**Macpie**” or the “**Company**”) (“**EGM**”) will be conducted entirely through live streaming from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Friday, 5 February 2021 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

ORDINARY RESOLUTION NO. 1

PROPOSED PRIVATE PLACEMENT OF UP TO 129,614,800 NEW ORDINARY SHARES IN MACPIE (“MACPIE SHARES” OR “SHARES”) (“PLACEMENT SHARES”), REPRESENTING UP TO APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF MACPIE, TO INDEPENDENT THIRD PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)

“**THAT** subject to the approval of all the relevant authorities and/or parties, approval be and is hereby given to the Board of Directors of the Company (“**Directors**”) (“**Board**”) to allot and issue up to 129,614,800 Placement Shares by way of private placement to independent third party investor(s) to be identified later in one (1) or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 21 January 2021 (“**Circular**”);

THAT the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-market day volume weighted average market price of Macpie Shares up to and including the last trading day immediately prior to the Price-Fixing Date;

THAT the Directors be and are hereby authorised to use the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the use of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (*where required*) to the approval of the relevant authorities and in the best interest of the Company;

THAT such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares;

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

ORDINARY RESOLUTION NO. 2

PROPOSED SHARE SPLIT INVOLVING A SUBDIVISION OF EVERY 1 EXISTING MACPIE SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER INTO 2 SHARES ("SUBDIVIDED SHARES") ("PROPOSED SHARE SPLIT")

"THAT subject to the approval of all the relevant authorities and/or parties, approval be and is hereby given to the Board to subdivide every 1 existing Macpie Share held by the Shareholders, whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Books Closure Date for Share Split**"), into 2 Subdivided Shares;

THAT the Subdivided Shares shall rank equally in all respects with each other;

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Share Split and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Share Split."

ORDINARY RESOLUTION NO. 3

PROPOSED BONUS ISSUE OF UP TO 561,664,282 FREE WARRANTS IN MACPIE ("WARRANTS B") ON THE BASIS OF 1 WARRANT B FOR EVERY 2 SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")

"THAT subject to the approval of all the relevant authorities and/or parties, approval be and is hereby given to the Board to allot and issue up to 561,664,282 free Warrants B in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants B ("**Deed Poll B**") by way of a bonus issue to all entitled Shareholders, whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date for Bonus Warrants**"), on the basis of 1 free Warrant B for every 2 Shares held on the Entitlement Date for Bonus Warrants;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll B constituting the Warrants B and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll B (*including, without limitation, the affixing of the company seal, where necessary*);

THAT the Board be and is hereby authorised to allot and issue such appropriate number of additional Warrants B as may be required or permitted to be issued as a consequence of any adjustments under the provisions in the Deed Poll B ("**Additional Warrants B**") and to adjust from time to time the exercise price of the Warrants B and Additional Warrants B (*if any*) as a consequence of any adjustments under the provisions in the Deed Poll B and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities or parties (*where required*);

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the exercise price of the Warrants B at a later date and that the Board be and is hereby authorised to allot and issue the new Shares arising from the exercise of the Warrants B by the holders of the Warrants B in accordance with the Deed Poll B, including such appropriate number of new Shares arising from the exercise of subscription rights represented by the Additional Warrants B;

THAT the Warrants B, Additional Warrants B (*if any*) as well as the new Shares to be issued arising from the exercise of the Warrants B and Additional Warrants B (*if any*) shall be listed on the ACE Market of Bursa Securities;

THAT the new Shares to be issued arising from the exercise of the Warrants B and Additional Warrants B (*if any*) shall, upon allotment, issuance and full payment of the exercise price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares;

THAT the Board be and is hereby authorised to disregard and/or deal with any fractional entitlements arising from the Proposed Bonus Issue of Warrants in respect of the Warrants B, if any, in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

THAT the proceeds arising from the exercise of the Warrants B, if any, be used for the purposes set out in the Circular in relation to the Proposed Bonus Issue of Warrants, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Bonus Issue of Warrants and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Bonus Issue of Warrants.”

By Order of the Board
MACPIE BERHAD

CHEN WEE SAM (LS 0009709) (SSM PC No. 202008002853)
Company Secretary

Kuala Lumpur
21 January 2021

Notes:-

(1) *In view of the Covid-19 pandemic and as part of the Company's safety measures to curb the spread of Covid-19, the EGM will be held on a fully virtual basis through live streaming and online remote voting by using the Remote Participation and Voting (“RPV”) facilities.*

(2) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the EGM.*

No members / proxies / corporate representatives / attorneys from the public shall be physically present at the Broadcast Venue on the day of the EGM.

(3) *A member of the Company entitled to attend and vote shall be entitled to appoint a maximum of two (2) proxies to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/their stead. Where a member appoints two (2) proxies to attend, participate and vote at the same meeting, he/she/they shall specify the proportions of his/her/their shareholdings to be represented by each proxy.*

Please read and follow the procedures as set out in the Administrative Guide of the EGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at <https://macpie.asia/> in order to register, participate and vote remotely via the RPV facilities.

(4) *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 29 January 2021. Only a depositor whose name appears on the Record of Depositors as at 29 January 2021 shall be entitled to attend the said meeting or appoint proxies to attend, participate and/or vote on his/her/its behalf.*

(5) *A proxy may but need not be a member of the Company.*

- (6) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the registered office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.*
- (7) *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.*
- (8) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (9) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
- (10) *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll.*



MACPIE BERHAD

MACPIE BERHAD

(Registration No. 200501002315 (679361-D))
(Incorporated in Malaysia)

FORM OF PROXY

I/We, _____ NRIC/Passport/Company No. _____
(Full Name in Block Letters)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member/members of **Macpie Berhad ("Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company which will be conducted entirely through live streaming from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Friday, 5 February 2021 at 10.00 a.m. or at any adjournment thereof.

Full Name (in capital letters):	NRIC/Passport No.:
Full Address (in capital letters):	Contact No.: Email Address:

and/or

Full Name (in capital letters):	NRIC/Passport No.:
Full Address (in capital letters):	Contact No.: Email Address:

or failing him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf, at the EGM of the Company.

My/our proxy is authorised to vote as indicated below:

No.	Ordinary Resolution	In Favour	Against
1.	Proposed Private Placement		
2.	Proposed Share Split		
3.	Proposed Bonus Issue of Warrants		

Please indicate with a tick (✓) in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

CDS Account No	
No. of shares held	

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	%
Proxy 1		
Proxy 2		
Total		100%

Signed this _____ day of _____ 2021

Signature(s)/Common Seal of member(s)



Notes:-

- (1) *In view of the Covid-19 pandemic and as part of the Company's safety measures to curb the spread of Covid-19, the EGM will be held on a fully virtual basis through live streaming and online remote voting by using the Remote Participation and Voting ("RPV") facilities.*
- (2) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the EGM.*
No members / proxies / corporate representatives / attorneys from the public shall be physically present at the Broadcast Venue on the day of the EGM.
- (3) *A member of the Company entitled to attend and vote shall be entitled to appoint a maximum of two (2) proxies to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/their stead. Where a member appoints two (2) proxies to attend, participate and vote at the same meeting, he/she/they shall specify the proportions of his/her/their shareholdings to be represented by each proxy.*
Please read and follow the procedures as set out in the Administrative Guide of the EGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at <https://macpie.asia/> in order to register, participate and vote remotely via the RPV facilities.
- (4) *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 29 January 2021. Only a depositor whose name appears on the Record of Depositors as at 29 January 2021 shall be entitled to attend the said meeting or appoint proxies to attend, participate and/or vote on his/her/its behalf.*
- (5) *A proxy may but need not be a member of the Company.*
- (6) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the registered office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.*
- (7) *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.*
- (8) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (9) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
- (10) *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Company Secretary
MACPIE BERHAD
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

1st fold here

