

## INSPIRING DIFFERENCES





Macpie Berhad 200501002315 (679361-D)



## **Welcome to the Macpie Berhad Group of Companies and Business Ecosystem.**

We would like to sincerely thank our shareholders for all their support throughout the challenging year and congratulate everyone at Macpie for the achievements we have had over the course of the current year. We are very hopeful for the upcoming year; not because we assume it to be any easier (it certainly won't) but because we are well anticipated and prepared for whatever lies ahead. Thank you for supporting us, your satisfaction has been and will always be our topmost priority.



“

Moving forward together to build a stronger ecosystem in sustainable, effective, and partnership oriented ways.

”



# CORE VALUES

## Prioritizing Clients

We aim to build and keep a strong relationship with our clients. We are willing to face upcoming challenges and go above and beyond for our clients as their satisfaction is our main priority.

## Stronger Together

We can't do much on our own but together we can accomplish great things with our clients, partners, communities, and investors supporting us to accomplish our challenges and goals.

## Always Reinvent

We think forward to the future and always try to keep up with the most current technologies, businesses, systems, and events. We will constantly be improving and striving to be the best in everything we do from our business to our relationships with partners, investors, and clients.

## Passion & Determination

We are passionate and determined to tackle the challenges and goals that we have set. Our passion drives our determination to see through everything and finish what we started.



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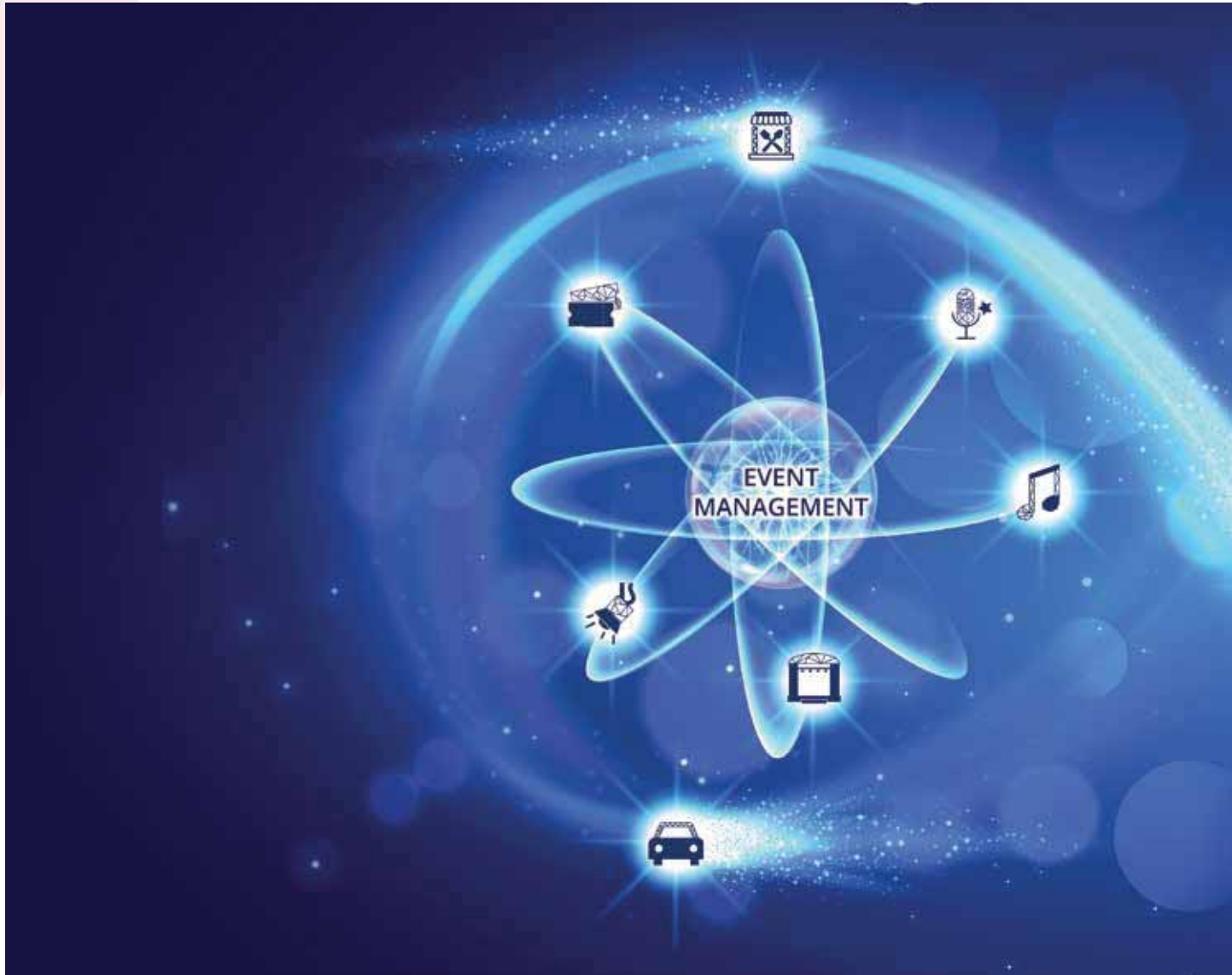
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# COMPANY PROFILE



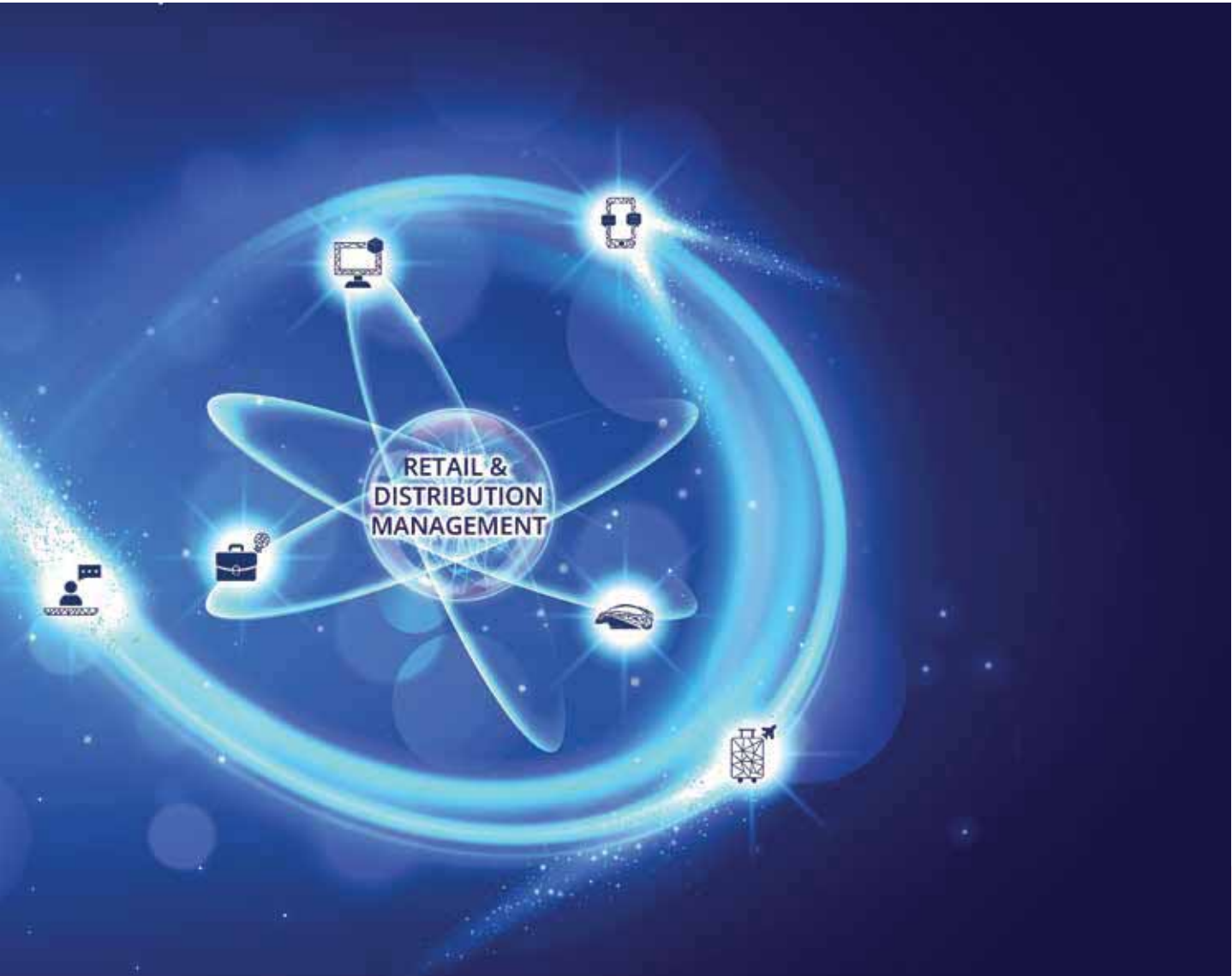
Macpie Berhad formerly known as Sterling Progress Berhad changed its name on the 3rd of April 2019 to reflect a change in their market focus and direction. The company has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 2007.

The Company has two independent core segments which are Retail & Distribution Management and Event Management. Subsidiaries of the Retail & Distribution Management segment consist of Macpie Distribution, Macpie Management, and PC3 Technology while the subsidiaries of the Event Management segment incorporate MacpiePro, Macpie Equipment, Macpie Ticketing, Level Up Plus, and Macpie Entertainment.

Macpie Berhad has undergone a tremendous transformation through its Retail & Distribution Management subsidiary. Macpie Distribution Sdn Bhd was appointed as the new authorised distribution partner for Nokia's smartphone brand in Malaysia. Macpie will be distributing Nokia smartphones and

# COMPANY PROFILE

cont'd



feature phones all over Malaysia through its own distribution channels while also preparing to move towards the modern 5G technology era by incorporating partners.

In addition to that, Macpie Berhad has been successful in integrating the ecosystem of the Event Management segment into the product portfolio. The Event Management segment is now supported by its subsidiaries MacpiePro, Macpie Equipment, Macpie Ticketing, Level Up Plus, and Macpie Entertainment. The ecosystem is a one-stop solution for business collaboration partners that looking for opportunities to organise shows on offline and online platforms, staging & equipment providers, ticketing solutions, event management & construction, and online broadcast & artist management.

In line with the "Inspiring Differences" tagline, Macpie Berhad will continuously look for new ways to expand its strategic business ecosystem to provide budding SMEs with the best innovative management solutions and strive to be one of the leading companies in Malaysia.

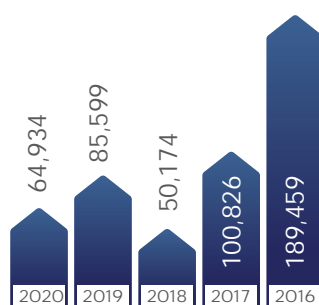


# FINANCIAL HIGHLIGHTS

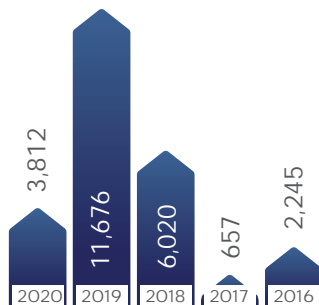
	2020	2019	AUDITED		
			2018	2017	2016
Number of Shares ('000)	353,295	353,295	321,295	279,295	989,180
Revenue (RM'000)	64,934	85,599	50,174	100,826	189,459
Gross Profit (RM'000)	3,812	11,676	6,020	657	2,245
Gross Profit Margin (%)	5.87%	13.64%	12.00%	0.65%	1.18%
(Loss)/Profit Before Taxation (RM'000)	(9,353)	(2,555)	(8,905)	(33,815)	(35,266)
(Loss)/Profit After Taxation (RM'000)	(8,717)	(3,565)	(8,966)	(33,916)	(33,906)
(Loss)/Profit After Taxation Margin (%)	-13.42%	-4.16%	-17.87%	-33.64%	-17.90%
Net (Loss)/Earning per Share (Sen)*	(2.31)	(0.85)	(2.99)	(3.80)	(3.43)
Current Ratio	2.30	2.69	3.78	4.98	2.48

\* Based on weighted average of ordinary shares

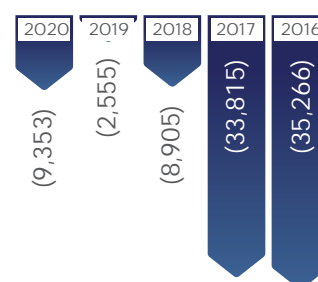
Revenue (RM'000)



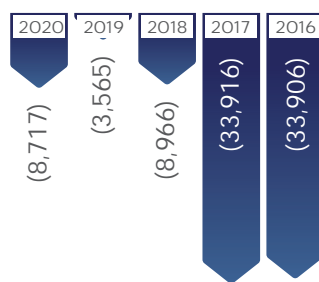
Gross Profit (RM'000)



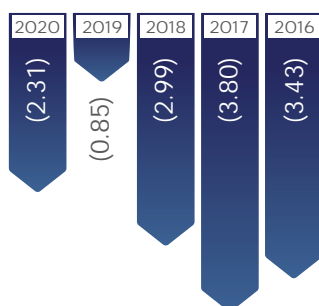
(Loss)/Profit Before Tax (RM'000)



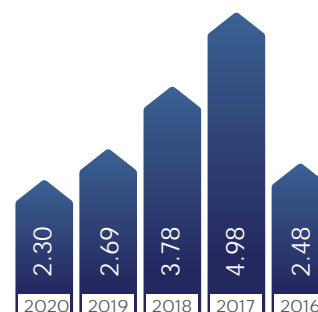
(Loss)/Profit After Tax (RM'000)



Net (Loss)/Earning Per Share (Sen)



Current Ratio



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**NG CHEE HENG**  
Executive Director

**KOO KIEN KEAT**  
Executive Director  
(Appointed on 8 September 2020)

**ANDY LIEW HOCK SIM**  
Non-Executive Independent Director  
(Appointed on 27 October 2020)

**LIONEL VERNON YONG NGUON KEE**  
Non-Executive Independent Director

**CHONG CHING WAI**  
Non-Executive Independent Director

**WOON SING JIUNN**  
Non-Executive Independent Director

### MEMBERS OF AUDIT & RISK MANAGEMENT COMMITTEE

ANDY LIEW HOCK SIM (Chairman)  
(Appointed on 27 October 2020)  
LIONEL VERNON YONG NGUON KEE  
(Re-designated on 27 October 2020)  
CHONG CHING WAI

### MEMBERS OF NOMINATING COMMITTEE

LIONEL VERNON YONG NGUON KEE (Chairman)  
CHONG CHING WAI

### MEMBERS OF REMUNERATION COMMITTEE

CHONG CHING WAI (Chairman)  
LIONEL VERNON YONG NGUON KEE

### MEMBERS OF ESOS COMMITTEE

KOO KIEN KEAT  
ANDY LIEW HOCK SIM

### COMPANY SECRETARIES

LEE PENG LOON (MACS 01258)  
P'NG CHIEW KEEM (MAICSA 7026443)

### PRINCIPAL BANKERS

MALAYAN BANKING BERHAD  
CIMB BANK BERHAD  
AMBANK GROUP BERHAD

### REGISTERED OFFICE

51-21-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah, 10050 Penang  
Tel : 04-2108 833  
Fax : 04-2108 831

### CORPORATE OFFICE

Unit 23-10, Q Sentral, Jalan Stesen  
Sentral 2, KL Sentral  
50470, Kuala Lumpur  
Tel : 03-2728 4452

### WEBSITE

[www.macpie.asia](http://www.macpie.asia)

### SOLICITORS

DARRYL, EDWARD & CO.  
MESSRS. PETER LING & VAN GEYZEL

### AUDITORS

GRANT THORNTON MALAYSIA PLT (AF0737)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

### STOCK EXCHANGE LISTING

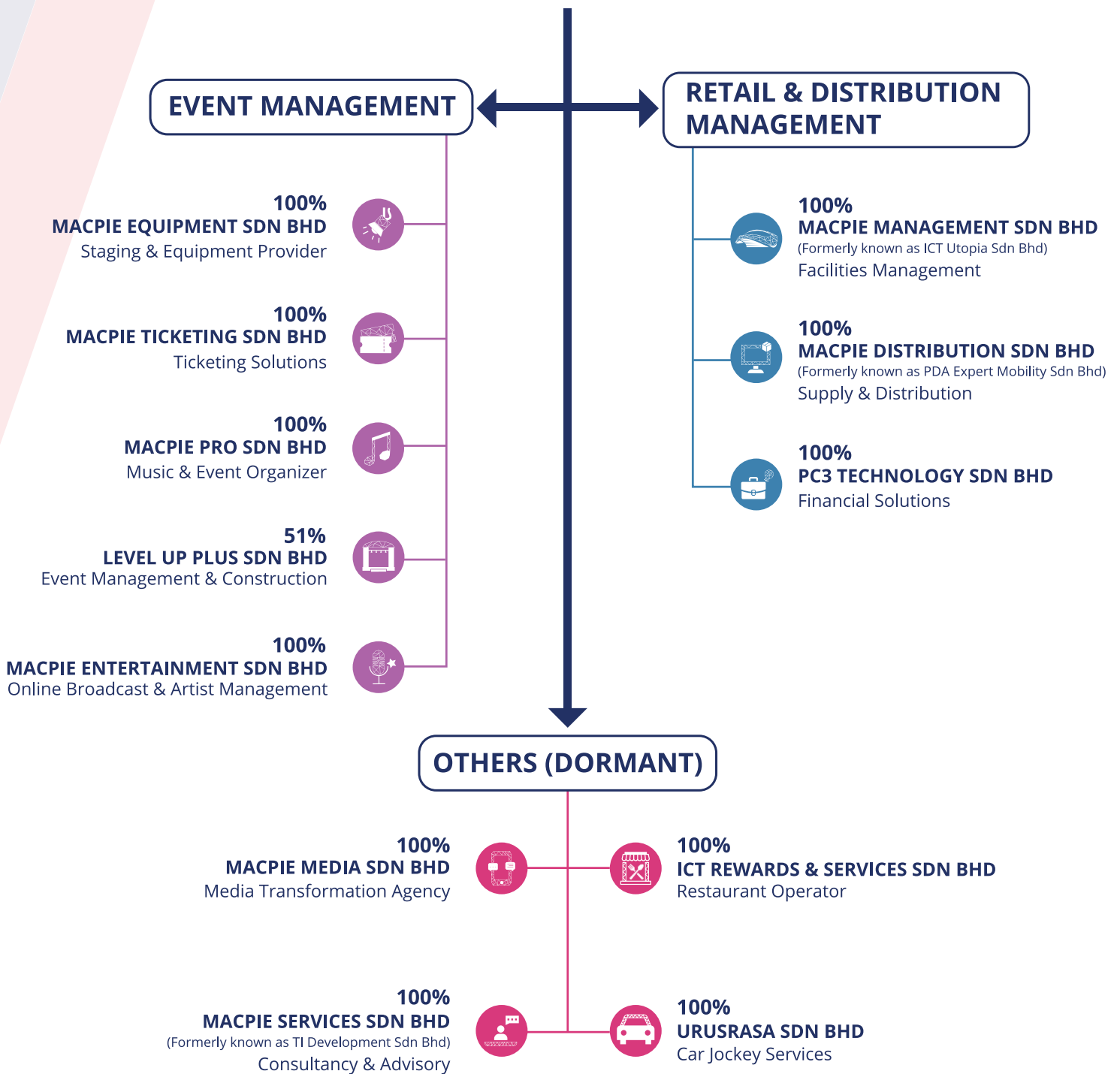
ACE MARKET OF BURSA MALAYSIA  
SECURITIES BERHAD  
Stock Name : MACPIE  
Stock Code : 0140

### SHARE REGISTRAR

SHAREWORKS SDN BHD  
2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Tel : 03-6201 1120  
Fax : 03-6201 3121

# CORPORATE STRUCTURE

## MACPIE BERHAD 100%



## BOARD OF DIRECTORS' MESSAGE

### Sean Ng Chee Heng

Executive Director  
(Entrepreneur)

Gender : Male  
Age : 40 years old  
Nationality : Malaysian



“

Our main aim is to continue to be innovative and show continuous improvement in all our operations

”

Dear investor and shareholders,

There are no two ways about the significant negative impact of the COVID-19 pandemic. I do not have to explain the severity of the pandemic and its implications on business operations all over the world.

The more important discussion over here is the manner in which we are going to push ourselves back into a dominating position post-pandemic. Our main aim is to continue to be innovative and show continuous improvement in all our operations. The recent influx of capital showcases a great amount of focus on the future development for Macpie Berhad. I want to assure our clientele, partners, and other stakeholders that we are consistently working towards creating Macpie one of the most dominant future player in whatever industry we choose to exploit.

I believe in the popular Japanese 'Kaizen' philosophy whose literal translation is continuous improvement. This philosophy states that no matter how a successful business currently is, it should always aim to innovate and improve to ensure its success in the future too. Hence, in adherence to this philosophy I have put up a great deal of effort to integrate our future standings in all of our current business decisions. The entirety of my operating actions initially assesses the future impact it is going to have. I believe that in this ever-changing and evolving business environment and technology, it is vital to plan for the future in order to become a market leader.

Our current course of direction is towards the right path as we at Macpie are developing and expanding our infrastructure and scope to meet the business needs of more clients. I truly believe that my outlined vision will help Macpie Berhad achieve its overall corporate objectives and become an influential future industry force.



# BOARD OF DIRECTORS' MESSAGE

cont'd

## Koo Kien Keat

Executive Director  
(Former National Badminton Player)

Gender : Male  
Age : 35 years old  
Nationality : Malaysian



“

I have great confidence in Macpie because I believe that the Company is equipped with the necessary resources and skills to achieve great success within the coming years despite the current pandemic setback

”

Dear investors and shareholders,

I have become a board member of Macpie Berhad at a time when the entire business world is recovering from the COVID-19 pandemic. I believe that at times like this what any company requires is inspiration and vision and I aspire to deliver on that.

I have spent a huge chunk of my life traveling all around the world playing badminton in various international tournaments. Over the years, I have also gained some experience in event management services by visually analysing the tournaments I have been a part of.

I aim to inject my expertise and skills into helping Macpie Berhad gain market dominance. I am greatly impressed by the efforts the board has taken over the current course of the year to mitigate the negative implications of the COVID-19 pandemic.

I have great confidence in Macpie because I believe that the Company is equipped with the necessary resources and skills to achieve great success within the coming years despite the current pandemic setback.

# BOARD OF DIRECTORS' MESSAGE

cont'd

## Lionel Vernon Yong Nguon Kee

Independent Non-Executive Director  
(Chartered Accountant)

Gender : Male  
Age : 50 years old  
Nationality : Malaysian



“

Although times now are challenging, the Company has taken steps to reduce costs and maintain human capital

”

Dear investors and shareholders,

The past financial year started with a lot of promise, with projects coming in on board and concerts being planned for the coming year. Then, in early February, the COVID-19 global pandemic hit and threw everything for a loop.

Concerts were being cancelled and all planning had to be reduced or even stopped. Although times now are challenging, the Company has taken steps to reduce costs and maintain human capital in the face of shrinking revenues and reduced profitability.

However, with the international developments made in finding a vaccine and the local measures which have been taken to control the spread of the virus, things are beginning to look up. Therefore, for the coming year, I urge all shareholders to stay the course as the Company will emerge from this worldwide crisis stronger.

# BOARD OF DIRECTORS' MESSAGE

cont'd

## Alex Chong Ching Wai

Independent Non-Executive Director  
(Lawyer)

Gender : Male  
Age : 40 years old  
Nationality : Malaysian



“  
We are constantly working towards being more innovative and growing our business to help Macpie Berhad become more successful

Dear esteemed investors and shareholders,

Even though the impact of the current pandemic is extremely negative, I think that it is crucial for all businesses in the modern age to be receptive and anticipative of changing dynamics. To be honest, it is a matter of fact that there is very little that we can do to help the current COVID-19 situation, however what we can do is plan our actions after the crisis is overcome.

Because of the pandemic, most of the businesses in all the industries were forced to operate digitally. This has sparked a trend where businesses are switching the majority of their operations to online platforms and this is where an opportunity can be opened up for Macpie Berhad. Our newly focused retail management services such as supply chain management can be expected to have a higher demand now. Furthermore, the supply chain management services combined with the expected growth in event management division will surely have a positive impact on our operations.

”  
Our investors and shareholders should be positive because our workforce and upper hierarchy is highly receptive to the continuously changing customer needs and external changes. Our primary goal is to be as customer oriented as possible to generate more brand loyalty from our customers.

Furthermore, I would also like to thank all our shareholders, employees and other stakeholders for supporting us and believing in us. We are constantly working towards being more innovative and growing our business to help Macpie Berhad become more successful.

# BOARD OF DIRECTORS' MESSAGE

cont'd

## Gina Woon Sing Jiunn

Independent Non-Executive Director  
(Former TV News Presenter)

Gender : Female  
Age : 38 years old  
Nationality : Malaysian



“

I am grateful to be surrounded by a wonderful board of directors, that have a shared vision for relevance and growth in this ever-changing environment

”

Dear investors and shareholders,

Year 2020 has been a hardship on all of us. We are living through a difficult time for society and our economies. The crisis around the COVID-19 pandemic has left no one untouched and we have also witnessed the precariousness of our business community. But these challenges only reinforce our resolve to continue working towards Macpie Berhad's vision – making the world more resilient.

I am grateful to be surrounded by a wonderful board of directors, that have a shared vision for relevance and growth in this ever-changing environment. I would also like to extend my gratitude to Mr. Sean Ng, Macpie Berhad's Executive Director who did an excellent job and necessary measures in place to keep our business running without interruption. Under his great leadership, Macpie distribution was appointed as an authorised Nokia mobile distributor in Malaysia this year. It was such a great achievement for Macpie Berhad. I believe with our robust infrastructure and agile working capabilities, we are devoting all our resources to help our clients and partners navigate the current circumstances.

We are confident that we will make a positive contribution in this crisis and will continue to be the strong partner you can rely on.



## 2020 BOARD OF DIRECTORS' PROFILE

### Sean Ng Chee Heng (40, Male)

Malaysian

Executive Director  
(Entrepreneur)

Mr. Sean Ng Chee Heng, is an Executive Director of Macpie Berhad. He was appointed to the Board on the 22<sup>nd</sup> of February 2018.

Mr. Ng is the group founder and chief executive officer of SEG Capital Intelligence Sdn Bhd ("SEG"), an investment company focused on the digital mobile technology industry. As a major investor and shareholder in a few telecommunication and mobile technology companies which deals with digital rewards platforms, retail management, consumer application, supply chain management, logistics, and etc, SEG plays a vital role in helping these companies expand and create its own "Blue Ocean" market under SEG's blueprint for value creation in companies they get involved in.

With more than 18 years of experience in the mobile technology business industry, and a graduate from Honolulu University with a Master of Business Administration, Mr. Ng has profound knowledge and keen insight of the industry with an extensive network of business partners and industry players. In 2012, he developed a renowned Malaysian smart device brand together with his other co-founders and it quickly gained prominence, market share, and firm footing in the ASEAN region. In just two years, the brand expanded to Indonesia and was making headway in other ASEAN markets. He believes in taking a hands-on approach to leading business and marketing strategies, branding management, logistics, multi-national supply chain management, operation strategies, and big-data business analysis.

### Koo Kien Keat (35, Male)

Malaysian

Executive Director  
(Former National Badminton Player)

Mr. Koo Kien Keat is a newly appointed Executive Director of Macpie Berhad. He was assigned to the board on the 8<sup>th</sup> of September 2020.

Mr. Koo Kien Keat has been one of the most popular Malaysian international badminton players. He was born in Ipoh, Perak and studied at the St. Michael's Institute and later on continued at the Bukit Jalil Sports School. He had a very successful playing career; he became world number 1 in Men's Doubles in 2007, then went on to become the youngest pair to win Asian Games Gold Medal.

In addition to that, he has also won 5 Gold Medals in Commonwealth Games which is the most Gold Medal wins in the history of Malaysia. Moreover, he also took part in the 2012 London Olympics where he achieved 4<sup>th</sup> position in the Men's doubles. Over the years he has taken part in various international tournaments all over the world and after retirement he was appointed as the High-Performance Director of Badminton Asia where he is currently fulfilling his role.

He started his investing and shareholding career at Komarkcorp Berhad, whom he has been associated with since 11<sup>th</sup> August 2020. Mr. Koo Kien Keat believes in innovation and is bound to help Macpie attract more partnerships and diversify their clientele.

# 2020 BOARD OF DIRECTORS' PROFILE

cont'd

## **Andy Liew Hock Sim** (40, Male)

Malaysian

**Independent Non-Executive Director  
(Chartered Accountant)**

Andy is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and member of Certified Practising Accountant (CPA) Australia. He has over fifteen (15) years of experience with major audit firms in audit, taxation and accountancy that gained from both Malaysia and oversea. He was involved in numerous successful initial public offering (IPO) in Malaysia, Singapore, Germany and Hong Kong throughout his career.

Andy started his career with a local audit firm in Malaysia. He then joined KPMG Kuala Lumpur after obtained his professional qualifications, i.e. MIA and CPA Australia in 2006. In KPMG Kuala Lumpur, he started to involve in the audit of multinational corporation (MNC) and public listed company (PLC). He also involved in the IPO of a financial services company in the Main Market of Kuala Lumpur Stock Exchange (KLSE).

In 2008, he ventured to China and since then, spent eight (8) years in China. From 2008 to 2012, he worked in KPMG Beijing and actively involved in audit and IPO. In 2012, he joined a China-based manufacturing company in the capacity of Chief Financial Officer (CFO), and listed the company in Frankfurt Stock Exchange in 2014 prior to his return to Malaysia in 2016.

Upon his return to Malaysia, he joined Baker Tilly Malaysia and led a team of forty (40) which specialise in IPO and actively involved in various corporate exercises, e.g. business restructuring, merger and acquisition (M&A), reverse takeover (RTO), transfer listing, financial due diligence, regularisation plan for PN17 company, fund raising and etc.

In 2019, he started his own public practice and assumed the role of Managing Partner.

At present, he also sits on the board of directors of XOX Berhad and Perak Corporation Berhad.

## 2020 BOARD OF DIRECTORS' PROFILE

cont'd

### **Lionel Vernon Yong Nguon Kee** (50, Male)

Malaysian

Independent Non-Executive Director  
(Chartered Accountant)

Mr. Lionel Vernon Yong Nguon Kee, is an Independent Non-Executive Director of Macpie Berhad. He was appointed to the Board on the 21st of March 2017.

Mr. Lionel Yong CIA, CA (M), FCCA, CMIIA is an internal audit practitioner with more than 20 years experience in accounting, finance, and internal audit. He is a certified internal auditor (USA), a chartered accountant (Malaysia), a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants (UK). His specialties include the provision of independent and objective assessments of systems of internal control as implemented by the management to evaluate and improve the effectiveness of risk management, control, and governance. He is also familiar with the requirements of carrying out investigations into corporate fraud activities and with the requirements of the governance and audit of Information Technology systems based on the COBIT Framework.

He has carried out risk assessment exercises for numerous companies, was been involved in the system development life cycle process in the implementation of several IT applications during his career, and led investigations into a number of corporate fraud activities.

He is currently the Director of Corporate Governance, Risk Management and Internal Audit with OAC Consulting Sdn Bhd.

### **Alex Chong Ching Wai** (40, Male)

Malaysian

Independent Non-Executive Director  
(Lawyer)

Mr. Alex Chong Ching Wai, is an Independent Non-Executive Director of Macpie Berhad. He was appointed to the Board on the 22<sup>nd</sup> of February 2018.

Mr. Chong acquired his Bachelor of Jurisprudence from University of Malaya in 2003 and obtained the Certificate of Legal Practice from Lembaga Kelayakan Profesion Undang-Undang, Malaysia in 2005. He was then called to the Bar in 2006.

In 2007, Mr. Chong joined YC Pang, Chong & Gordon as a Legal Assistant and was appointed as a Partner of the firm in the following year. During his tenure as a practitioner, his main role was to advise various companies on their corporate and commercial transactions as well as property related legal issues based on his experience. Other than that, his firm is appointed as the full panel solicitors to several major banks in Malaysia.

# 2020 BOARD OF DIRECTORS' PROFILE

cont'd

## Gina Woon Sing Jiunn (38, Female)

Malaysian

Independent Non-Executive Director  
(Former TV News Presenter)

Ms. Gina Woon has more than 12 years of experience in the broadcast and media industry. She was appointed to the board on the 30th of January 2019.

She graduated from Tuanku Abdul Rahman University College with an Advanced Diploma in Mass Communication (Media Studies). After that, she got her start as a broadcast journalist with RTM, covering news ranging from crime to natural disasters, politics, and economic issues.

She then joined TV3 and worked as an Assistant Producer cum News Presenter on Buletin Utama. During her time with the television channel, she had amassed a wealth of experience from interviewing high-profile celebrities, politicians, international artists, and successful entrepreneurs. She interviewed personalities such as Ricardo Guadalupe, CEO of Hublot, Lang Lang, a famous Chinese pianist and Franz Linder, CEO of Mido. She was also tasked with carrying out live reporting in front of millions of audiences.

From 2016 until 2018, she was the Image and Branding Consultant for Media Prima news and current affairs. She was the first female presenter who won Reader's Digest Malaysia's Most Trusted TV Presenter twice, in 2016 and 2017. She was also appointed as Chief Editor for the Malaysia Book of Records 2018.

*Note: None of the Directors have any family relationship with any directors and/or substantial shareholders of Macpie Berhad, nor any conflict of interest in any business arrangement involving the company. Other than traffic offences, they have had no convictions for any criminal offences within the past 5 years, neither nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*



# MANAGEMENT DISCUSSION AND ANALYSIS

## YEAR IN REVIEW

2019 proved to be a great year for Macpie Berhad. Its leading subsidiary; MacpiePro was a huge success and was also responsible for organizing a range of successful concerts in Malaysia. Some of the most notable concerts among them were:

- WESTLIFE THE TWENTY TOUR 2019 'LIVE' IN KUALA LUMPUR

During the previous year, a total of 7 events were held by MacpiePro gathering over 46,000 fans in attendance. Moreover, in 2020 a couple of events, Westlife The Twenty Tour 2019 'LIVE' In Kuala Lumpur and 2019 CHA EUN-WOO 1st Fan Meeting Tour [JUST ONE 10 MINUTE] In KUALA LUMPUR were held by MacpiePro accumulating around 15,900 attendees. The group strongly believes that in 2020 the formation of the two new independent core segments which are Retail & Distribution Management and Event Management will help improve the financial performance and quality of the services provided by the company.

By the new norm, the business ecosystem needs to adjust itself keeping the significant impact of the COVID-19 pandemic in mind to maintain organizational sustainability. Furthermore, the supply chain management also needs to be a key point in 2020; we strongly believe that the ICT market is expanding in Malaysia. Hence, we aim to subsequently strive towards becoming an influential market player in various industries, subsequently helping us achieve our overall business objectives.



# MANAGEMENT DISCUSSION AND ANALYSIS

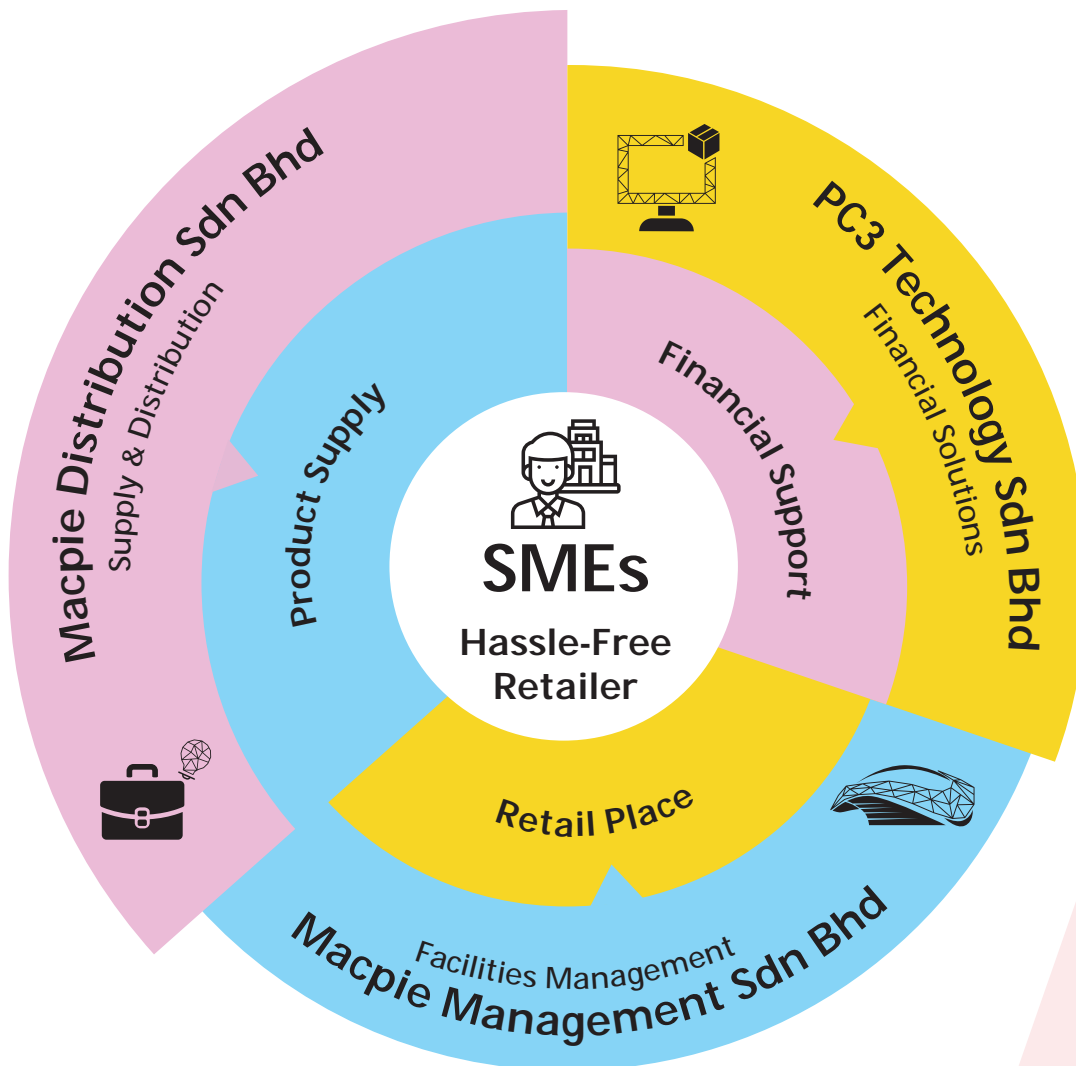
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## RETAIL & DISTRIBUTION MANAGEMENT

Macpie Berhad is an investment and ICT holding company with three subsidiaries under the Retail & Distribution Management division, which are Macpie Distribution, Macpie Management, and PC3 Technology.

The three subsidiaries are all experts in their own fields with Macpie Distribution providing telecommunications and ICT product supplies, Macpie Management offering the right retail spaces to grow client's businesses, and PC3 Technology assisting in providing financial solutions to SME's.

To put it in a nutshell, this combined expertise will help SME's grow their brand through innovative and thoroughly analysed business tactics and strategies.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## MACPIE DISTRIBUTION SDN BHD

Macpie Distribution formerly known as PDA Expert Mobility identifies and introduces the trendiest and most innovative ICT brands and telecommunication products into the market to match the needs of all generations. We play a key role in supplying and distributing the best and highest-end products to ICT sales channels nationwide. We have been appointed as the new authorised distribution partner for Nokia all over Malaysia. We will be distributing Nokia smartphones and feature phones in Malaysia through our own distribution channels while also preparing to move towards the modern 5G technology era by incorporating partners.

The opportunity to bring such a revered technology brand back into Malaysia was too irresistible to pass upon. We have a range of strategies to propel up the Nokia brand name to give competition to its competitors. The Nokia smartphones have the latest Android OS which will be used to market them to the general public. As a result of the integration of the latest Android OS into smartphones, the overall quality and value proposition of Nokia smartphones has grown significantly both in terms of software quality and security. This will be a strong attraction for both the new and existing users of the brand.

In fact, the brand is looking to generate strong brand loyalty from a segment of Malaysian consumers. We are very much looking forward to serving these customers and others by making Nokia's range of new smartphones easily available via our channel partners. By making its devices accessible to consumers from all walks of life, we aim to aid the overall business growth of the Nokia brand.



### Nokia 2.4 & 5.3

had launched in  
October 2020.



### Nokia C2

had launched in July  
2020.

## MACPIE MANAGEMENT SDN BHD

Macpie Management formerly known as ICT Utopia has provided strategic locations for SMEs to grow their businesses since 2010. We have been recognized as the longest-serving ICT retailer in Malaysia. Furthermore, we have also proven our value by being contracted by notable shopping centres to manage their retail properties related to ICT.

## PC3 TECHNOLOGY SDN BHD

PC3 Technology is a licensed financial services company which designs and implements optimal financial solutions to help small start-ups and entrepreneurs who have good business plans. We have been successful in helping numerous SMEs grow their brand in the ICT industry.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## EVENT MANAGEMENT

Specialist in music concerts, events, ticketing systems, staging & equipment setups, event management, and construction for events; We pride ourselves on delivering first-class services to all of our clients. We take a fresh and effective approach to manage events and services and provide customer-oriented services. With our clients' vision at the forefront, we will be working efficiently to ensure we achieve the highest possible standards.



## MACPIE ENTERTAINMENT SDN BHD

Macpie always tends to be anticipative of the constantly changing global dynamics. Subsequently, Macpie Entertainment is planning to provide an online broadcasting service known as Macpie<sup>TV</sup> in 2021. In addition to that, it will also provide artist management services based in Kuala Lumpur. Macpie<sup>TV</sup> is bound to be an exciting new medium to watch free live streams and other exclusive LIVE performances of local artists. As digital technology continues to evolve today, Macpie<sup>TV</sup> aims to expand its digital platform for various audiences.

Macpie<sup>TV</sup>, brought to you by Macpie Entertainment will present 1-hour live virtual shows on Macpie<sup>TV</sup>'s official YouTube channel for all of its 12 seasons in the near future. The purpose of the live-streaming will be to support the entertainment industry and SMEs who are directly affected by COVID-19 in Malaysia. It will help them remain financially stable while also keeping the general TV audience entertained and safe at home during the pandemic.

## MACPIE PRO SDN BHD

MacpiePro has seen the potential demand for concerts and entertainment events in Malaysia. In recent years, artists are touring more frequently while sponsors are looking to make more connections with millennials and Gen Z. MacpiePro believes that this is the best time for the company to focus and invest in the music and entertainment industry. In 2019, 7 events have been held by MacpiePro with over 46,000 fans in attendance. Moreover, in 2020 a couple of events, Westlife The Twenty Tour 2019 'LIVE' In Kuala Lumpur and 2019 CHA EUN-WOO 1st Fan Meeting Tour [JUST ONE 10 MINUTE] In KUALA LUMPUR were held by MacpiePro accumulating around 15,900 attendees.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Our success is driven by a need to focus on the business model of establishing a complete vertically integrated business ecosystem. With so many new talented artists worldwide, fans of all ages are compelled to attend various music events and MacpiePro aims to bring the two together by providing various services and solutions. By prioritizing our fans, we are now focusing on reinventing the fan experience along every part of their journey. From purchasing tickets to providing high-quality equipment for the venues, Macpie aims to provide relevant services and solutions in all aspects.





# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Currently, we are partnering with more than 50 brands to create more value and provide our fans with a much better experience. With our platforms boasting millions of users, we will continue to work alongside advertisers to create natural and immersive brand activations within our business ecosystem. We are working towards being able to conduct more world-class concerts after the current COVID-19 crisis is overcome to meet our fans' expectations who love music.

## CRAZY 20

On the 30th of November 2018, MacpiePro organized a press conference to announce their biggest event named 'Crazy 20'. It is MacpiePro's ambitious plan to organize 20 concerts in 2019 catering the fans with the experience of enjoying CPOP, KPOP, and MPOP. MacpiePro also aims to support artists from all over the world during the course of 'Crazy 20'.

The first concert to kickstart the Crazy 20 plan was the BLACKPINK 2019 WORLD TOUR with KIA [IN YOUR AREA] KUALA LUMPUR concert held on the 23rd and 24th of February 2019 at Stadium Malawati, Shah Alam. This is also the first KPOP concert in Malaysia which ran for 2 consecutive days seeing an overwhelming response from fans. After the BLACKPINK concert, the Crazy 20 plan was continued by the Mandarin Pop Concert 2019 event held at the Arena of Stars on the 20th of April 2019. Talented artists such as Bii, Jen0 Liu Li Lang, Victor Wong, Roger Yang Pei An, and FS (Fuying and Sam) were among the performers.

In June of 2019, two Powerful K-pop concerts were held back to back at The Stadium Malawati, Shah Alam. This was followed by the 2019 MONSTA X WORLD TOUR 'WE ARE HERE' IN KUALA LUMPUR concert on the 22nd of June 2019 and the 2019 GFRIEND ASIA TOUR [GO GO GFRIEND!] in KUALA LUMPUR concert on the 29th of June which were both a tremendous delight to K-pop fans in Malaysia.

MacpiePro is also proud to have been the concert organizer for the world-famous Irish boyband, Westlife. It was their first tour in Malaysia after a whopping 22 years and the concert tour was given the fitting name of Westlife The Twenty Tour 2019 'LIVE' In Kuala Lumpur. The concert was successfully held on the 8th and 9th of August at Stadium Malawati, Shah Alam. It was a fantastic two-day show which was sold out within 36-hours and once again was a tremendous achievement for MacpiePro's venture in the music industry. MacpiePro also started to venture into the fan meet in 2019. On the 27th of October 2019, MacpiePro organized the '2019 CHA EUN-WOO 1st Fan Meeting Tour [JUST ONE 10 MINUTE] In KUALA LUMPUR' event at Dewan Wawasan, Menara PGRM. The event received incredible support from fans.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## MACPIE EQUIPMENT SDN BHD

Macpie Equipment started out in January of 2019 with the intention of providing professional high-quality equipment to MacpiePro whenever concerts and events needed to be organized. Macpie Equipment has started to provide their equipment for rental as a service to various other companies and event organizers in 2019. Macpie Berhad foresees the potential of this business to turn over a healthy profit as well as to save the cost for in-house events and concerts. Thus, Macpie Berhad will make significant investments in this field to make sure we are armed with adequate staff, resources and own the finest equipment to accommodate a show of any size in the near future. Among the equipment that is made available for rental are sound systems, truss solutions, lighting systems, staging solutions, and LED systems.

## LEVEL UP PLUS SDN BHD

Level Up Plus Sdn Bhd has provided premier set and staging equipment to entertainers across the globe since 2017. We specialize in concerts, touring, television, festivals, special events, award shows, sports entertainment and production services. Our product is available practically anywhere; whether it's a drum riser for a one-off event, a custom set with LED stage decks for a television show, a stage lift for an artist reveal or a turntable for a special event product display; we are there to satisfy all your needs.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## MACPIE TICKETING SDN BHD

Macpie Ticketing is a company established by Macpie Berhad with the purpose of strengthening the company's ecosystem for concert and event organization. Macpie Ticketing is a one-stop solution ticketing company that delivers ticket management systems and infrastructure to organizers and end-users including MacpiePro and others. Macpie Ticketing's services include online ticketing systems which can accommodate a wide range of customers, offline sales counters, optional payment gateways, custom ticket choices, entry scanning facilities, report analysis, and dispatch services.

In 2019, Macpie Ticketing has successfully handled several ticketing systems including those for the '2019 CHA EUN-WOO 1st Fan Meeting Tour [JUST ONE 10 MINUTE] in KUALA LUMPUR', an event organized by MacpiePro, as well as the 'Luo Ta You Live in Malaysia' and 'Bobby Chen Concert Live in KL' events by SoulNines Production. These are just the tip of the iceberg as there are many more coming soon. We will continue to invest in this ticketing platform and develop innovative products to generate fan traffic to increase revenue, ticket sales and continue to grow the company.



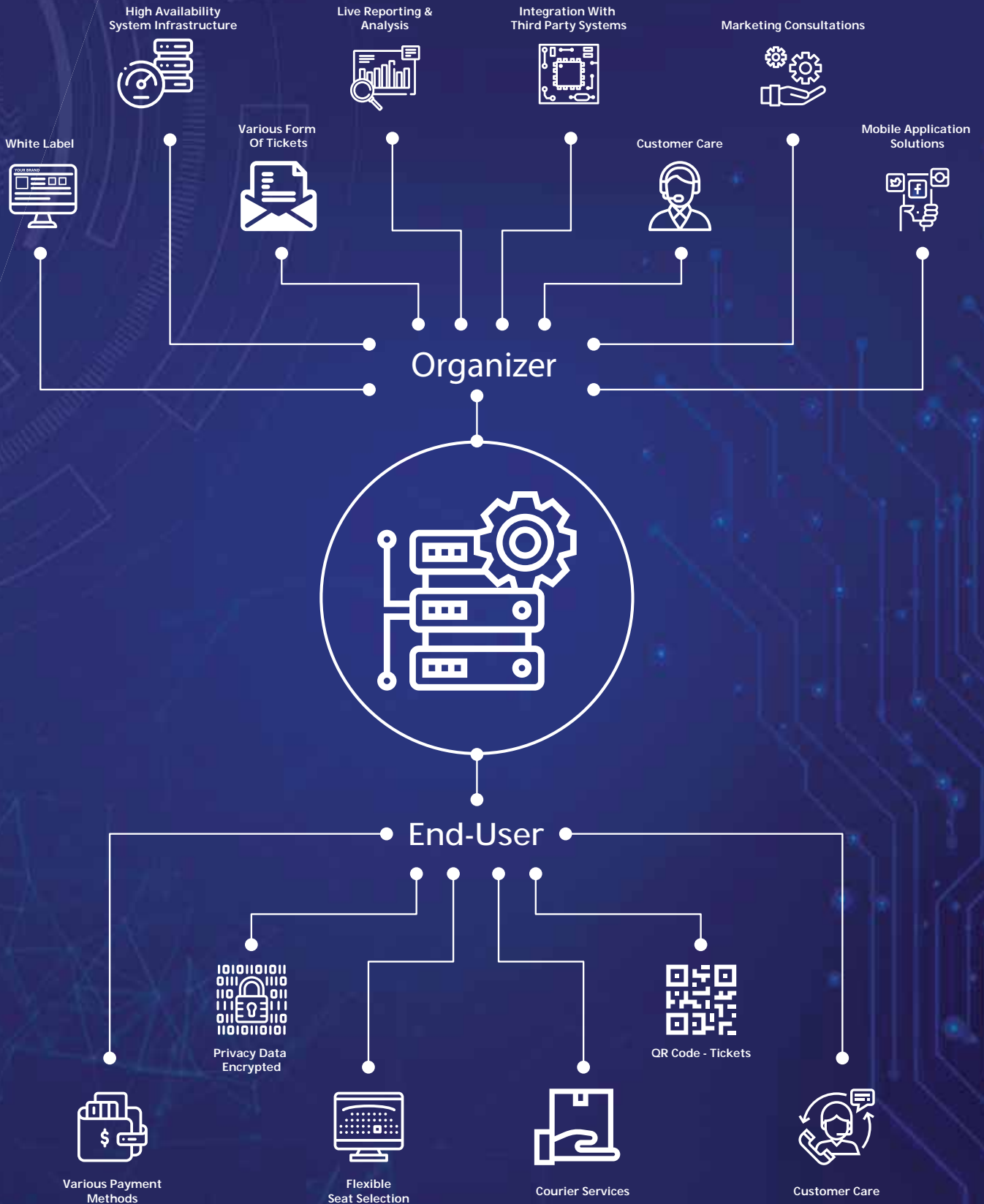
## SYSTEM CAPABILITY & SECURITY

To ensure the system is user-friendly we have enhanced the user experience by making it user-friendly for mobile, tablet and PC access. Users are hence given a better experience of the system and also providing hassle-free ticket customization needs. In addition to that, our system can be utilized for e-ticket or even physical ticketing services and cater to the needs of all partners. Moreover, our fully encrypted and secure cloud base server infrastructure will ensure the user's transactions, bookings and personal information is well protected.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## RISK MANAGEMENT PARTNERSHIP (RMP)

The Risk Management Partnership (RMP) program is a new business module we are introducing which provides the most cost-effective solutions to support local organizers. RMP offers an all-in-one package for equipment where the entirety of the needs for concerts and events are provided exclusively to our partners whilst also boasting a remarkably low production cost. We believe the RMP program will encourage organizers to conduct more events and concerts in Malaysia. With this, we hope to increase the tourism industry of our country. Level Up Plus, Macpie Ticketing, and Macpie Equipment will work together as a team to enable the Risk Management Partnership business module to be successful.



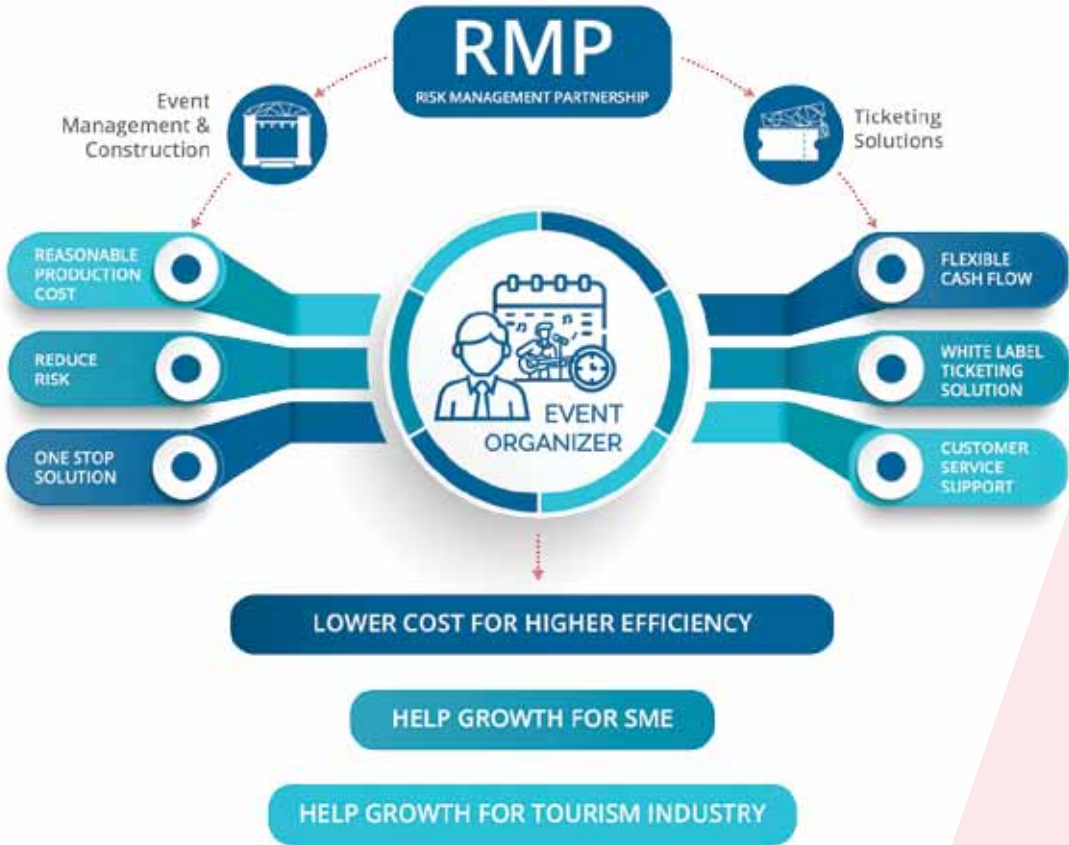
### Mission

To offer more opportunities to the entire entertainment industry to allow the organization of various events at minimum production costs.



### Vision

To continue to strive harder to dispense effective production costs for organizers to run more events and concerts in Malaysia without any constraints.





# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## ANALYSIS OF FINANCIAL RESULTS

The Group has recorded a revenue of RM64.93 million for the financial year ended 30 June 2020 ("FYE 2020") as compared to RM85.60 million in financial year ended 30 June 2019 ("FYE 2019"), recording a decrease of RM20.67 million (24.15%). The decrease in revenue was mainly affected by the Covid-19 pandemic which has resulted significant decline in the performance of the business mainly from event and leasing segments and partially was due to the cessation of the hydraulic segment which was disposed on FYE 2019.

The Group has recorded increased in LAT by approximately RM5.15 million or 144.26% to approximately RM8.72 million for the FYE 2020 mainly due to impairment losses of RM6.08 million, contributed mainly from the event segment (approximately RM4.60 million) arising from the postponement of some events which were scheduled to be held.

## RESULTS OF OPERATIONS

Revenues were generated through the respective segments as follows:

	2020 Revenue	2019 Revenue
Event	13,303	16,674
ICT	43,747	49,635
Hydraulic	-	4,545
Leasing & Finance Solution	7,846	14,176
Others	38	569

The ICT segment remains our largest contributor of revenue representing RM43.75 million, translating to a decrease of RM5.89 million (11.86%) compared to the Group's revenue for this segment in FYE 2019. This segment is mainly driven by the mobile devices distribution and services rendered as telecommunication operators' value adding partner.

ICT segment recorded a Profit After Tax ("PAT") of RM0.30 million (2019: PAT of RM0.18). The improvement of current financial year was mainly attributed to the continuity of the cost effectiveness measure taken towards end of previous financial year on certain business operations in reducing the administrative and operating expenses for FYE 2020.

The Event segment is the second largest contributor of revenue representing RM13.30 million. This segment's revenue is mainly derived from concerts, entertainment events in Malaysia and equipment for rental as a service go various other companies and event organizers. This segment recorded a LAT of RM7.87 million (2019: PAT 0.32 million).

## ASSETS AND LIABILITIES

The Group's total assets have slightly decreased from RM64.41 million in FYE 2019 to RM51.15 million in FYE 2020. The decrease mainly due to drop in cash and cash equivalents which had been utilised to support business operation of both ICT segment and event segment. This reduction is also partially offset with the recognition of right-of-use assets in accordance with the adoption of new accounting standard of MFRS 16, leases.

The Group's total liabilities has decreased from RM15.36 million in FYE 2019 to RM11.15 million in FYE 2020. This was mainly due to decrease of contract liabilities attributed from event segment.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## CASH FLOW

For the FYE 2020, the Group net cash flow status recorded a net cash outflow of RM10.96 million as compared to a net cash inflow of RM 6.29 million for the FYE 2019. The deficit of cash flow mainly attributed to the additional business investment in the subsidiaries and partially attributed to the acquisition of property, plant and equipment.

## PROSPECTS AND FUTURE OUTLOOK

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 gathering, 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. The availability and accessibility of entertainment content and information on the internet fuels desires for live experience of their preferred entertainment, thus contributing to the demand for entertainment events and subsequently driving the growth of the entertainment industry in Malaysia.

The Group's ICT segment continue to be the preferred choice of major telecommunication operators to manage their procurement of mobile devices and fulfillment of distribution services to their end users. To remain agile, the segment will continue to embrace digitization solution to improve on productively and continue provide greater service to the customer.

Financial solution segment is essential in supporting to provide financing to SMEs businesses. Beyond the pandemic, microfinancing will also help business to sustain during business cyclicity and seasonality. As such, the Group will continuity to grow and expending its business in financial solution segment.

## ANTICIPATED OR KNOWN RISKS

The Group's businesses are generally exposed to credit risk and competition risk.

### Credit Risk

The uncertain global and modest domestic economics potentially post a challenge on the Group's credit risk in relation to longer collections period and potentially lead to loss arising from unrecoverable trade receivables. The group will regularly review and evaluation of the credit status of trade receivables and working closely with the Group's partners.

### Competition Risk

ICT industry is highly competitive. The Group is competing with others well established market players for more business and market share.

The Group believes that its ability to compete depends upon many factor within and outside it's control, including products and service differentiation, product distribution channels, customer service sales, pricing and marketing efforts.

However, there can be no assurance by adopting the above measures; the Group will be able to response to changing market conditions or to maintain its competitiveness against current and future competitions.

### Dividend

No dividends have been paid by the Company for the current financial year. Payment of any future dividends is subject to the Company's level of cash, indebtedness, retained earnings, capital expenditure and such other matter, as the Board may deem relevant from time to time.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement provides the shareholders and other stakeholders an overview of the corporate governance practices of MACPIE Berhad ("MACPIE" or "the Company") during the financial year ended 30 June 2020 ("FY2020").

This Statement is prepared in accordance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code of Corporate Governance ("MCCG") issued by the Securities Commission Malaysia.

The Company had adopted 28 out of the total 32 recommended practices in the MCCG. The following are the recommended practices not adopted by the Company:

1. Practice 4.5 - The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.
2. Practice 7.2 - The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments.
3. Practice 11.2 - Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.
4. Practice 12.3 - Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Boards Leadership

- 1.1 The Group is led by an experience and effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is responsible for the stewardship of the business and affairs of the Group and collectively responsible for delivery of sustainable value to its shareholders. In discharging its fiduciary duties and leadership functions, the Board has governed and set the strategic direction of the Group while exercising oversight on management. The Board ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

The Board has delegated specific responsibilities to the following Board Committees and adopted Terms of References ("TORs") setting out the matters relevant to the composition, responsibilities and administration of these Committees:

- (a) Audit & Risk Management Committee
- (b) Nominating Committee
- (c) Remuneration Committee

The Board receives reports of the proceedings and deliberations of the Board Committees where the Chairman of the Board Committees report to the Board on the key issues deliberated and the outcome of the Board Committee meetings. Minutes of the Board Committees meetings are presented to the Board for notation and endorsement. The TORs of the Board Committees are reviews as and when the need arises. The TORs are published on the Company's website <https://macpie.asia/>.

### Sustainability

The Board regularly reviews the strategic direction of the Group and the progress of the Group's operations, taking into changes in the business and political environment and risk factors such as level of competition.

The group has expanded and diversified its business activities to the music and entertainment industries.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 1.0 Boards Leadership *cont'd*

#### 1.1 Directors' Time Commitment

The Directors observe the recommendation of the MCCG that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, they must not hold directorships at more than five public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

#### Board Meetings

The Board met Six (6) times during the FY 2020. The attendance of the Board members at the meetings are as follows:-

<b>Directors</b>	<b>Number of meetings attended</b>
Lionel Vernon Yong Nguon Kee	6/6
Chong Ching Wai	6/6
Ng Chee Heng	6/6
Woon Sing Jiunn	5/6
Kenny Khow Chuan Wah (Resigned on 30.09.2020)	6/6
Lim Peng Tong (Resigned on 30.09.2020)	6/6
Leong Seng Wui (Resigned on 25.10.2019)	2/2

#### Directors' Training

In addition to the mandatory programmes as required by the Bursa Securities for newly appointed Director and in line with the constant changes in rules and regulations, information technology and business environment, all Directors are encouraged to attend continuous training conducted by highly competent professionals and which are relevant to the Group's operations and business.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 1.0 Boards Leadership *cont'd*

#### 1.1 Directors' Training *cont'd*

During FY2020, the trainings attended by the Directors were as follows:

Name	Description of Training	Date
Lim Peng Tong (Resigned on 30.09.2020)	• Demystifying the Diversity Conundrum: The Road to Business Excellence by Bursa Malaysia	• 15 September 2019
	• Evaluating Effective Internal Audit Functions	• 17 October 2019
	• SC AOB Conversation with Audit Committee by SC	• 8 November 2019
	• Introduction to Corporate Directorship by ICDM	• 14 – 15 November 2019
	• Seminar on Recent MFRS Development – Practical Application Issues MFRS 15 and MFRS 16	• 10 December 2019
	• Training on Anti Bribery and Corruption MACC Act S17A	• 25 May 2020
Ng Chee Heng	• COVID-19: Recovery and Resilience – Rethinking Workforce Strategy by PwC Malaysia	• 12 May 2020
Kenny Khaw Chuan Wah (Resigned on 30.09.2020)	• COVID-19: Recovery and Resilience – Rethinking Workforce Strategy by PwC Malaysia	• 12 May 2020
Lionel Vernon Yong Nguon Kee	• 2019 IIA Malaysia Conference	• 7 – 8 October 2019
	• IIA Corporate Liability, Adequate Procedures and ISO 37001 Anti Bribery Management Systems	• 20 February 2020
	• MIA Big Data Analytics and Business Intelligence for Accountants and Finance Professionals	• 25 June 2020
Chong Ching Wai	• COVID-19: Recovery and Resilience – Rethinking Workforce Strategy by PwC Malaysia	• 12 May 2020
Woon Sing Jiunn	• COVID-19: Recovery and Resilience – Rethinking Workforce Strategy by PwC Malaysia	• 12 May 2020
Tang Boon Koon (Resigned on 26.10.2020)	• SST & Financial Management	• 5 – 6 September 2019
	• Digital Marketing – Let the World Know Your Business	• 26 – 27 September 2019
	• Seminar on recent MFRS Development – MFRS 15 & 16	• 10 December 2019

All the Directors have attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 1.0 Boards Leadership *cont'd*

#### 1.1 Directors' Training *cont'd*

To enable the Board to discharge the responsibilities in meeting the goals and objective of the Company, the Board has, among others,

- (a) reviewed, challenged and decided on management's proposal for the Group and monitor its implementation by key senior management;
- (b) monitored and regular reviewed the strategic direction of the Group and the progress of the Group's operations, taking into changes in the business and to determine the business being properly managed and supports long term value creation;
- (c) ensured there is a sound framework for internal controls and risk management;
- (d) ensured that key senior management has the necessary skills and experience and measures in place to ensure orderly succession planning within the Group.
- (e) ensured the integrity of the financial and non-financial reporting of the Group;
- (f) ensured that the Company's financial statements are true and fair and conform to the relevant standards, rules and regulations.

#### 1.2 Chairman of the Board

The Independent Non-Executive Chairman responsibilities include:

- (a) provided overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- (b) chaired meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director. The Independent Non-Executive Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to able the papers to be adequately considered before the meeting;
- (c) reviewed the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed;
- (d) monitored Board performance as a whole;
- (e) ensured membership of the Board is appropriately skilled to meet the needs of the Company;
- (f) assisted in Board discussions to address the key issues facing the Company;
- (g) initiated the establishment of Board Committees and ensuring that they achieve their objectives;
- (h) guided and promoted the ongoing efficacy and development of the Board and its individual Directors;
- (i) fastened high corporate governance.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 1.0 Boards Leadership *cont'd*

- 1.3 The positions of the Chairman and Executive Director are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management while the Executive Director focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions. The distinct and separate roles of the Chairman and Executive Director; with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and are clearly defined in the Board Charter.

#### 1.4 Company Secretary

The Board is supported by 2 qualified Company Secretaries. Both Company Secretaries have tertiary education and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act, 2016.

The Company Secretaries provide guidance to the Board on matters relating to the company law, rules and regulations of the regulatory authorities as well as best practices on governance. The Board has unrestricted access to the advice and services of the Company Secretaries.

The Company Secretaries record, prepare and circulate the minutes of meetings of the Board and Board Committees and ensure such minutes are properly kept at the registered office of the Company and produced for inspection, if required. They are also responsible for the proper maintenance of secretarial records, preparation of resolutions and other secretarial functions of the Company.

During the FY2020, the Company Secretaries had attended various seminars and conferences to keep themselves abreast with the regulatory changes and other areas namely sustainability, governance, finance, tax and new accounting standards.

- 1.5 The Board meeting materials are circulated to Directors at least 7 days prior to each Board meeting to enable Board members to facilitate informed and timely decision making. All Board members reviewed and confirmed the minutes of the meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberate on a particular matter.

Board members have complete and unhindered access to the Management and Company Secretary at all times. Management personnel are invited to attend Board meetings and the Board may consult with other employees of the Group and seek additional information, where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.

### 2.0 Demarcation of Responsibilities of the Board, Board Committees and Management

- 2.1 The Board is guided by the Board Charter, which set out amongst the responsibilities, authorities, procedures, evaluation and structures of the Board and Board Committees as well as the relationship between the Board with its management and shareholders.

The Board Charter was last reviewed on 22 October 2020 and updated on the Company's website at <https://macpie.asia/> Notwithstanding that the Board Charter is subject to periodic review to ensure their relevance and compliance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 3.0 Good Business Conduct and Healthy Corporate Culture

- 3.1 The Directors are expected to conduct themselves with the highest ethical standards by setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group. The Company has adopted a Code of Conduct and Ethics, which can be viewed on the Company's website <https://macpie.asia/>.
- 3.2 The Company's Whistleblowing Policy encourages its employee to raise genuine concerns about positive improprieties in matters of compliance, suspected violations of the Code of Conduct and Ethics and to disclose any improper conduct or other malpractices within MACPIE Group.

The Policy is to provide communication channels for employee of the Group and agents, suppliers, consumers and related third party to raise concerns about the improper conduct within the Group and to offer protection for such persons (including the employees of the Group) who can report such allegations in person to its Executive Director or in writing to the Independent Non-Executive Chairman. The Whistleblowing Policy is published on the Company's website <https://macpie.asia/>.

The Board Charter, Code of Conduct and Ethics and Whistleblowing Policy were reviewed on 22 October 2020.

### 4.0 Board's Objectivity

- 4.1 For FY2020, the Board comprised two (2) Executive Directors and four (4) Independent Non-Executive Directors (including the Non-Executive Chairman). More than half of the Board of Directors are Independent Directors.

By having more than half of Board comprised of Independent Directors, it provides an effective check and balance in the functioning of the Board.

In the event of any vacancy in the Board resulting in non-compliance with Rule 15.02(1) of Listing Requirements, the company must fill the vacancy within 3 months.

- 4.2 As at 30 June 2020, none of the Independent Directors of the Company served more than nine (9) years. However, if the Board intends to retain an Independent Director beyond nine (9) years, the Board will justify and seek annual shareholders' approval appropriately.
- 4.3 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.
- 4.4 The Nominating Committee ("NC") is responsible for ensuring that the Board has the appropriate balance composition and size, the required skills mix, experience, and other core competencies; and is also responsible for considering and recommending the appointment of new Directors to the Board. The final decision on the appointment of a candidate recommended by NC rests with the whole Board.

As at 30 June 2020, the NC comprised three (3) members, all of them are Independent Non-Executive Directors:-

Chairman:	Lionel Vernon Yong Nguon Kee	(Independent Non-Executive Director)
Members:	Lim Peng Tong	(Independent Non-Executive Director)
	Chong Ching Wai	(Independent Non-Executive Director)

The NC assess the shortlisted candidate for his/her suitability before formally considering and recommending them to the Board and where applicable.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 4.0 Board's Objectivity *cont'd*

4.4 In reviewing and recommending to the Board any new Director for appointment, the NC considers the followings:

- (i) Candidate independence for Independent Non- Executive Director.
- (ii) Candidate's age, gender, education, knowledge and skills, experiences, integrity, professionalism and other relevant factors as may be determined by the NC which would contribute to the Board's collective skills.
- (iii) Ability to fulfil time commitment in particular for Independent Non-Executive Director.
- (iv) The composition requirements for the Board and Board Committees.

The NC will annually review its required mix of skills and experience and other qualities, including core competencies which the Director should bring to the Board.

The NC ensures that all appointments of new Directors to the Board are proper and in compliance with the rules of the relevant authorities. Any appointment of additional Director will be made as and when it is deemed necessary by the existing Board with due consideration given to the mix skills, expertise and experience in the respective industry required regardless of gender diversity for an effective Board.

Pursuant to the Company's Constitution, one third (1/3) of the Directors including the Executive Director, shall retire from office, provided that all Directors shall retire at least once every three (3) years, but shall be eligible for re-election. Directors who were appointed during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

During the FY2020, the NC had assessed and recommended the re-election of Mr. Ng Chee Heng as an Executive Director and Mr. Chong Ching Wai as an Independent Non-Executive Director.

4.5 The Board is judicious of the gender diversity recommendation by MCGG in order to bring a variety of diverse opinions, prospective, skills, experiences, backgrounds and orientations to its discussions and its decision making processes and constructive debates at key senior management level.

The Group is an equal opportunity employer thus any appointment to the Board or any employments are based on objective criteria, merit, experience and creditability on continuing basis and, may not be limited to gender, age, ethnicity and cultural background.

The Board views that the workplace and Boardroom diversity is important to facilitate the decision making process by harnessing different insights and perspectives.

4.6 Whenever there may be vacancy on the Board, be it for replacement or new addition, the NC will source it through their peers, networking and also get the recommendation from the management.

4.7 As at 30 June 2020, the NC was chaired by Mr. Lionel Vernon Yong Nguon Kee, an Independent Non-Executive Director. The profile of Mr. Lionel Vernon Yong Nguon Kee is presented in the Directors' Profile in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 5.0 Overall Effectiveness of the Board and Individual Director

The Board through the NC to perform a formal and objective annual assessment to determine the effectiveness of the Board as a whole, the Board Committees and the contribution of individual director by way of questionnaires.

The results of the annual assessment are compiled by the Secretary, and presented to the NC for evaluation, and subsequently tabled to the Board for deliberation.

During the FY2020, the NC had assessed the effectiveness of the Board as a whole and its Committees. The NC, after considered among others the following factors had recommended the composition of the Board and Board Committees to remain unchanged:

- Mix of skills and knowledge;
- Diversity;
- Capabilities and objectivities;
- Activities in the boardroom activities; and
- Performance of the Board Committees.

The NC also assessed the directors based on the self-assessments questionnaires completed by the individual directors and was satisfied therewith. In their assessments, the NC took into consideration among others but not limited to the character, integrity, personality, independence and contribution of the each director.

### 6.0 Level and Composition of Remuneration

- 6.1 The Remuneration Committee ("RC") has been entrusted by the Board to determine that the level of remuneration is sufficient to attract and retain Directors of quality required to manage the business of the Group. The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration.
- 6.2 The RC carried out an annual review of the Directors' remunerations packages with regards to each Director's role, responsibilities, and expertise, taking into consideration of the Company's business performance of the Group whereupon recommendations are submitted to the Board for approval. Such annual reviews shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors of such caliber to provide the necessary skills and experience to drive the Group's long term objectives.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### 7.0 Remuneration of Directors and Key Senior Management

7.1 The Directors' remuneration for FY 2020 is as follows:-

#### Group

Category	Salary, bonus and benefit in-kind (RM)	Directors' fees (RM)	Allowance (RM)	Total (RM)
<b>Executive Directors</b>				
Kenny Khoo Chuan Wah (Resigned on 30.09.2020)	124,058	34,500	-	158,558
Ng Chee Heng	262,805	34,500	4,500	301,805
<b>Non-Executive Directors</b>				
Lim Peng Tong (Resigned on 30.09.2020)	-	34,500	-	-
Lionel Vernon Yong Nguon Kee	-	34,500	-	-
Chong Ching Wai	-	34,500	-	-
Woon Sing Jiunn	-	34,500	-	-

7.2 Remuneration to Key Senior Management

Range of Remuneration (RM)	Number of Key Senior Management
0-100,000	
101,000-200,000	
201,000-300,000	1
301,000-400,000	
401,000-500,000	
501,000-600,000	
601,000-700,000	

The Board is of the opinion that it would not be in the best interest of the Group to disclose the level of remuneration paid to senior management on a named basis given the competitive human resource environment for personnel with requisite knowledge and experience in the industry.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### 8.0 Effective and Independent Audit Committee

8.1 The Audit & Risk Management Committee ("AC") was established to fulfill the principles of accountability, integrity and good corporate governance in assisting the Board independently in discharging its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance, code of business conduct, and other matters that the Board or the relevant authorities may specially delegate to the AC.

As at 30 June 2020, the AC was chaired by Mr. Lionel Vernon Yong Nguon Kee an Independent Non-Executive Director and he is not the Chairman of the Board. The Chairman of the Board was Mr Lim Peng Tong, an Independent Non-Executive Director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### 8.0 Effective and Independent Audit Committee *cont'd*

- 8.2 In line with Practice 8.2, the Board had amended the Terms of Reference of the AC that requires a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

In FY2020, none of the members of the Board was a former key audit partner of the Group.

- 8.3 The AC conducts an annual assessment to consider the suitability, objectivity, and independence of the audit firm based on the followings:
- (i) Independence, objectivity and professional skepticism.
  - (ii) Communication and interaction.
  - (iii) Quality of skills, capabilities of audit team and sufficiency of resources.

Based on the results of the evaluation, the AC was satisfied with the performance of the external auditors and thus, recommended to the Board their re-appointment as the external auditors of the Company at the forthcoming AGM in 27 November 2020.

Grant Thornton Malaysia PLT has in their report on audit planning memorandum provide written assurance that they are independent throughout the conduct the audit engagement in accordance with the relevant professional and regulatory requirements.

- 8.4 As at 30 June 2020, the AC comprised all Independent Directors and this is in compliance with the Listing Requirements.
- 8.5 The members of the AC collectively are financially literate and have the necessary skills and experience and able to understand Company's business and matter under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged management's assertions on the Company's financials to ensure the Quarterly Report and the Annual Audited Financial Statements give a true and fair view of the Company's financial position.

As stated in the Directors' training of Boards Leadership on Objectives and Goals of the Company, all the AC members have undertaken continuous professional development to keep themselves abreast with the latest development and changes to the regulatory requirements and practices to discharge their duties effectively.

The AC, having better understanding of the financial regulations and requirements, is empowered by the Board to review the Group's financial statements to ensure conformance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia.

The Board is collectively responsible to ensure that the financial statements, the results and cash flows will give a comprehensive and fair view of the Group's financial position at the end of the relevant financial year.

The Directors are responsible for ensuring that proper accounting records are kept with reasonable accuracy, the disclosure of financial position of the Group, and the financial statements are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia. The Directors also have the overall responsibilities for taking such reasonable steps to safeguard the assets of the Group and to take measures to prevent and detect frauds and other irregularities.

The Board believes they have applied all appropriate accounting policies on a consistent and prudent basis, and made reasonable and necessary judgments and estimates to ensure that the financial statements for the financial year ended 30 June 2020 provide a true and fair view of the Company's financial position and affairs.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### 9.0 Risk Management and Internal Control

- 9.1 The Board through the AC reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place.

The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework.

The AC reports to the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.

- 9.2 Risk management is regarded as an important aspect of the Group's operation. The Group has an on-going process for identifying, evaluating and managing principal risks.

In FY2020, the top 4 principal risks identified were as follows:

- 1) Environmental and Business Continuity Risk
- 2) Loss of Good Reputation Risk
- 3) Financial Risk
- 4) New Product/Service Risk

Further details on the features of the risk management and internal control framework are disclosed in the Statement of Risk Management and Internal Control of the Annual Report 2020.

- 9.3 The Board was of the view that it is not necessary to have a separate Risk Management Committee as the current role of the AC also assumes the responsibilities in risk management and internal control of the Group.

The Audit Committee of the Company is now known as Audit & Risk Management Committee. As at 30 June 2020, the members of the AC comprised all Independent Directors.

### 10.0 Effective Governance, Risk Management and Internal Control Framework

- 10.1 The establishment of the Internal Audit Function provides the Directors and the AC with an independent assessment and appraisal/review of the effectiveness and reliability of the Group's internal controls and information system.

The internal audit function includes the review, assessment and provision of reasonable assurance that the Group's internal controls are functioning as planned and able to highlight all material deviation or findings to the AC immediately. To maintain impartiality and independence, the internal auditors report directly to the AC on the overall assessment of the Group's internal control mechanism.

Internal Audit reports were issued to the AC to be tabled at the AC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management response with regards to any audit findings on the weaknesses in the systems and controls of the operations. The internal auditors will also follow up with Management on the implementation of the agreed audit recommendations.

In FY 2020, the Group outsourced its internal audit function to an independent professional internal audit service provider. The role of the internal audit function, which reports directly to the AC, is to support the AC in discharging its responsibilities by providing independent and objective reports on the adequacy and effectiveness of the system of the internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. The Internal Auditors submit their findings and recommendations to the AC and key senior management of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### 10.0 Effective Governance, Risk Management and Internal Control Framework *cont'd*

- 10.1 During FY 2020, the AC had reviewed and assessed IA Essential Sdn Bhd and was satisfied therewith. The AC had recommended to the Board, the re-appointment of IA Essential Sdn Bhd for another term.
- 10.2 The Internal Auditors adopt a COSO Framework and risk-based approach with focus on effective risk management practices and is guided under the International Professional Practice Framework.

During FY 2020, IA Essential Sdn Bhd had assigned 3 internal auditors to undertake the internal audit of the Group. Mr. Chong Kian Soon is the Executive Director-in-charge of the internal audit of the Group. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Institute of Internal Auditors Malaysia.

None of the persons involved in the internal audit functions have any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.

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

### 11.0 Effective Communication with Stakeholders

- 11.1 The Board recognizes the important of effective communication with its investors and shareholders as a key component to uphold the principles and best practices of corporate governance for the Group. As such, the need to establish corporate disclosure policies and procedures between the Company and the regulators, shareholders and stakeholders is important to build the trust and understanding between the Company and the stakeholders.

On this basis, the Board exercises close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as requested. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa, the media and the Company's website.

The Board has authorized the Executive Director to co-ordinate with the Company Secretary to verify and approve all announcements before releasing to the public.

The following communication channels are mainly used by the Company to disseminate information on a timely basis to the shareholders and the investing public:

- (a) Group's corporate proposals, quarterly and annual financial results and other required announcements are available on website at <https://macpie.asia/> and [www.bursamalaysia.com](http://www.bursamalaysia.com);
  - (b) Press release provides up-to-date information on the Group's key corporate initiatives and investments if any;
  - (c) Annual General Meeting ("AGM") provides a forum to engage with Directors and key senior management to share viewpoints and acquire information on issues relevant to the Group.
- 11.2 The Company is not categorized as large company under the MCCG and has not adopted the integrated reporting based on a globally recognized framework.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

cont'd

### 12.0 Conduct of General Meetings

- 12.1 The Board had adopted Practice 12.1 to issue the notice of AGM to shareholders at least 28 days prior to the meeting. The additional time given will allow shareholders to make necessary arrangements to attend and participate in person or through proxies or corporate representatives and also to consider the proposed resolutions before exercising their voting rights at the meeting.
- 12.2 The Board had adopted Practice 12.2 that all its members including key senior management to attend the general meeting of the Company and to respond to shareholders' enquiries, if any. At the last AGM of the Company held on 29 November 2019, all the Directors and Senior Management were present at the said meeting.
- 12.3 The Board is of the view that the existing procedures or practice of the Company had provided shareholders with sufficient information to make an informed decision and the sufficient time to deposit the proxy form for poll voting or to participate in person at general meetings.

#### Alternate practices are as follows:

- a) The notice of AGM and proxy form are despatched to shareholders not less than 28 days before the date appointed for holding the AGM. For general meetings other than the AGM, the Company despatches the notice of meeting at least 21 days for special resolution and 14 days for ordinary resolution.
- b) The explanatory notes to the notice of AGM and/or the contents of circular to shareholders provide detailed explanation of the proposed resolutions to enable shareholders to make informed decisions in exercising their voting rights.
- c) Shareholders are allowed to appoint any person as proxies to attend and vote at the general meeting. The completed proxy form is to be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjournment thereof and in the case of a poll, at least 24 hours before the time for the taking of the poll at the general meeting.
- d) All the resolutions put to the general meeting are voted upon by poll and the poll counting process and verifications are conducted by independent scrutineers.
- e) The Company held its general meetings at the time and venue which were convenient and easily accessible to all shareholders. General meetings of the Company remain important avenues for the Board and Management to have better engagement with the shareholders present.

This Statement is made in accordance with the resolution of the Board dated 22 October 2020.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## STATEMENT ABOUT THE STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors of Macpie Berhad is pleased to provide the following statement on the state of risk management and internal control of the Group, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("The Guidelines").

## RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of good risk management practices and sound internal control as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a good sound system of risk management and internal control, and for reviewing its adequacy and integrity of such system. In addition, the Board has also received assurance from the Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

The Group's risk assessment process was developed with the assistance of a professional services firm. During the financial year, Senior Management reviews the existence of new risks and assesses the relevance of the Group's existing risk profile. Significant risks that may affect the Group's business objectives have been continually monitored. Whilst the Board maintains ultimate control over risk and control issues, the management of risks in the daily business operations is delegated to management team and significant risks are identified and related mitigating responses as well as the corresponding internal controls are discussed twice a year at the Audit Committee meetings.

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly on major proposed transactions, changes in nature of activities and/or operating environment, or new business ventures which may entail different risks, and require risk response strategies and controls to manage those risks to a level acceptable to the Board.

The abovementioned practices serve as the on-going process adopted by the Board and management to identify, evaluate and manage significant risks faced by the Group in achieving the business objectives and strategies.

## INTERNAL CONTROL MECHANISM

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core auditable areas of the Group based on their risk profile. The internal audit function is outsourced to an independent professional services firm that specializes in the provision of internal audit services. The cost incurred in outsourcing the internal audit function for the financial year ended 30 June 2020 is at RM9,500.

Scheduled internal audits are carried out by the outsourced internal audit function based on the audit plan approved by the Audit Committee. The audit focuses on areas with high risk to ensure that adequate controls are in place to manage the risk of businesses. The outsourced internal audit function meets and reports to the Audit Committee once a year on areas for improvement and subsequently performs follow up reviews to determine the extent of their recommendations that have been implemented.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## INTERNAL CONTROL MECHANISM *cont'd*

Apart from risk management and internal audit, the Group also has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority. The Executive Director or Finance Director lead all board papers presentation with the assistance of the respective Heads of Divisions and reports to all the Board on all pertinent issues that may affect the Group's businesses and operations;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to a yearly review and improvement;
- Quarterly and comprehensive information provided to management, covering financial performance for effective monitoring and decision making; and
- Regular visits to operating units by members of the Board and senior management.

A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Group's Annual Report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

## REVIEW OF THIS STATEMENT

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investment and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The External Auditors have reviewed the Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosure required by the Guidelines for Directors of listed issuers on the Statement on Risk Management and Internal Control.

This statement is issued in accordance with a resolution of the Board of Directors dated 22 October 2020.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (“AC”) was established to fulfil the principles of accountability, integrity and good corporate governance in assisting the Board independently in discharging its responsibilities of reviewing and monitoring the Group’s financial process, audit process, statutory and regulatory compliance, code of business conduct, and other matters that the Board or the relevant authorities may specially delegate to the AC.

The AC Report spells out the AC composition, terms of reference, summary of activities and/or any material findings that may have affected the Group’s performance, controls and operations during the year in review.

## MEMBERSHIP & COMPOSITION

The AC members are appointed by the Board amongst the Board members. The Chairman of the AC shall be elected among its members who shall be an Independent Director. Alternate Directors shall not be members of the AC.

In accordance with Rule 15.09 of the ACE Market Listing Requirement, the AC shall consist of a minimum of three (3) members, all of whom must be Non-Executive Directors. With majority of them being Independent Directors and at least one (1) member of the Committee has to fulfil the following conditions:-

- (a) Must be a member of the Malaysia Institute of Accountants; or
- (b) If he is not a member of the Malaysian Institute of Accountant , he must have at least three (3) years working experience in the accounting field, and
  - (i) Must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - (ii) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1976; or
- (c) Fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad

The current composition of AC is as follows:-

Chairman	:	Andy Liew Hock Sim	(Independent Non-Executive Director)
Members	:	Lionel Vernon Yong Nguon Kee	(Independent Non-Executive Director)
		Chong Ching Wai	(Independent Non-Executive Director)

## MEETINGS AND ATTENDANCES

The AC has scheduled to meet at least four (4) times in each financial year with at least two (2) members present and the Company Secretary as the secretary of the AC. The AC may invite designated Directors, key senior management and the auditors (internal and external) to be present at their meetings. The minutes of each AC meeting will be circulated to all AC members as well as all Board members.

During the FY 2020, there were five (5) AC meetings held and were duly attended by the members as shown below:

Name of AC Members	No. of Meetings Attended
Lionel Vernon Yong Nguon Kee	5/5
Lim Peng Tong (Resigned on 30.09.2020)	5/5
Chong Ching Wai	5/5



# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF WORK

The works carried out by the AC during FY 2020 include the followings:-

### (i) Financial Reporting

- Reviewed the quarterly reports and financial year end unaudited financial results of the Group before tabling to the Board for approval.
- Review the audited financial statement of the Company and the Group together with external auditors prior tabling to the Board for approval. The review was inter alia, to ensure compliance with:
  - Compliance with existing and new accounting standards, policies and practices.
  - Compliance with Listing Requirements of Bursa Malaysia Securities Berhad, the requirements of the Companies Act 2016 in Malaysia and other regulatory requirements.
- In the review of the financial year end audited financial statements, the AC discussed with management and the external auditors the accounting principles applied and their judgement of the items that may affect the financial statements as well as issues and reservation arising from the statutory audits.

### (ii) Internal Audit

- Reviewed and approved internal audit report which highlighted the audit issues and the management's response and remedies actions to be taken by the management to rectify and improve the system of internal control.
- Monitor the implementation programme proposed by the Internal Auditors arising from the audit in order to obtain assurance that all key risks and controls been fulfilled.

### (iii) External Audit

- Reviewed the External Auditors' scope of work and audit plan for the year.
- Discussed and deliberated on the External auditors' report and recommendations regarding opportunities for improvement to the significant risk areas, internal control and financial matters based on the observation made in the course of interim and final audit.
- Reviewed the Audit Planning Memorandum presented by the external auditors.
- Discussed on the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
- The AC met with the external auditors twice during FY 2020 without the presence of the Executive Directors and Management.
- Reviewed the evaluation on the performance and effectiveness of the external auditors which was coordinated by the Company Secretary. The annual assessment was conducted with feedback obtained from the AC. The areas under the assessment were:-
  - Independence, objectivity and professional scepticism;
  - Communication and interaction; and
  - Quality of skills, capabilities of audit team and sufficiency of resources.

Based on the results of the evaluation, the AC was satisfied with the performance of the external auditors and thus, recommended to the Board the re-appointment of the external auditors at the forthcoming AGM of the Company.

- Reviewed the written confirmation of independent from the external auditors in accordance with the applicable Malaysian regulatory and professional requirements. In respect of FY 2020, Grant Thornton Malaysia PLT has re-affirmed their independence to act as Company's external auditors in accordance with the relevant professional and regulatory requirements.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF WORK *cont'd*

### (iv) Annual Report

Reviewed the AC Report and Statement of Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement and accounting matters requiring significant judgement.

### (v) Recurrent Related Party Transactions ("RRPT")

- Reviewed the RRPT review procedures and processes to monitor, trace & identify the RRPT in timely & orderly manner.
- Reviewed the RRPT of a revenue or trading nature to ensure such transactions were carried out on arm's length basis and not detriment to the minority interest of the Company.

## INTERNAL AUDIT FUNCTION

The establishment of the Internal Audit Function provides the Directors and the AC with an independent assessment and appraisal/review of the effectiveness and reliability of the Group's internal controls and information system.

The internal audit function includes the review, assessment and provision of reasonable assurance that the Group's internal controls are functioning as planned and able to highlight all material deviation or findings to the AC immediately. To maintain impartiality and independence, the internal auditors report directly to the AC on the overall assessment of the Group's internal control mechanism.

To further discharge its duties and responsibilities effectively, the internal auditors can obtain the assistance of the group's key senior management and staff in providing all the necessary information as and when required.

During the FY 2020, the areas audited were covering areas in the full function and also the Enterprise Risk Management within the Group.

Internal Audit reports were issued to the AC at least one (1) within a year to be tabled at the AC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management response with regards to any audit findings on the weaknesses in the systems and controls of the operations.

The internal auditors will also follow up with Management on the implementation of the agreed audit recommendations. The Group's internal audit was carried out by an independent professional internal audit service provider appointed by the Board with the recommendation of the AC. The cost incurred for the internal audit function for the financial year ended 30 June 2020 was RM9,500.

## STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The allocation of ESOS shall be verified by the AC for each financial year to ensure compliance with the allocation criteria determined by the ESOS Committee and in accordance with the By-Laws of ESOS. As at 30 June 2020, the Company did not grant any ESOS.

# ADDITIONAL COMPLIANCE INFORMATION

## AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the external auditors by the Group for the financial year ended 30 June 2020 are as follows:-

	Group RM'000	Company RM'000
Fees paid/payable to the external auditors		
- Audit Fees	128	40
- Non Audit Fees	45	9
	<b>173</b>	<b>49</b>

## RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OF TRADING NATURE

All current related party transactions entered into by the Group during the financial year are disclosed in financial year ended 30 June 2020 of this Annual Report.

## MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interest of the Directors and major shareholders, either still subsisting at the end of the FY 2020.

# SUSTAINABILITY STATEMENT

## EXECUTIVE DIRECTOR'S STATEMENT

Dear valued stakeholders,

On behalf of the Board of Directors ('Board') and management of Macpie Berhad ("MACPIE" or "the Company"), I present our Sustainability Statement ('statement') which summaries and highlights our sustainability performance and approach towards bringing a positive change within MACPIE and the wider community.

The Board continues to oversee MACPIE's sustainability performance in compliance with the guidelines on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Our Five key matters of Economic Performance, Health, Safety & environment, our People, Learning & Development and Corporate Social Responsibility remain the top material priorities on our sustainability agenda.

The Group's resilience in the face of the challenges brought on by the COVID-19 pandemic is a product of our long-standing commitment to manage MACPIE's business in a sustainable, responsible and holistic manner, particularly in these five areas. Our primary concern revolves around their health, safety, and job protection.

The Board believes that sustainability business practices are fundamental to our growth and this is the right direction of how we think forward and how we care and applied this practices to all levels of our business operations.

The adoption, implementation and development of sustainable development is a journey thus, we continue to address challenges as we progress towards achieving a sustainable direction and future.

We hope this statement will provide valuable insights to our stakeholders on MACPIE's sustainability effort and we appreciate your interest and welcome your feedback on this statement.

## REPORTING SCOPE AND METHODOLOGY

This Report has been prepared in accordance with the ACE Market Listing Requirements of Bursa Securities – Guidance Note 11 and the Sustainability Reporting Guide issued by Bursa Securities.

This Report, which is produced annually, covers the reporting period from 01 July 2019 to 30 June 2020 (FY2020). This Report provides the key aspects of MACPIE and its subsidiaries' approach, initiatives and activities towards sustainability.

<b>SCOPE OF REPORT</b>	01 July 2019 to 30 June 2020
<b>REPORTING CYCLE</b>	Annual
<b>PRINCIPLE GUIDELINES</b>	Bursa Malaysia's Sustainability Guide
<b>COVERAGE</b>	Macpie and its subsidiaries

This Report can be downloaded at our corporate website at [www.macpie.asia](http://www.macpie.asia). As we look forward for improvements in our sustainability practices, we welcome feedback and suggestion. If you have any feedback or suggestion, please email to [ask@macpie.asia](mailto:ask@macpie.asia).

## ABOUT US

MACPIE is a public company listed on the official list of the ACE Market of Bursa Securities since 2007. MACPIE has undergone a tremendous transformation and has set its sights on becoming an innovative management solutions company.

In 2018, MACPIE acquired Macpie Pro Sdn Bhd as a new venture into the event management industry. In 2019 the group has established Level Up Plus Sdn Bhd, Macpie Ticketing Sdn Bhd and Macpie Equipment Sdn Bhd as part of the strategic plan to run events more effectively, which currently extends the company's strategic business ecosystem into four core segments; namely event management, retail space management, financial solutions and ICT products supply & distribution.

Ever thinking forward, MACPIE continuously looking for new ways to diversify and expand its strategic business ecosystem to provide budding SMEs with the best innovative management solutions.

# SUSTAINABILITY STATEMENT

cont'd

## GOVERNANCE STRUCTURE

Sustainable management is one of the Company's fundamental values as they form the basis of our action and guide us towards achieving the corporate objectives and the long-term growth of the Group.

The Board did not establish a separate Sustainability Committee but has established a clear sustainability governance model to ensure compliance and responsibilities are discharged orderly as follows:

BOARD OF DIRECTORS	
INDEPENDENT NON-EXECUTIVE CHAIRMAN	
BOARD COMMITTEES	EXECUTIVE DIRECTORS
<ul style="list-style-type: none"> <li>- Audit &amp; Risk Management Committee</li> <li>- Nominating Committee</li> <li>- Remuneration Committee</li> <li>- ESOS Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Executive Officer</li> <li>- Executive Management</li> </ul>

## STAKEHOLDER ENGAGEMENT

MACPIE believe that continue engagement with our stakeholders is crucial in making our sustainability focus known. MACPIE identifies its stakeholders as groups of people and organisations whom the Company considered as most significant to the Group's key business operations and strategies. The needs and expectations of our stakeholders can be met through open two-way communication, which subsequently enhances trust from our stakeholders and promotes Group's accountability.

The table below summarizes our approach to stakeholders' engagement:

Key Stakeholders	Key Topics and Concerns	Methods of Engagement	Frequency of Engagement
Suppliers	<ol style="list-style-type: none"> <li>1) Product quality</li> <li>2) Pricing</li> <li>3) Supplier relationship</li> <li>4) Creditability</li> </ol>	<ul style="list-style-type: none"> <li>• Supplier registration</li> <li>• Supplier assessment conducted annually</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>
Customers	<ol style="list-style-type: none"> <li>1) Reliable service</li> <li>2) Competitive pricing</li> <li>3) Operational efficiency</li> </ol>	<ul style="list-style-type: none"> <li>• Customer Feedback and surveys</li> <li>• Market research</li> <li>• Sales and customer visits</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>
Employees	<ol style="list-style-type: none"> <li>1) Remunerations &amp; benefits</li> <li>2) Health &amp; Safety</li> <li>3) Career development &amp; opportunities</li> </ol>	<ul style="list-style-type: none"> <li>• Briefings &amp; discussions</li> <li>• Performance Appraisal</li> <li>• Social &amp; wellness activities</li> <li>• Email, internal memo &amp; WhatsApp communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• On-going</li> </ul>
Government & regulatory authorities	<ol style="list-style-type: none"> <li>1) Compliance with relevant rules and regulations</li> </ol>	<ul style="list-style-type: none"> <li>• Compliance with mandatory requirements</li> <li>• Formal meetings</li> <li>• Performance reports</li> <li>• Communication and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• Ad-hoc</li> <li>• On-going</li> <li>• Ad hoc</li> </ul>

# SUSTAINABILITY STATEMENT

cont'd

## STAKEHOLDER ENGAGEMENT *cont'd*

Key Stakeholders	Key Topics and Concerns	Methods of Engagement	Frequency of Engagement
Shareholders & investors	<ol style="list-style-type: none"> <li>1) Transparent reporting with credible data</li> <li>2) Regulatory compliance</li> </ol>	<ul style="list-style-type: none"> <li>• MACPIE website</li> <li>• Media release</li> <li>• Announcements vide Bursa Link</li> <li>• Annual Report</li> <li>• Annual general meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> <li>• Ad hoc</li> <li>• Annual</li> <li>• Annual</li> </ul>
Communities & Public	<ol style="list-style-type: none"> <li>1) Impact of operations on surrounding environment</li> <li>2) Economic opportunities</li> </ol>	<ul style="list-style-type: none"> <li>• Charity contributions</li> <li>• Community Engagement Programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>
Business Partners	<ol style="list-style-type: none"> <li>1) Financial Stability</li> <li>2) Service Coverage and capability</li> <li>3) Reputation</li> </ol>	<ul style="list-style-type: none"> <li>• Written communication</li> <li>• Business exchange</li> <li>• Meeting visits</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>

## MATERIALITY ASSESSMENT

A materiality assessment is conducted by the Company to identify and priorities the material EES factors. Upon the identification of the EES factors that are significant to the business and stakeholders, the Company then review the exposures and extent of the impact of the material EES factors.

During the FY2020, various initiatives and efforts were implemented in addressing and managing each of the material factors concurrently.

**MATERIALITY MATRIX**  
Sustainability Priorities for FY 2020

Significance to Stakeholders	High									B	
											A
	Medium							E			
									D	C	
								F			
								G			
	Low										
		Low			Medium				High		
										Significance to MACPIE	



# SUSTAINABILITY STATEMENT

cont'd

## MATERIALITY ASSESSMENT *cont'd*

In FY 2020, our Group's focus areas are summarized as follows:

	EES Topic	Focus Areas	Activities
A	Economic	Supply Chain Management	<p>We have been focusing in ethical procurement practices by adopting standard procedures in procurement and vendors' qualifications.</p> <p>We work closely with a handful of reliable and trusted suppliers and/or contractors which are necessary to ensure quality and control are in place and in accordance with our Group's procurement requirements.</p> <p>We engaged more than 50 collaborative partners from local communities for the supply of ICT products, equipment, venue, securities, food &amp; beverages, ticketing systems and services.</p> <p>We also ensure that our supply chain partners has good sustainability practices which could provide greater driving force towards achieving our sustainability goals.</p>
B	Environment	Safety & Health	<p>The Covid-19 pandemic that the world is facing now is unprecedented and its impact on the economy is severe. Domestic and global growth is projected to be negative for year 2020 due to various containment measure implemented by many major economic to limit the spread of the virus. MACPIE ensure that risks to health and safety from work activities are properly controlled and the efforts to do the same are beyond regulatory compliance. MACPIE has taken a proactive approach to ensure the following:-</p> <ul style="list-style-type: none"> <li>- Employees' risk of exposure to COVID-19 is minimized</li> <li>- Business or daily operations of the Group can still continue by implementing strict and effective Standard Operating Procedures ("SOP") and best practice as recommended by the Ministry of Health and the World Health Organisation; and</li> <li>- Developing SOP and/ or alternative business arrangement with customers, contractors and suppliers to ensure smooth continuity of the business and operation.</li> </ul>
C	Environment	Energy Consumption	<p>Other focus area was on energy savings in which power saving features or sleep mode were enabled on computers, photocopiers and other equipment, which helped to reduce power consumption when these items are not in use.</p>

# SUSTAINABILITY STATEMENT

cont'd

## MATERIALITY ASSESSMENT *cont'd*

	EES Topic	Focus Areas	Activities
D	Environmental	Waste Management	We also focused on optimizing recycling and encourages our employees to think before printing and in this respect to reduce paper usage as well as practicing the good culture of recycling waste materials. In these aspects, the employees were encouraged to use recycled paper for internal notes and printing whenever possible. Waste papers, newspapers, cardboards, boxes and other recyclable materials were then packed separately in the waste bin for collection and further processing by the waste management company.
E	Social	Equal Employment Opportunities	<p>The Board does not have a fixed policy in workplace diversity but is committed to ensure fairness in careers' opportunities and treat all employees equally regardless of their religions, ethnicity, genders, age and nationalities towards harmonious working environment, at the same time creating a healthy lifestyle and working cultures.</p> <p>Our current workforce comprising more males than females due to the nature of work but there is a diverse skills, experiences, cultures as well as age demographics aspects.</p>
F	Social	Community	<p>We have a preference in the recruitment of local talents wherever possible, thus benefiting the local community and reducing our employees turnover.</p> <p>Our Human Resource Department has been actively engages and promote employees bonding through events and activities such as birthday celebrations, privileges such as preferred rates and discounts for concerts organised by the Group, and other similar activities.</p>
G	Social	Community	We have been giving our support to various non-profitable organizations and extended our care and concern to the under-privileged groups.



## FINANCIAL STATEMENTS

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- 064 Statements of Changes in Equity
- 065 Statements of Cash Flows
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# DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

## PRINCIPAL ACTIVITIES

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

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year:-		
Loss after tax	8,717	10,998
Attributable to:-		
Owners of the Company	8,144	10,998
Non-controlling interests	573	-
	8,717	10,998

## RESERVES AND PROVISIONS

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

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

## ISSUE OF SHARES AND DEBENTURES

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

## WARRANTS

The warrant 2011/2021 were constituted under the Deed Poll dated 6 January 2011 as disclosed in Note 17 to the Financial Statements.

As at 30 June 2020, the total numbers of warrants that remain unexercised were 78,754,500.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 27 November 2013, the Company's shareholders approved the establishment of an ESOS of not more than 30% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible employee of the Group.

# DIRECTORS' REPORT

cont'd

## OPTIONS GRANTED OVER UNISSUED SHARES *cont'd*

The ESOS was terminated on 29 November 2018 with the approval obtained from the Company's shareholders. On the same date, the Company's shareholders approved the establishment of a New Employee Share Option Scheme ("New ESOS") of not more than 30% of the enlarged number of issued share capital of the Company at any one time over the duration of the scheme to eligible Directors and employee of the Group.

The salient features and other terms of the ESOS are disclosed in the Note 26.1 to the Financial Statements.

As at 30 June 2020, there was no option offered to take up unissued ordinary shares of the Company.

## DIRECTORS

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

Lionel Vernon Yong Nguon Kee  
 Ng Chee Heng  
 Chong Ching Wai  
 Woon Sing Jiunn  
 Tang Boon Koon (appointed on 8.9.2020)  
 Koo Kien Keat (appointed on 8.9.2020)  
 Ang Chee Ciang (resigned on 31.7.2019)  
 Leong Seng Wui (resigned on 25.10.2019)  
 Kenny Khaw Chuan Wah (resigned on 30.9.2020)  
 Lim Peng Tong (resigned on 30.09.2020)

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

Kenny Khaw Chuan Wah  
 Ng Chee Heng  
 Leong Seng Wui  
 Yong Tien Seng  
 Leong Kam Seng (appointed on 11.6.2020)

## DIRECTORS' INTERESTS

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

	Number of ordinary shares			At 30.6.2020
	At 1.7.2019	Bought	Sold	
<b>The Company</b>				
<u>Indirect interest</u>				
Ng Chee Heng*	86,714,400	-	-	86,714,400

\* *deemed interests by virtue of his shares in SEG Capital Intelligence Sdn. Bhd..*

By virtue of Mr. Ng Chee Heng's indirect interest in the shares of the Company, he is also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company during the financial year.

# DIRECTORS' REPORT

cont'd

## DIRECTORS' REMUNERATION

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 27 and 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

## OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

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

# DIRECTORS' REPORT

cont'd

## OTHER STATUTORY INFORMATION *cont'd*

In the opinion of the Directors:-

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

## SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 32 to the Financial Statements.

## AUDITORS

Details of auditors' remuneration are set out in Note 23 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permitted under Section 289 of the Companies Act 2016.

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

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

.....	)	
<b>NG CHEE HENG</b>	)	
	)	
	)	
	)	
	)	
	)	<i>DIRECTORS</i>
	)	
	)	
	)	
	)	
.....	)	
<b>KOO KIEN KEAT</b>	)	

Kuala Lumpur

22 October 2020



# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**NG CHEE HENG**

Kuala Lumpur

22 October 2020

.....  
**KOO KIEN KEAT**

## STATUTORY DECLARATION

I, Kenny Khow Chuan Wah, being the person primarily responsible for the financial management of Macpie Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 61 to 114 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory this day of )  
22 October 2020 )

.....  
**KENNY KHOW CHUAN WAH**  
(MIA NO: 31967)  
CHARTERED ACCOUNTANT

Before me:

**Mohan A.S. Maniam**  
**No. W710**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Macpie Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

#### *Impairment of trade receivables*

**The risk** – In accordance with the impairment requirements under MFRS 9, the management is required to apply forward-looking approach in assessing the impairment of trade receivables. Broader range of information is considered including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of trade receivables are applied to calculate the expected credit losses using a provision matrix.

We identified impairment of trade receivables as a significant risk requiring special audit consideration. This is because the Group's trade receivables are material to the financial statements.

**Our response** – In addition to other procedures, we considered it necessary to test the trade receivables aging report, assess the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of debts from each customer and test the recoverability of outstanding trade receivables through examination of subsequent cash collections or the fair value of collateral.

We found management's assumptions and judgements regarding the adequacy of the impairment of trade receivables to be reasonable in the context of the financial statements as a whole. The Group's disclosures regarding impairment of trade receivables are included in Note 30.1 to the Financial Statements.

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

# INDEPENDENT AUDITORS' REPORT

cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

# INDEPENDENT AUDITORS' REPORT

cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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

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

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### OTHER MATTER

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

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

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

Kuala Lumpur

22 October 2020

# STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	10,095	9,841	-	-
Right-of-use assets	5	1,186	-	-	-
Intangible assets	6	-	1	-	-
Investment in subsidiaries	7	-	-	1,866	3,660
Goodwill on consolidation	8	1,100	1,100	-	-
Deferred tax assets	9	-	440	-	-
Trade receivables	10	13,568	12,307	-	-
Amount due from subsidiaries	11	-	-	16,713	18,146
<b>Total non-current assets</b>		<b>25,949</b>	<b>23,689</b>	<b>18,579</b>	<b>21,806</b>
<b>Current assets</b>					
Inventories	12	2,410	-	-	-
Contract assets	13	17	5,810	-	-
Trade receivables	10	12,964	14,465	-	-
Other receivables	14	5,600	5,114	7	1,440
Amount due from subsidiaries	11	-	-	14,088	12,776
Tax recoverable		188	345	-	-
Cash and bank balances		3,763	14,730	1,879	9,410
<b>Total current assets</b>		<b>24,942</b>	<b>40,464</b>	<b>15,974</b>	<b>23,626</b>
Assets held for sale	15	256	256	-	-
<b>Total assets</b>		<b>51,147</b>	<b>64,409</b>	<b>34,553</b>	<b>45,432</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	50,976	50,976	50,976	50,976
Reserves	17	(10,442)	(1,963)	(16,656)	(5,658)
Equity attributable to owners of the Company		40,534	49,013	34,320	45,318
Non-controlling interests	7	(534)	39	-	-
<b>Total equity</b>		<b>40,000</b>	<b>49,052</b>	<b>34,320</b>	<b>45,318</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	9	-	320	-	-
Lease liabilities	18	324	-	-	-
<b>Total non-current liabilities</b>		<b>324</b>	<b>320</b>	<b>-</b>	<b>-</b>

# STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020  
cont'd

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current liabilities</b>					
Trade payables	19	7,489	4,074	-	-
Other payables	20	2,039	2,160	172	114
Contract liabilities	13	-	7,871	-	-
Amount due to subsidiaries	11	-	-	61	-
Lease liabilities	18	977	-	-	-
Provision for restoration costs	21	300	-	-	-
Tax payable		18	932	-	-
<b>Total current liabilities</b>		<b>10,823</b>	<b>15,037</b>	<b>233</b>	<b>114</b>
<b>Total liabilities</b>		<b>11,147</b>	<b>15,357</b>	<b>233</b>	<b>114</b>
<b>Total equity and liabilities</b>		<b>51,147</b>	<b>64,409</b>	<b>34,553</b>	<b>45,432</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	22	64,934	85,599	-	-
Cost of sales		(61,122)	(73,923)	-	-
Gross profit		3,812	11,676	-	-
Other income		1,781	1,981	1,589	9,986
Distribution costs		-	(56)	-	-
Administrative expenses		(7,426)	(11,719)	(1,838)	(3,062)
Other expenses		(7,393)	(3,237)	(10,041)	(8,794)
Finance costs		(127)	(1,200)	(708)	(4,323)
Loss before tax	23	(9,353)	(2,555)	(10,998)	(6,193)
Tax income/(expenses)	24	636	(1,010)	-	-
Net loss/total comprehensive loss for the financial year		(8,717)	(3,565)	(10,998)	(6,193)
<b>Net loss/total comprehensive loss for the financial year attributable to:-</b>					
Owners of the Company		(8,144)	(2,766)	(10,998)	(6,193)
Non-controlling interests		(573)	(799)	-	-
		(8,717)	(3,565)	(10,998)	(6,193)
Loss per share					
- Basic (sen)	25	(2.31)	(0.85)		
- Diluted (sen)	25	*	*		

\* *anti-dilutive in nature*

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group	Note	← Attributable to owners of the Company →			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000			
At 1 July 2018		46,931	8,401	(7,051)	48,281	(202)	48,079
Total comprehensive loss for the financial year		-	-	(2,766)	(2,766)	(799)	(3,565)
<b>Transactions with owners:-</b>							
Issuance of share capital	16	4,045	-	-	4,045	-	4,045
Acquisition of a subsidiary		-	-	-	-	3	3
Additional investment in a subsidiary		-	-	-	-	490	490
Acquisition of non- controlling interests		-	-	(1,056)	(1,056)	1,056	-
Disposal of subsidiaries		-	-	509	509	(509)	-
		4,045	-	(547)	3,498	1,040	4,538
At 30 June 2019		50,976	8,401	(10,364)	49,013	39	49,052
Effect of adoption of MFRS 16		-	-	(335)	(335)	-	(335)
Balance at 1 July 2019, as restated		50,976	8,401	(10,699)	48,678	39	48,717
Total comprehensive loss for the financial year		-	-	(8,144)	(8,144)	(573)	(8,717)
At 30 June 2020		50,976	8,401	(18,843)	40,534	(534)	40,000

Company	Note	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 July 2018		46,931	8,401	(7,866)	47,466
Total comprehensive loss for the financial year		-	-	(6,193)	(6,193)
<b>Transactions with owners:-</b>					
Issuance of share capital	16	4,045	-	-	4,045
At 30 June 2019		50,976	8,401	(14,059)	45,318
Total comprehensive loss for the financial year		-	-	(10,998)	(10,998)
At 30 June 2020		50,976	8,401	(25,057)	34,320

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Note	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(9,353)	(2,555)	(10,998)	(6,193)
<b>Adjustments for:-</b>				
Amortisation of intangible assets	-	8	-	-
Bad debts written off	115	514	-	-
Deposits written off	-	10	-	-
Depreciation of property, plant and equipment	1,947	1,452	-	-
Depreciation of investment properties	-	12	-	-
Depreciation of right-of-use assets	5,484	-	-	-
Gain on disposal of assets held for sale	-	(42)	-	-
Impairment losses on:				
- investment in subsidiaries	-	-	1,794	852
- amount due from subsidiaries	-	-	6,852	1,165
- trade receivables	567	189	-	-
- other receivables	5,395	-	1,395	-
Inventories written off	-	3	-	-
Reversal of impairment losses on:				
- investment in a subsidiary	-	-	-	(6,778)
- amount due from subsidiaries	-	-	-	(1,351)
Reversal of property, plant and equipment	-	376	-	-
Fair value adjustments:				
- trade receivables	1,261	1,151	-	-
- amount due from subsidiaries	-	-	708	4,322
Loss on disposal of subsidiaries	-	1,625	-	6,777
Loss/(gain) on disposal of property, plant and equipment	150	(213)	-	-
Property, plant and equipment written off	202	1,085	-	-
Interest expenses	127	49	-	-
Interest income	(66)	(119)	(65)	(79)
Operating profit/(loss) before working capital changes	5,829	3,545	(314)	(1,285)

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020  
cont'd

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Changes in working capital:-</b>					
Inventories		(2,410)	(153)	-	-
Contract assets		5,793	(5,810)	-	-
Receivables		(7,584)	3,980	38	4
Payables		3,294	(722)	58	5
Contract liabilities		(7,871)	7,871	-	-
Cash (used in)/generated from operations		(2,949)	8,711	(218)	(1,276)
Interest income		66	119	65	79
Interest paid		(127)	(49)	-	-
Tax paid		(431)	(270)	-	-
Tax refund		429	114	-	-
Net cash (used in)/from operating activities		(3,012)	8,625	(153)	(1,197)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(2,612)	(7,842)	-	-
Proceeds from disposal of property, plant and equipment		59	847	-	-
(Advances to)/repayment from subsidiaries		-	-	(7,439)	12,261
Net cash outflows from acquisition of a subsidiary		-	-	-	(1)
Net cash inflows from disposal of subsidiaries		-	460	-	1
Subscription of shares in a subsidiary		-	-	-	(510)
Net cash (used in)/from investing activities		(2,553)	(6,535)	(7,439)	11,751
<b>Cash flows from financing activities</b>					
Issuance of share capital		-	4,045	-	4,045
Issuance of shares by a subsidiary		-	490	-	-
Payment of lease liabilities		(5,402)	-	-	-
Repayment of finance lease liabilities		-	(321)	-	-
Advances from/(repayment to) subsidiaries		-	-	61	(6,447)
Placement of short term deposits with licensed bank		-	(10)	-	-
Net cash (used in)/from financing activities		(5,402)	4,204	61	(2,402)
<b>Net changes in cash and cash equivalents</b>		<b>(10,967)</b>	<b>6,294</b>	<b>(7,531)</b>	<b>8,152</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>14,730</b>	<b>8,436</b>	<b>9,410</b>	<b>1,258</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>3,763</b>	<b>14,730</b>	<b>1,879</b>	<b>9,410</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

## 1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The corporate office and principal place of business are located at Unit 23-10, Q Sentral, Jalan Stesen, Sentral 2, KL Sentral, 50470, Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 22 October 2020.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

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

### 2.3 Functional and presentation currency

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

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

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the Financial Statements to all years presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 2. BASIS OF PREPARATION *cont'd*

### 2.4 Adoption of new standards/amendments/improvements to MFRSs *cont'd*

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:

#### MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 "Leases", IC Interpretation 4 "Determine whether an Arrangement contains a Lease", IC Interpretation 115 "Operating Lease – Incentives" and IC Interpretation 127 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 "Property, Plant and Equipment" whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the asset and lease liability immediately before the date of initial application.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 July 2019 as an adjustment to the opening balance of retained earnings. The Group has also applied the following practical expedients under MFRS 16:

- A single discount rate is applied to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to lease which leases terms end within 12 months from 1 July 2019.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

The effect of adoption MFRS 16 as at 1 July 2019 is as follows:

	Note	As at 30.6.2019 RM'000	Effect on adoption of MFRS 16 RM'000	As at 1.7.2019 RM'000
<u>Statement of Financial Position</u>				
<b>Non-current asset</b>				
Right-of-use assets	5	-	3,905	3,905
<b>Current liabilities</b>				
Lease liabilities	18	-	3,939	3,939
Provision for restoration costs	21	-	300	300
<u>Statement of Change in Equity</u>				
<b>Equity</b>				
Accumulated losses		(10,364)	(335)	(10,699)



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 2. BASIS OF PREPARATION *cont'd*

### 2.4 Adoption of new standards/amendments/improvements to MFRSs *cont'd*

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):

#### MFRS 16 Leases *cont'd*

The reconciliation of lease liabilities as at 1 July 2019 to the operating lease commitment as of 30 June 2019 is as follows:-

	RM'000
<b>Assets</b>	
Operating lease commitment as at 30 June 2019	4,366
Weighted average incremental borrowing rate as at 1 July 2019	5.65%
Discounted operating lease commitment as at 1 July 2019	4,219
Commitments relating to short term leases	(280)
Lease liabilities as at 1 July 2019	3,939

### 2.5 Standards issued but not yet effective

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

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

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

#### Amendment to MFRS effective 1 June 2020:

Amendments to MFRS 16	Covid-19 Related Rent Concession
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#### Amendments to MFRS effective 1 January 2022:

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 2. BASIS OF PREPARATION *cont'd*

### 2.6 Significant accounting estimates and judgements

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

#### 2.6.1 Estimation uncertainty

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

##### Useful lives of depreciable assets

Assets are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the assets to be within 2.5 to 50 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 30 June 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's assets.

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

##### Impairment of non-financial assets

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

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

The information about the impairment of non-financial assets are disclosed in the Notes 4, 5, 6 and 8 to Financial Statements.

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

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 2. BASIS OF PREPARATION *cont'd*

### 2.6 Significant accounting estimates and judgements *cont'd*

#### 2.6.1 Estimation uncertainty *cont'd*

##### Provision for expected credit losses ("ECLs") of trade receivables and contract assets *cont'd*

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

The information about the ECLs on the Group's trade receivables and contract assets are disclosed in Note 30 to the Financial Statements.

##### Provision for restoration costs

As part of the identification and measurement of right-of-use assets, the Group has recognised a provision for restoration costs. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to remove the facilities and restoring the premises.

##### Leases - Estimating the incremental borrowing rate

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

##### Deferred tax assets

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

The information about the deferred tax assets are disclosed in the Notes 9 and 24 to the Financial Statements.

##### Income taxes

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company have applied the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements, except when otherwise disclosed in note to the financial statements.

### 3.1 Consolidation

#### 3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

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

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

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

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

#### 3.1.2 Business combinations and goodwill

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

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.1 Consolidation *cont'd*

#### 3.1.2 Business combinations and goodwill *cont'd*

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 3.1.3 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 3.1.4 Non-controlling interests

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.2 Foreign currency translation and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

### 3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Long-term leasehold land and buildings	2%
Motor vehicles	20%
Office equipment	10% - 40%
Renovations	20%
Furniture and fittings	10% - 15%
Signboard	5% - 10%
Tools and equipment	10% - 20%
Plant and machinery	10% - 20%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.4 Financial instruments

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

#### 3.4.1 Financial assets

##### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price as disclosed in Note 3.11 to the Financial Statements.

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

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

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

##### Subsequent measurement

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.4 Financial instruments *cont'd*

#### 3.4.1 Financial assets *cont'd*

##### Subsequent measurement *cont'd*

##### Financial assets at amortised cost

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

##### Derecognition

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

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

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

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

##### Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.4 Financial instruments *cont'd*

#### 3.4.1 Financial assets *cont'd*

##### Impairment *cont'd*

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group or the Company may also consider a financial asset to be in default when internal or external information indicates that the Group or the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### 3.4.2 Financial liabilities

##### Initial recognition and measurement

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

##### Subsequent measurement

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

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

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

##### Financial liabilities at amortised cost

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

The Group's and the Company's financial liabilities at amortised cost include trade and other payables and amount due to subsidiaries.

##### Derecognition

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.4 Financial instruments *cont'd*

#### 3.4.3 Offsetting of financial instruments

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

### 3.5 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in the profit or loss immediately.

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

### 3.6 Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories.

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

### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.8 Non-current asset held for sale

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

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

Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter, the asset is generally measured at the lower of their carrying amount and fair value less costs to sell.

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

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

### 3.9 Leases

#### 3.9.1 Accounting policies applied from 1 July 2019

The Group has applied MFRS 16 using the simplified transition approach, under which the cumulative effects of initial application are recognised as an adjustment to retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated i.e it is presented as previously reported under MFRS 117, lease and related interpretations.

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

#### As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets which will be recognised as expense on a straight-line basis over the lease term. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the rental of premises are ranging from 1 to 2 years.

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

The right-of-use assets are also subject to impairment in accordance with the accounting policies in Note 3.5 to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.9 Leases *cont'd*

#### 3.9.1 Accounting policies applied from 1 July 2019 *cont'd*

##### As lessee *cont'd*

##### *Lease liabilities*

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

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

##### As lessor

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance lease using similar principles as in MFRS 117.

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

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

#### 3.9.2 Accounting policies applied until 30 June 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

##### *Operating leases*

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.10 Equity and reserves

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

Accumulated losses include all current year's loss and prior years' accumulated losses.

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

### 3.11 Revenue recognition

The Group is in the business of retail management, event management, financial solutions and distribution of information communication technology products.

Information about the Group's performance obligations are summarised as below:-

#### *Rental of retail outlet and management services*

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

The performance obligation of management services is satisfied upon the services rendered.

#### *Event management services*

The revenue arising from event management services are recognised at a point in time unless one of the following overtime criteria is met:

- (a) The customer simultaneously received and consumes the benefits provided;
- (b) The Group's performance creates and enhances an asset that the customer control as the asset is created or enhances; or
- (c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

#### *Sales of goods*

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

#### *Interest income*

Revenue from interest income on loan financing is recognised on accrual basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension interest is recognised on receipt basis.

The Group recognises interest income using the effective interest rate ("EIR") method.

#### *Management fee*

Management fee is recognised when services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.11 Revenue recognition *cont'd*

#### 3.11.1 Contract balances

##### *Contract assets*

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

##### *Contract liabilities*

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

##### *Contract costs*

Contract costs comprise costs incurred for the event management services. The contract costs recognised in profit or loss when the related event management of the contract is completed.

### 3.12 Employees benefits

#### 3.12.1 Short-term employees benefits

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

#### 3.12.2 Defined contribution plans

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

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

#### 3.12.3 Equity-settled share-based payment transactions

The Group operates an equity-settled, share based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.12 Employees benefits *cont'd*

#### 3.12.3 Equity-settled share-based payment transactions *cont'd*

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

### 3.13 Tax expenses

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

#### 3.13.1 Current tax

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

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

#### 3.13.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.13 Tax expenses *cont'd*

#### 3.13.2 Deferred tax *cont'd*

Unutilised reinvestment allowances being tax incentives that are not a tax base of an asset, are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against the unutilised tax incentives can be utilised.

### 3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group in an arm's length transaction. These transfers are eliminated on consolidation.

### 3.15 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 3.16 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings		Long-term leasehold land and buildings		Motor vehicles		Office equipment		Renovations		Furniture and fittings		Signboard		Tools and equipment		Plant and machinery		Work in progress		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>																						
At 1 July 2018	689	185	1,221	1,741	9,002	1,030	15	353	1,767	-	16,003											
Additions	-	-	201	65	11	1	-	7,328	25	211	7,842											
Reversal	-	-	(410)	-	-	-	-	-	-	-	(410)											
Disposals	(689)	-	(44)	(16)	-	-	-	-	-	-	(749)											
Written off	-	-	-	(1,053)	(4,607)	(410)	-	-	-	-	(6,070)											
Disposal of a subsidiary	-	(185)	(631)	(487)	-	(340)	(11)	(317)	(1,767)	-	(3,738)											
At 30 June 2019	-	-	337	250	4,406	281	4	7,364	25	211	12,878											
Additions	-	-	-	53	2,146	57	-	356	-	-	2,612											
Transfer	-	-	-	-	193	18	-	-	-	(211)	-											
Disposals	-	-	-	(5)	(266)	(70)	-	-	-	-	(341)											
Written off	-	-	-	(1)	(452)	-	(3)	-	-	-	(456)											
At 30 June 2020	-	-	337	297	6,027	286	1	7,720	25	-	14,693											
<b>Accumulated depreciation</b>																						
At 1 July 2018	28	50	722	920	5,827	552	10	337	1,718	-	10,164											
Charge for the financial year	-	4	73	163	933	82	1	180	16	-	1,452											
Reversal	-	-	(34)	-	-	-	-	-	-	-	(34)											
Disposals	(28)	-	(36)	(6)	-	-	-	-	-	-	(70)											
Written off	-	-	-	(507)	(4,288)	(190)	-	-	-	-	(4,985)											
Disposal of a subsidiary	-	(54)	(583)	(460)	-	(333)	(10)	(317)	(1,733)	-	(3,490)											
At 30 June 2019	-	-	142	110	2,472	111	1	200	1	-	3,037											
Charge for the financial year	-	-	41	54	1,035	45	-	769	3	-	1,947											
Disposals	-	-	-	(1)	(105)	(26)	-	-	-	-	(132)											
Written off	-	-	-	(1)	(253)	-	-	-	-	-	(254)											
At 30 June 2020	-	-	183	162	3,149	130	1	969	4	-	4,598											
<b>Accumulated impairment</b>																						
At 1 July 2018	45	-	-	-	-	-	-	-	-	-	45											
Disposal	(45)	-	-	-	-	-	-	-	-	-	(45)											
At 30 June 2019/30 June 2020	-	-	-	-	-	-	-	-	-	-	-											
<b>Net carrying amount</b>																						
At 30 June 2020	-	-	154	135	2,878	156	-	6,751	21	-	10,095											
At 30 June 2019	-	-	195	140	1,934	170	3	7,164	24	211	9,841											

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 5. RIGHT-OF-USE ASSETS

### Group as a lessee

The Group has lease contracts for premises for its business operations that include extension option. Leases for premises are between 1 to 2 years.

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

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

	RM'000
<b>At cost</b>	
At 1 July 2019	3,905
Additions	2,765
Depreciation charge for the financial year	(5,484)
At 30 June 2020	1,186

## 6. INTANGIBLE ASSETS

Group	Computer software RM'000
<b>Cost</b>	
At 1 July 2018	4,796
Written off	(47)
At 30 June 2019	4,749
Written off	(4,749)
At 30 June 2020	-
<b>Accumulated amortisation</b>	
At 1 July 2018	4,768
Charge for the financial year	8
Written off	(28)
At 30 June 2019	4,748
Written off	(4,748)
At 30 June 2020	-
<b>Accumulated impairment</b>	
At 1 July 2018	19
Written off	(19)
At 30 June 2019/30 June 2020	-
<b>Net carrying amount</b>	
At 30 June 2020	-
At 30 June 2019	1



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
<b>At cost</b>		
Unquoted shares	21,599	21,599
Less: Accumulated impairment losses		
At beginning of the financial year	(17,939)	(23,865)
Impairment loss recognised	(1,794)	(852)
Reversal of impairment loss no longer required	-	6,778
At end of financial year	(19,733)	(17,939)
	1,866	3,660

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

Name of companies	Effective equity interest		Principal activities
	2020	2019	
	%	%	
Macpie Equipment Sdn. Bhd.	100	100	Renting of tools and equipment for stage design production
ICT Rewards and Services Sdn. Bhd.	100	100	Restaurant operator. However, it has become dormant during the financial year
Macpie Management Sdn. Bhd. (formerly known as ICT Utopia Sdn. Bhd.)	100	100	Leasing premises and provision of management services
PC3 Technology Sdn. Bhd.	100	100	Money lending
Macpie Distribution Sdn. Bhd. (formerly known as PDA Expert Mobility Sdn. Bhd.)	100	100	Trading and distribution of information and communication technology products
Urusrasa Sdn. Bhd.	100	100	Operator of the car jockey services for Low Yat Plaza. However it has become dormant during the financial year
Macpie Media Sdn. Bhd.	100	100	Dormant
Macpie Entertainment Sdn. Bhd.	100	100	Dormant
Macpie Pro Sdn. Bhd.	100	100	Event management
Level Up Plus Sdn. Bhd.	51	51	Builders specialised in stage and event contractions

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 7. INVESTMENT IN SUBSIDIARIES *cont'd*

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

Name of companies	Effective equity interest		Principal activities
	2020 %	2019 %	
<b>Subsidiary of Macpie Distribution Sdn. Bhd.</b> (formerly known as PDA Expert Mobility Sdn. Bhd.)			
Macpie Ticketing Sdn. Bhd.	100	100	Involved in selling ticket for event organiser
<b>Subsidiary of ICT Rewards and Services Sdn. Bhd.</b>			
Macpie Services Sdn. Bhd. (formerly known as TI Development Sdn. Bhd.)	100	100	Dormant

### 7.1 Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests is as follows:-

	Level Up Plus Sdn. Bhd.	
	2020	2019
<b>Group</b>		
<b>Percentage of ownership interest and voting interest (%)</b>	49	49
Carrying amount of non-controlling interests (RM'000)	(534)	39
Net loss allocated to non-controlling interests (RM'000)	573	459

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 7. INVESTMENT IN SUBSIDIARIES *cont'd*

### 7.1 Non-controlling interests in subsidiary *cont'd*

The summary of financial information before intra-group elimination of the Group's subsidiary that has material non-controlling interests is as follows:-

	Level Up Plus Sdn. Bhd.	
	2020 RM'000	2019 RM'000
<b>Financial position as at reporting date</b>		
Non-current assets	68	61
Current assets	2,196	895
Current liabilities	(3,370)	(891)
Net (liabilities)/assets	(1,106)	65
<b>Summary of financial performance for the financial year</b>		
Net loss/total comprehensive loss for the financial year	(1,170)	(936)
<b>Summary of cash flows for the financial year</b>		
Net cash outflows from operating activities	(3,919)	(110)
Net cash outflows from investing activities	(22)	(64)
Net cash inflows from financing activities	3,159	1,000
Net cash (outflows)/inflows	(782)	826

### 7.2 Acquisition and disposal of subsidiaries and non-controlling interests

#### 2019

- (i) On 4 January 2019, Macpie Management Sdn. Bhd. (formerly known as ICT Utopia Sdn. Bhd.), a wholly-owned subsidiary of the Company, acquired an additional 49% equity interest in Macpie Pro Sdn. Bhd. for RM490 in cash, increasing its ownership from 51% to 100%.

On 1 June 2019, Macpie Management Sdn. Bhd. (formerly known as ICT Utopia Sdn. Bhd.) has disposed off its 100% equity interest in Macpie Pro Sdn. Bhd. to the Company for a total cash consideration of RM1,000.

- (ii) On 1 February 2019, the Company disposed off its 100% equity interest in Macpie Services Sdn. Bhd. (formerly known as TI Development Sdn. Bhd.) to its wholly-owned subsidiary, ICT Rewards and Services Sdn. Bhd. and a third party for a consideration of RM510 and RM490 respectively and resulted gain on disposal of RM1,000. Consequently, the Group's equity interest on Macpie Services Sdn. Bhd. (formerly known as TI Development Sdn. Bhd.) decreased from 100% to 51%.

On 15 June 2019, ICT Rewards and Services Sdn. Bhd., acquired additional 49% equity interest in Macpie Services Sdn. Bhd. (formerly known as TI Development Sdn. Bhd.) for RM490 in cash, increasing its ownership from 51% to 100%.

- (iii) On 15 February 2019, the Company acquired 510 ordinary shares, representing 51% equity interest in Level Up Plus Sdn. Bhd. for a total cash consideration of RM510 only.

On 26 June 2019, the Company has subscribed additional 509,490 ordinary shares for a total cash consideration of RM509,490 in Level Up Plus Sdn. Bhd..

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 7. INVESTMENT IN SUBSIDIARIES *cont'd*

### 7.2 Acquisition and disposal of subsidiaries and non-controlling interests *cont'd*

2019 *cont'd*

(iii) *cont'd*

The fair values of the assets and liabilities acquired and the goodwill arising from acquisition of Level Up Plus Sdn. Bhd. were as follows:-

	RM'000
Cash and cash equivalents	1
Other payables	(1)
Amount due to related company	(6)
<b>Total identifiable assets and liabilities</b>	<b>(6)</b>

Net cash outflow arising from acquisition of a subsidiary company

	RM'000
Purchase consideration settled in cash	1
Cash and cash equivalents acquired	(1)
	-

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:-

	RM'000
Fair value of consideration transferred	(1)
Fair value of identified assets acquired and liabilities assumed	(6)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	3
<b>Goodwill</b>	<b>(4)</b>

- (iv) On 28 June 2019, the Company disposed off its 100% equity interest in Tejari Sdn. Bhd. for a cash consideration of RM1 only. The subsidiary was previously reported as Hydraulic segment.

The disposal of Tejari Sdn. Bhd. gave rise to a loss of RM6,778,000 in the Company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 7. INVESTMENT IN SUBSIDIARIES *cont'd*

### 7.2 Acquisition and disposal of subsidiaries and non-controlling interests *cont'd*

2019 *cont'd*

(iv) *cont'd*

The effect of the disposal of Tejari Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:-

	RM'000
Property, plant and equipment	248
Investment properties	421
Inventories	395
Trade and other receivables	1,254
Tax recoverable	46
Short term deposits with a licensed bank	347
Cash and bank balances	20
Trade and other payables	(414)
Finance lease liabilities	(122)
Bank overdraft	(480)
Amount due to a Director	(90)
Net assets	1,625
Loss on disposal	(1,625)
Proceed from disposal	*
Less: Cash and cash equivalents disposed	460
Net cash inflows from disposal	460

\* The disposal consideration is RM1.

## 8. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM'000	2019 RM'000
At beginning of the financial year	2,671	2,667
Add: Acquisition through business combination	-	4
Less: Accumulated impairment loss	(1,571)	(1,571)
At end of the financial year	1,100	1,100

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 8. GOODWILL ON CONSOLIDATION *cont'd*

The goodwill on consolidation arose upon the acquisition of subsidiaries principally engaged in the following business segments:-

	Group	
	2020 RM'000	2019 RM'000
Information, communication and technology ("ICT")	1,037	1,037
Event management	63	63
	1,100	1,100

The recoverable amount of the cash generating unit of goodwill is determined based on value in use calculation using cash flows projections based on financial budgets approved by the management covering a five-years period.

Key assumptions made in determining the value-in-use are as follows:-

- Cash flows were projected based on actual operating results and a 5-years business plan;
- Revenue from ICT and event management business segment was projected at anticipated annual revenue growth of approximately up to 1% (2019: 1%) per annum; and
- The discount rate applied to the cash flows projections of ICT and event management of 10% (2019: 10% to 11%) are derived from the weighted average cost of capital of the Group;

The key assumptions represent management's assessment of future trends in the trading of computer hardware and parts, telecommunication, information, and communication products and entertainment business and are based on both external sources and internal sources (historical data).

## 9. DEFERRED TAX ASSETS/LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
<b>Deferred tax assets</b>		
At beginning of the financial year	440	-
Transferred (to)/from profit or loss (Note 24)	(440)	440
At end of the financial year	-	440
<b>Deferred tax liabilities</b>		
At beginning of the financial year	320	-
Transferred (from)/to profit or loss (Note 24)	(320)	320
At end of the financial year	-	320



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 9. DEFERRED TAX ASSETS/LIABILITIES *cont'd*

The deferred tax assets/(liabilities) at the end of the reporting date are made up of temporary differences arising from:-

Group	2020 RM'000	2019 RM'000
Property, plant and equipment	-	(505)
Unutilised capital allowances	-	167
Contract assets	-	(1,303)
Contract liabilities	-	1,761
	-	120

## 10. TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Trade receivables	27,099	26,772
Less: Accumulated impairment loss		
At beginning of financial year	-	-
Recognised	(567)	-
At end of financial year	(567)	-
	26,532	26,772
<b>Represented by:-</b>		
<b>Non-current asset</b>		
Secured	13,568	12,307
<b>Current asset</b>		
Secured	90	5,060
Unsecured	12,874	9,405
	12,964	14,465
	26,532	26,772

Included in trade receivables of the Group is an amount of RM5,400 (2019: RM120,000) due from companies in which Directors have interest.

Trade receivables of RM12,614,000 (2019: RM9,405,000) are non-interest bearing and the normal credit terms are generally ranging from 7 to 90 (2019: 7 to 90) days.

Secured and unsecured loan receivables of RM13,658,000 and RM260,000 (2019: RM17,367,000 and Nil) are with interest bearing at 6% (2019: 6%) per annum and repayable over 12 and 60 (2019: 60) monthly installments.

All loan receivables are to be paid only interest portion on monthly basis and the whole principal amount of loan is to be paid in the final payment of the loans except of RM260,000 (2019: Nil) which is to be paid on monthly basis for both interest and principal portion.

On 1 April 2020, the Group has offered a deferment of 6 months repayment of loan interest for most of the loan receivables.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 11. AMOUNT DUE FROM/TO SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Amount due from subsidiaries	70,014	63,283
Less: Accumulated impairment losses		
At beginning of the financial year	(32,361)	(32,547)
Recognised during financial year	(6,852)	(1,165)
Recovered	-	1,351
At end of financial year	(39,213)	(32,361)
	30,801	30,922
Represented by:-		
Non-current	16,713	18,146
Current	14,088	12,776
	30,801	30,922

Amounts due from/to subsidiaries are non-trade related, non-interest bearing and unsecured.

## 12. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Trading goods	1,110	-
Goods in transit	1,300	-
	2,410	-
Recognised in profit or loss:-		
Inventories recognised as cost of sales	41,484	50,599
Inventories written off	-	3

## 13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Contract assets	17	5,810
Contract liabilities	-	7,871

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 13. CONTRACT ASSETS AND CONTRACT LIABILITIES *cont'd*

As at 30 June 2020, the Group has contract assets which represent the prepayment of event costs for events which have not been held. Upon events are held, the respective event costs will be recognised to profit or loss.

The contract liabilities which represent concert ticket fees collected from customers. Significant decrease in contract liabilities is the result of the concerts have been held.

## 14. OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
-				
Non-trade receivables	5,533	1,795	1,395	1,440
Less: Accumulated impairment loss				
At beginning of financial year	-	-	-	-
Recognised	(5,395)	-	(1,395)	-
At end of financial year	(5,395)	-	(1,395)	-
	138	1,795	-	1,440
Deposits	5,325	3,139	-	-
Prepayments	137	45	7	-
Goods and Services Tax receivable	-	135	-	-
	5,600	5,114	7	1,440

Included in gross non-trade receivables of the Group and of the Company are amount of RM1,395,000 (2019: RM1,440,000) and RM1,395,000 (2019: RM1,439,000) due from companies in which Directors have interest.

## 15. ASSETS HELD FOR SALE

	Group	
	2020	2019
	RM'000	RM'000
Freehold land and building	256	256

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Unit'000	Unit'000	RM'000	RM'000
<b>Group and Company</b>				
Issued and fully paid with no par value:-				
At beginning of the financial year	353,295	321,295	50,976	46,931
Issuance of new ordinary shares	-	32,000	-	4,045
At end of the financial year	353,295	353,295	50,976	50,976

## 17. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Accumulated losses	(18,843)	(10,364)	(25,057)	(14,059)
<b>Non-distributable</b>				
Warrant reserve (a)	8,401	8,401	8,401	8,401
	(10,442)	(1,963)	(16,656)	(5,658)

### (a) Warrant reserve

Warrants were listed and quoted on 24 February 2011 on the basis of four (4) new ordinary shares and three (3) free warrants for every two (2) existing ordinary shares.

The amount of warrant reserve was arrived at based on the difference between the proceeds from the rights issue with warrants and the par value of the ordinary shares and after deducting issue expenses. Upon full exercise of the warrants, the warrant reserve will be transferred to accumulated losses.

The salient features of the Warrants are as follows:-

- (i) Each Warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share in the share capital of the Company at the exercise price of RM0.48 per ordinary share;
- (ii) The exercise price and number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll; and
- (iii) The Warrants shall be exercisable at any time within a period of ten (10) years including and commencing from the issue date up to the expire date.

At the end of the financial year, there was a total of 78,754,500 (2019: 78,754,500) unexercised warrants.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 18. LEASE LIABILITIES

	2020 RM'000
<b>Group</b>	
<u>Current liability</u>	
- within 1 year	977
<u>Non-current liabilities</u>	
- more than 1 year but less than 2 years	181
- more than 2 years but less than 5 years	143
	<u>324</u>

The lease liabilities bear interest at 5.65% (2019: Nil) per annum.

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

	2020 RM'000
At 1 July 2019	3,939
Additions	2,764
Lease payment/cash outflow from financing activities	(5,402)
Lease interest	127
Payment for lease interest in financing activities	(127)
At 30 June 2020	<u>1,301</u>

## 19. TRADE PAYABLES

The normal trade credit terms granted by the trade payables of the Group range from 7 to 90 (2019: 7 to 90) days.

Included in trade payables of the Group is an amount of RM85,000 (2019: RM122,000) due to companies in which Directors have interest.

## 20. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-trade payables	450	462	19	22
Accruals	554	492	153	92
Deposits received	1,035	1,206	-	-
	<u>2,039</u>	<u>2,160</u>	<u>172</u>	<u>114</u>

Included in non-trade payables of the Group is an amount of RM13,000 (2019: RM28,600) due from companies in which Directors have interest.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 21. PROVISION FOR RESTORATION COSTS

	RM'000
Effect of adoption of MFRS 16 at 1 July 2019, restated/ At 30 June 2020	300

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

## 22. REVENUE

### 22.1 Disaggregated revenue information

	Group	
	2020 RM'000	2019 RM'000
<b>Types of income</b>		
- Sales of goods	42,502	54,043
- Services rendered	15,825	22,660
- Rental income	5,839	7,006
- Interest income	768	1,890
	64,934	85,599
<b>Timing of revenue recognition</b>		
- At a point in time	64,934	85,599

## 23. LOSS BEFORE TAX

Loss before tax is determined after charging amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit	128	137	40	40
- non statutory audit	45	45	9	9
Short-term leases:				
- rental of machinery and equipment	2,327	929	-	-
- rental of premises	888	8,725	-	-



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 24. TAX (INCOME)/EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:				
- Current year	37	1,077	-	-
- (Over)/under provision in prior years	(793)	53	-	-
Deferred tax:				
- Current year	-	(123)	-	-
- (Over)/under provision in prior years	120	3	-	-
	(636)	1,010	-	-

The provision for current year taxation is determined by applying the Malaysian statutory tax rate on the chargeable income. The Malaysian statutory tax rate is 24% (2019: 24%) of the estimated assessable profits for the financial year.

A numerical reconciliation of tax expense at the statutory income tax rate to tax expense at the effective income tax rate is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(9,353)	(2,555)	(10,998)	(6,193)
Tax at 24%	(2,245)	(613)	(2,640)	(1,486)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	1,882	4,687	2,470	1,068
Income not subject to tax	(334)	(3,144)	-	(19)
Movement of deferred tax assets not recognised	734	24	170	437
(Over)/under provision of tax expense in prior years	(673)	56	-	-
Tax at effective tax rate	(636)	1,010	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 24. TAX (INCOME)/EXPENSES *cont'd*

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of its recoverability:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax base in excess of the carrying amounts of qualifying property, plant and equipment	(2,535)	(696)	-	-
Unabsorbed business losses	19,507	13,749	5,083	4,376
Unutilised capital allowances	9,561	10,422	4	4
	26,533	23,475	5,087	4,380

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient future taxable profits to be used to offset or they arose from the subsidiaries that have a recent history of losses.

The unabsorbed capital allowances and unutilised business losses of the Group and of the Company can be carried forward to offset against future taxable profits of the respective subsidiaries and of the Company.

## 25. LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing Group's net loss attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year held by the Company.

	Group	
	2020	2019
Net loss attributable to owners of the Company (RM'000)	8,144	2,766
Weighted average number of ordinary shares ('000)	353,295	323,387
Basic loss per ordinary share (sen)	2.31	0.85

### (b) Diluted

Diluted loss per ordinary share is not applicable for the current financial year as the unexercised share options were anti-dilutive in nature, this is due to the average market share price of the Company being below the exercise price of share options.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 26. EMPLOYEES SHARE OPTIONS

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

At an extraordinary general meeting held on 29 November 2018, the Company's shareholders approved the establishment of a ESOS for eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:-

- (a) Any employee of the Group shall be eligible if as at the date of offer, the employee:-
  - (i) is at least eighteen (18) years of age and is not undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) he/she is employed full time by and on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group.
- (b) Any Director of the Group (excluding dormant subsidiaries) shall be eligible if as at the date of offer, the employee:-
  - (i) is at least eighteen (18) years of age and is not undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) the Director is a director named in the register of directors of the Group which is not dormant;
  - (iii) specific allocation of new shares to the Director of the Company under the Scheme must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS.
- (c) Any employee or Director of the Group (excluding dormant subsidiaries) who fulfil the criteria listed under section (a) and (b) should fulfil the following:-
  - (i) the employee or Director who is a Malaysia Citizen, he or she has been in employment with the Group (excluding dormant subsidiaries) for a period of at least 1 year prior to and up to the date of offer; or
  - (ii) the employee or Director who is a non-Malaysia Citizen, he or she has been in employment with the Group on a full time contract for a period of at least 1 year prior to and up to the date of offer.
- (d) The maximum number of new shares to be issued pursuant to the exercise of the shares which may be granted under the ESOS shall not exceed thirty percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the Employees Share Options;
- (e) The ESOS shall be in force for a period of five (5) years commencing from 5 December 2018;
- (f) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer except for non-executive Director who must not sell, transfer or assign any ESOS within 1 year from the date of offer;
- (g) The option price of a new ordinary share under the ESOS shall be the weighted average price of the shares for the five Market Days immediately preceding the date of offer with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Securities or any other relevant authorities from time to time;
- (h) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company; and
- (i) The employees and Directors to whom the options have been granted have no right to vote at any general meeting of the Company, not entitled to any dividends, rights or other entitlements on his unexercised options.

As at 30 June 2020, there was no option offered to take up unissued ordinary share of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 27. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration	1,036	1,271	619	872
Directors' fee	225	518	225	295
Salaries and other emoluments	5,097	3,903	616	884
Defined contribution plan	588	467	82	112
Social security contributions	57	45	6	7
Other benefits	332	165	28	27
	7,335	6,369	1,576	2,197

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Executive Directors:-</u>				
Fees	87	367	87	144
Salaries and other emoluments	823	1,055	480	724
Defined contribution plan	119	149	74	108
Social security contributions	5	5	2	3
Other benefits	89	62	63	37
	1,123	1,638	706	1,016
<u>Non-Executive Directors:-</u>				
Fees	138	151	138	151
<u>Key management personnels:-</u>				
Salaries and other emoluments	210	239	210	239
Defined contribution plan	27	30	27	30
Social security contributions	-	1	-	1
	237	270	237	270
<b>Total</b>	<b>1,498</b>	<b>2,059</b>	<b>1,081</b>	<b>1,437</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 28. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Management and consultation fee charged to subsidiaries	-	-	1,524	1,777
Telephone fee charged by related party*	20	-	-	-
Proceeds from disposal of a subsidiary to a subsidiary	-	-	-	1
Sales to related parties*	145	5,621	-	-
Transportation expenses charged by related party*	127	155	-	-
Rental charged by related party*	55	8	-	-
Purchase of assets from related party*	8	-	-	-
Subscription fees charged by related party*	30	-	-	-
General expenses charged by related parties*	38	-	-	-
Ticketing management fee charged by related party*	114	174	-	-

\* *Related parties refer to companies in which certain Directors have interest*

The Directors of the Company are of the opinion that the terms of the above transactions were entered on a negotiated basis between the companies.

(b) Compensation of key management personnel

Key management personnel includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of key management personnel is disclosed in Note 27 to the Financial Statements.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 11, 14, 19 and 20 to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT

### (a) Business segments

For management purposes, the Group is organised into business units based on the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:-

- (i) Information, communication and technology ("ICT")
  - 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; and
  - Distribution and marketing of information and communication technology products.
- (ii) Event management
  - Event and artist management
  - Stage and event contractions
- (iii) Retail management
  - Rental of retail outlets and management services
- (iv) Financial solutions
  - Provision of money lending service

Other reporting segments that do not constitute reportable segments comprise operations related to investment holdings, provision of car jockey services and restaurant operator.

The Company has disposed its Hydraulic segment in prior year.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT cont'd

### (a) Business segments cont'd

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

	Note	ICT RM'000	Event management RM'000	Retail management RM'000	Hydraulic RM'000	Financial solutions RM'000	Adjustments and eliminations		Total as per consolidated financial statements RM'000
							Others RM'000	RM'000	
<b>2020</b>									
<b>Revenue:-</b>									
External revenue		43,747	13,303	7,078	-	768	38	-	64,934
Inter-segment revenue	(i)	-	1,752	600	-	-	-	(2,352)	-
		43,747	15,055	7,678	-	768	38	(2,352)	64,934
<b>Results:-</b>									
Interest income		-	1	-	-	-	65	-	66
Interest expenses		-	(35)	(90)	-	(2)	-	-	(127)
Depreciation of									
- property, plant and equipment		(100)	(910)	(874)	-	(63)	-	-	(1,947)
- right-of-use assets		-	(158)	(5,279)	-	(47)	-	-	(5,484)
Tax income/(expense)		1	674	-	-	(39)	-	-	636
Other non-cash									
- income	(ii)	-	-	-	-	-	88	(88)	-
- expenses	(ii)	-	(4,806)	(2,892)	-	(2,206)	(10,750)	12,964	(7,690)
Segment profit/(loss)	(iii)	301	(8,511)	(3,433)	-	354	(10,879)	12,876	(9,292)
<b>Assets:-</b>									
Additions to non-current assets	(iv)	-	466	2,146	-	-	-	-	2,612
Segment assets	(v)	15,248	10,511	7,212	-	14,384	37,253	(33,461)	51,147
<b>Liabilities:-</b>									
Segment liabilities	(vi)	13,554	17,266	25,178	-	10,943	13,205	(68,999)	11,147



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT cont'd

### (a) Business segments cont'd

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. cont'd

	Note	2019				Adjustments and eliminations		Total as per consolidated financial statements
		ICT RM'000	Event management RM'000	Retail management RM'000	Hydraulic RM'000	Financial solutions RM'000	Others RM'000	
<b>Revenue:-</b>								
External revenue	(i)	49,635	16,674	12,286	4,545	1,890	569	85,599
Inter-segment revenue		-	456	-	-	-	(456)	-
		49,635	17,130	12,286	4,545	1,890	569	85,599
<b>Results:-</b>								
Interest income		-	30	-	10	-	79	119
Interest expenses		-	-	-	(49)	-	-	(49)
Depreciation of								
- property, plant and equipment		(2)	(252)	(897)	(88)	(81)	(132)	(1,452)
- investment properties		-	-	-	(12)	-	-	(12)
Amortisation of intangible assets		-	-	-	-	-	(8)	(8)
Tax income/(expense)		3	(811)	-	-	(201)	(1)	(1,010)
Other non-cash								
- income	(ii)	-	(4)	10,648	4,231	2,415	2,942	255
- expenses	(ii)	(1)	-	(1,099)	(2,885)	(1,151)	(8,441)	(4,577)
Segment profit/(loss)	(iii)	176	1,099	12,095	980	1,781	(7,039)	(2,625)
<b>Assets:-</b>								
Additions to non-current assets	(iv)	-	7,809	19	1	14	-	7,842
Segment assets	(v)	6,107	20,738	7,489	2,731	18,351	47,322	64,409
<b>Liabilities:-</b>								
Segment liabilities	(vi)	4,717	19,616	21,601	1,106	15,224	12,460	15,357

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT *cont'd*

### (a) Business segments *cont'd*

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Other non-cash income/(expenses) consist of the following items:-

	2020	2019
	RM'000	RM'000
<u>Income</u>		
Gain on disposal of property, plant and equipment	-	213
Gain on disposal of assets held for sale	-	42
	-	255
<u>Expenses</u>		
Impairment loss on trade receivables	(567)	(189)
Impairment loss on other receivables	(5,395)	-
Inventories written off	-	(3)
Property, plant and equipment written off	(202)	(1,085)
Fair value adjustment on trade receivables	(1,261)	(1,151)
Bad debts written off	(115)	(514)
Deposits written off	-	(10)
Loss on disposal of a subsidiary	-	(1,625)
Loss on disposal of property, plant and equipment	(150)	-
	(7,690)	(4,577)

- (iii) The following items are added to/(deducted from) segment loss to arrive at "Net loss for the financial year" presented in the consolidated statements of profit or loss and other comprehensive income:-

	2020	2019
	RM'000	RM'000
Segment loss	(9,292)	(2,625)
Interest income	66	119
Interest expenses	(127)	(49)
Tax income/(expense)	636	(1,010)
Net loss for the financial year	(8,717)	(3,565)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT *cont'd*

### (a) Business segments *cont'd*

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:- *cont'd*

(iv) Additions to non-current assets consist of:-

	2020 RM'000	2019 RM'000
Property, plant and equipment	2,612	7,842

(v) The following items are adjusted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2020 RM'000	2019 RM'000
Investment in subsidiaries	(1,868)	(3,661)
Realisation of gain on disposal of property, plant and equipment to third party	(28)	(28)
Goodwill arising from consolidation	1,100	1,100
Inter-segment balances	(32,665)	(33,009)
Derecognition of disposed segmental assets	-	(2,731)
	(33,461)	(38,329)

(vi) The following item is adjusted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2020 RM'000	2019 RM'000
Inter-segment balances	(68,999)	(58,261)
Derecognition of disposed segmental liabilities	-	(1,106)
	(68,999)	(59,367)

### (b) Geographical information

No disclosure on geographical segment information for revenue and non-current assets as the Group operates predominantly in Malaysia.

### (c) Major customers

Revenue from Nil (2019: three) customers amounted to Nil (2019: RM39,144,000) or Nil (2019: 46%) of the Group's revenue arising from ICT, retail space management and financial solutions segments.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 29. OPERATING SEGMENT *cont'd*

### (c) Major customers *cont'd*

The following is the major customers with revenue equal or more than 10% of the Group's revenue:-

	Revenue		Segments
	2020 RM'000	2019 RM'000	
Customer A	-	14,214	ICT, retail management and financial solutions
Customer B	-	11,828	ICT, retail management and financial solutions
Customer C	-	13,102	ICT, retail management and financial solutions

## 30. FINANCIAL INSTRUMENTS

### 30.1 Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its financial risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, products and geographical lines, transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivables balances are monitored on an on-going basis.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 30. FINANCIAL INSTRUMENTS *cont'd*

### 30.1 Financial risk management *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

#### (a) Credit risk *cont'd*

The following are areas where the Group and the Company exposed to credit risk:-

##### *i. Receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Most of the Group's customers have been transacting with the Group for long-term basis, and none of these customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether are an individual or a legal entity, whether they are wholesale, retail or end-user customers, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions. Generally, the receivables are written-off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from receivables are limited to the carrying amounts as stated in the statements of financial position. Collateral is considered integral part of loan receivables and considered in the calculation of impairment. At the reporting date, the collateral for secured loan receivables mainly consists of 5 (2019: 5) pieces of land and the fair value of the properties approximately RM10,679,000 (2019: RM10,183,000).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 30. FINANCIAL INSTRUMENTS *cont'd*

### 30.1 Financial risk management *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

#### (a) Credit risk *cont'd*

The following are areas where the Group and the Company exposed to credit risk:- *cont'd*

##### *i. Receivables cont'd*

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

	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
<b>2020</b>			
Not past due	-	16,691	-
Past due 1 to 30 days	-	2,704	-
Past due 31 to 60 days	-	202	-
Past due 61 to 90 days	-	324	-
Past due 91 to 120 days	-	1,615	-
More than 120 days	10	5,563	567
		<b>27,099</b>	<b>567</b>
Contract assets	-	17	-
<b>2019</b>			
Not past due	-	21,586	-
Past due 1 to 30 days	-	2,206	-
Past due 31 to 60 days	-	2,407	-
Past due 61 to 90 days	-	282	-
Past due 91 to 120 days	-	40	-
More than 120 days	-	251	-
		<b>26,772</b>	<b>-</b>
Contract assets	-	5,810	-

As at the reporting date, approximately 74% (2019: 87%) of trade receivables was due from five (2019: five) major customers.

##### *ii. Intercompanies balances*

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 30. FINANCIAL INSTRUMENTS *cont'd*

### 30.1 Financial risk management *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

(a) Credit risk *cont'd*

*ii. Intercompanies balances cont'd*

The Company provides unsecured advances to subsidiaries and monitors the results of these companies regularly.

As at the end of the reporting year, there was no indication that the advances to subsidiaries are not recoverable except for those disclosed in Note 11 to the Financial Statements.

*iii. Cash and cash equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing their exposures to liquidity risk that arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

	Carrying amount RM'000	Contractual cash flows RM'000	← Maturity →	
			Less than 1 year RM'000	Between 1 to 5 years RM'000
<b>Group</b>				
<u>2020</u>				
<b>Unsecured:-</b>				
Trade payables	7,489	7,489	7,489	-
Other payables	2,039	2,039	2,039	-
Lease liabilities	1,301	1,439	1,096	343
	10,829	10,967	10,624	343
<u>2019</u>				
<b>Unsecured:-</b>				
Trade payables	4,074	4,074	4,074	-
Other payables	2,160	2,160	2,160	-
	6,234	6,234	6,234	-

The maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations is less than 1 year.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 30. FINANCIAL INSTRUMENTS *cont'd*

### 30.1 Financial risk management *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

#### (c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows: -

	Group	
	2020	2019
	RM'000	RM'000
<b>Fixed rate instruments</b>		
Trade receivables	13,918	17,367
Lease liabilities	(1,301)	-
	12,617	17,367

#### *Fair values sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the reporting date would not affect profit or loss.

### 30.2 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature and insignificant impact of discounting.

### 30.3 Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 31. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objective, policies or process during the financial year.

## 32. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- (i) The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since the end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysia Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in 2021.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operation and financial position. Under the retail management segment, the Group has provided waiver of rental of RM1,202,000 to tenants and has received waiver of rental of RM558,000 from landlord due to COVID-19 during the financial year. Besides that, the Group has offered a deferment of 6 months repayment of loan interest which amounted to RM240,000 to loan receivables under the financial solutions segment. Due to the MCO, CMCO and RMCO enforcement by the Malaysian Government, the social gathering restrictions caused material adverse effects to the business of the event management segment as the main customers of this segment are event contractors or organisers and no event or only limited events can be organised during this said period. Due to such constraint, the management of the Group decided to impair the event cost amounted to RM4,000,000 paid to other receivable which disclosed in Note 14 to the Financial Statements. The management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the financial year ending 30 June 2021 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the financial year ending 30 June 2021.

- (ii) On 21 July 2020, the management of the Group has decided to cease their leasing business to prevent further losses incurred.

# LIST OF PROPERTIES

AS AT 30 JUNE 2020

Description	Existing Use	Address	Tenure	Date of Acquisition	Approximate Age of Building	Net Book Value RM
Land & Build up - approximately 1,980 Sq.Feet	Commercial Building	No.46 Jalan Seri Damai 1, 43000 Kajang, Selangor Darul Ehsan	Freehold Building	30 March 2009	30 years	255,467
<b>Total</b>						<b>255,467</b>

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 OCTOBER 2020

Total Number of issued shares	:	353,294,982
Issued & Paid-up Share Capital	:	RM50,976,626
Type of Shares	:	Ordinary Shares
No. of Shareholders	:	3,143
Voting Rights	:	One vote for every share

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	285	9.0678	11,523	0.0033
100 – 1,000	438	13.9357	198,083	0.0561
1,001 – 10,000	1,287	40.9481	6,894,551	1.9515
10,001 – 100,000	961	30.5759	31,194,850	8.8297
100,001 – 17,664,748 (*)	169	5.3770	140,922,875	39.8882
17,664,748 AND ABOVE (**)	3	0.0955	174,073,100	49.2713
<b>TOTAL</b>	<b>3,143</b>	<b>100.00</b>	<b>353,294,982</b>	<b>100.00</b>

Remark:

- \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

## LIST OF TOP 30 SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD	85,000,000	24.06
2	M & A NOMINEE (ASING) SDN BHD	70,000,000	19.81
3	LAI YEE VOON	19,073,100	5.40
4	LAI YEE LING	17,151,800	4.85
5	CARTABAN NOMINEES (ASING) SDN BHD	14,121,600	4.00
6	CGS-CIMB NOMINEES (ASING) SDN BHD	12,105,700	3.43
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD	10,484,900	2.97
8	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD	8,025,300	2.27
9	DB (MALAYSIA) NOMINEE (ASING) SDN BHD	7,241,600	2.05
10	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD	4,200,000	1.19
11	QUEK YONG WAH	2,068,200	0.59
12	ANG WAN JOO	1,800,000	0.51
13	MOK TZUAN LING	1,573,900	0.45
14	ONG KIAN HUAT	1,540,000	0.44
15	JF APEX NOMINEES (TEMPATAN) SDN BHD	1,500,000	0.42
16	DAREN YOON THAI ON	1,450,000	0.41
17	KRETELLA ASIA LIMITED	1,300,000	0.37
18	WEE KOK CHUAN	1,245,000	0.35
19	PIONG YON WEE	1,150,000	0.33
20	HSBC NOMINEES (ASING) SDN BHD	1,145,600	0.32
21	ANG JIUN PEY	1,128,800	0.32
22	YAP VI YANG	1,050,000	0.30

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 OCTOBER 2020

cont'd

## LIST OF TOP 30 SHAREHOLDERS *cont'd*

NO.	NAME	HOLDINGS	%
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.	1,000,000	0.28
24	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD	1,000,000	0.28
25	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD	1,000,000	0.28
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD	991,200	0.28
27	KEE WEE CHENG	980,000	0.28
28	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD	900,000	0.25
29	AU KENN	860,000	0.24
30	WINSON TING YIUN HEAN	851,400	0.24
<b>TOTAL:</b>		<b>271,938,100</b>	<b>76.97</b>

## DIRECTORS'S SHAREHOLDERS

as per the register of Directors' Shareholdings as at 12 Oct 2020

		NO. OF ORDINARY SHARES			
		DIRECT INTEREST	%	DEEMED INTEREST	%
1	Ng Chee Heng	-	-	-	-
2	Koo Kien Keat	-	-	-	-
3	Tang Boon Koon	-	-	-	-
4	Lionel Vernon Yong Nguon Kee	-	-	-	-
5	Chong Ching Wai	-	-	-	-
6	Woon Sing Jiunn	-	-	-	-

## SUBSTANTIAL SHAREHOLDERS

(excluding bare trustees) according to the Register of Substantial Shareholders as at 12 Oct 2020

		NO. OF ORDINARY SHARES			
		DIRECT INTEREST	%	DEEMED INTEREST	%
1	ACE Solution Investments Limited	70,000,000	19.81	-	-
2	XOX (Hong Kong) Limited	32,362,900	9.16	-	-
3	XOX Berhad	-	-	32,362,900	9.16
4	-	-	-	-	-
5	-	-	-	-	-

# ANALYSIS OF WARRANT HOLDINGS

AS AT 12 OCTOBER 2020

Number of outstanding warrants	:	78,754,500
Exercise period	:	The exercise period is at any time within a period of 10 years from the date issue up to expiry date of 17 February 2021
Exercise price	:	RM0.48 and subject to further adjustments (where applicable) in accordance with the conditions provided in the Deed Poll
Warrant Entitlement period to	:	Each warrant entitles the registered holder during the Exercise subscribe for one new ordinary share at exercise price
Number of warrant holders as at 12 Oct 2020	:	1,584

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	183	11.5530	5,099	0.0065
100 – 1,000	100	6.3131	47,952	0.0609
1,001 – 10,000	432	27.2727	2,412,226	3.0630
10,001 – 100,000	725	45.7702	28,448,415	36.1229
100,001 – 3,937,724 (*)	144	9.0909	47,840,808	60.7468
3,937,725 – AND ABOVE (**)	-	-	-	-
<b>TOTAL</b>	<b>1,584</b>	<b>100.00</b>	<b>78,754,500</b>	<b>100.00</b>

Remark:

- \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

# ANALYSIS OF WARRANT HOLDINGS

AS AT 12 OCTOBER 2020

cont'd

## LIST OF TOP 30 SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD	1,510,000	1.9174
2	SOO KAU MOI	1,425,675	1.8103
3	SENTHILKUMARAN A/L GOPAL	1,300,000	1.6507
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD	1,272,500	1.6158
5	YAP KUN LEE	1,101,000	1.3980
6	NG SOOK KIN	1,100,000	1.3967
7	SHAZROL SHARIZAL BIN SHARIFUDDIN	1,088,200	1.3818
8	WONG WAN LI	1,000,000	1.2698
9	CHAI MIN YEW	1,000,000	1.2698
10	CHONG CHEE KWONG	850,000	1.0793
11	NORAZLIA BINTI SAIDIN	760,000	0.9650
12	TAN CHONG KHEAN	750,000	0.9523
13	LEE SIEW GUAN	750,000	0.9523
14	SHAFILEEN BIN MUSA	711,300	0.9032
15	ISWAN ZURAIID BIN ZAINOL	700,000	0.8888
16	TAM CHENG	700,000	0.8888
17	WONG WENG WAI	645,900	0.8201
18	YEUNG KIN SING	644,250	0.8180
19	LIM SENG HAI	631,100	0.8014
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	602,500	0.7650
21	TSE MING YEE	563,750	0.7158
22	PANG TIN GUANG	559,800	0.7108
23	AFFIN HWANG NOMINEES (ASING) SDN BHD	503,800	0.6397
24	KENANGA NOMINEES (TEMPATAN) SDN BHD	500,000	0.6349
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD	500,000	0.6349
26	CHEAH SENG CHYE	500,000	0.6349
27	LIM LI SUAN	500,000	0.6349
28	MUHAMAD SHAFIRA BIN MUHAMAD RAUB	474,000	0.6019
29	YUSOOF BIN ABD GHANI	450,000	0.5714
30	AZLINA BINTI RAJUDIN	420,000	0.5333
<b>TOTAL:</b>		<b>23,513,775</b>	<b>29.8571</b>



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting (“AGM”) of Macpie Berhad (“the Company”) will be conducted entirely through live streaming from the Broadcast Venue at Unit 23-10, Q Sentral, Jalan Stesen Sentral 2, KL Sentral, 50470 Kuala Lumpur on Friday, 27 November 2020 at 3.00 p.m. for the following purposes:-

## AGENDA

### As Ordinary Business

- |    |                                                                                                                                                                                                       |                               |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of Directors and Auditors thereon.                                                    | <b>Please refer to Note 8</b> |
| 2. | To re-elect Mr. Ng Chee Heng, a Director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election.                | <b>Resolution 1</b>           |
| 3. | To re-elect Mr. Chong Ching Wai, a Director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election.             | <b>Resolution 2</b>           |
| 4. | To re-elect Mr. Koo Kien Keat, a Director who retires in accordance with Article 114 of the Company's Constitution and who, being eligible, offers himself for re-election.                           | <b>Resolution 3</b>           |
| 5. | To re-elect Mr. Andy Liew Hock Sim, a Director who retires in accordance with Article 114 of the Company's Constitution and who, being eligible, offers himself for re-election.                      | <b>Resolution 4</b>           |
| 6. | To approve the payment of Directors' Fees up to an amount not exceeding RM350,000.00 for the financial year ending 30 June 2021.                                                                      | <b>Resolution 5</b>           |
| 7. | To approve the payment of Directors' Benefits up to an amount not exceeding RM100,000.00 for the financial year ending 30 June 2021.                                                                  | <b>Resolution 6</b>           |
| 8. | To re-appoint Messrs. Grant Thornton Malaysia as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | <b>Resolution 7</b>           |

### Special Business

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

- |    |                                                |                     |
|----|------------------------------------------------|---------------------|
| 9. | <b>AUTHORITY TO ALLOT AND ISSUE NEW SHARES</b> | <b>Resolution 8</b> |
|----|------------------------------------------------|---------------------|

“That, subject to the approvals of the regulatory authorities, the Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company.

And that any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

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

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## 10. PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE") Resolution 9

"That, subject always to the provisions of the Companies Act, 2016 ("CA 2016"), the Company's Constitution, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the authority be and is hereby given for the subsidiaries of the Company to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the circular to shareholders in relation to the Proposed Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until :

- (a) the conclusion of the next AGM of the Company following the AGM at which the ordinary resolution for the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) The expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the CA, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- (c) revoked or varied at any time by an ordinary resolution passed by the shareholders in a general meeting before the next AGM, whichever is the earlier;

And that, authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate and such transactions as authorised by this resolution."

## 11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

**LEE PENG LOON (MACS 01258)**  
**P'NG CHIEW KEEM (MAICSA 7026443)**  
 Company Secretaries

Penang  
 Date: 28 October 2020

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 20 November 2020. Only a depositor whose name appears on the Record of Depositors as at 20 November 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.
2. A proxy may but need not be a member of the Company.
3. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof or in the case of a poll, not less than 24 hours before the time for taking of the poll. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
4. A member shall be entitled to appoint a maximum of 2 proxies to attend. Where a member appoints 2 proxies to attend and vote at the same meeting, he shall specify the proportions of his shareholdings to be presented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Exempt Authorised Nominee") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
6. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 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.
7. In the case of corporate member, the proxy form must be executed under the corporation's common seal or under the hand of its officer or attorney duly authorised.

## NOTES ON ORDINARY BUSINESS

8. The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
9. The Resolution 6, if passed, will enable the Company to pay meeting allowance and other benefits to non-executive directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on number of scheduled meetings of the Board and Board Committees as well as the number of non-executive directors involved in these meetings.

## NOTES ON SPECIAL BUSINESS

10. The Resolution 8, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 20% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM (20% General Mandate).

The Directors are of the view that the 20% General Mandate is in the best interest of the Company and the shareholders as it will provide additional flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares to meet the funding requirements such as working capital and/or operational expenditure of the Company, expeditiously during this challenging time to ensure long-term sustainability and interest of the Company and its shareholders.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

11. The Resolution 9, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of the related parties which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed New and Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 28 October 2020 which has been despatched together with the Company's 2020 Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29 OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

- 1) No individuals are standing for election as Directors at the forthcoming 15th Annual General Meeting ("AGM") of the Company.
- 2) The profiles of the directors who are standing for re-election as in Agenda 2, 3, 4 and 5 of the Notice of the 15th AGM of the Company are set out in the Board of Directors' Profile section of this Annual Report.
- 3) The details of the directors' interests in the securities of the Company as at 12 October 2020 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 8 tabled under Special Business as per the Notice of 15th AGM of the Company dated 28 October 2020 is a renewal of general mandate granted by shareholders of the Company at the last AGM held on 29 November 2019.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

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**PROXY FORM**

<b>NUMBER OF SHARES HELD</b>	<b>CDS ACCOUNT NO.</b>												



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

\* I /We \_\_\_\_\_ \*NRIC No./Passport No./Company No.  
 (Full Name in Block Letters)

\_\_\_\_\_ of \_\_\_\_\_  
 (Address)

being a \* member / members of the abovenamed Company, hereby appoint \_\_\_\_\_  
 (Full Name in Block Letters)

\*NRIC No./Passport No. \_\_\_\_\_ Email and Contact No. \_\_\_\_\_  
 of \_\_\_\_\_  
 (Address)

and/or failing him/her \_\_\_\_\_  
 (Full Name in Block Letters)

\*NRIC No./Passport No. \_\_\_\_\_ Email and Contact No. \_\_\_\_\_  
 of \_\_\_\_\_  
 (Address)

or failing whom, the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 15th Annual General Meeting ("AGM") of the Company to be conducted entirely through live streaming from the Broadcast Venue at Unit 23-10, Q Sentral, Jalan Stesen Sentral 2, KL Sentral, 50470 Kuala Lumpur on Friday, 27 November 2020 at 3.00 p.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	IN FAVOUR	AGAINST
1	To re-elect Mr. Ng Chee Heng as a director of the Company		
2	To re-elect Mr. Chong Ching Wai as a director of the Company		
3	To re-elect Mr. Koo Kien Keat as a director of the Company		
4	To re-elect Mr. Andy Liew Hock Sim as a director of the Company		
5	To approve the payment of directors' fees		
6	To approve the payment of directors' benefits		
7	To re-appoint Messrs. Grant Thornton Malaysia as auditors of the Company		
8	To authorize the Directors to allot and issue new shares		
9	Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with a tick (√) in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

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

<b>For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies :</b>		
	<b>No. of shares</b>	<b>%</b>
Proxy 1		
Proxy 2		
		100

**Notes:**

1. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 20 November 2020. Only a depositor whose name appears on the Record of Depositors as at 20 November 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.
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3. For a proxy to be valid, the proxy form duly completed, must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof and in the case of a poll, not less than 24 hours before the time for taking of the poll. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
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6. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 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.
7. In the case of corporate member, the proxy form must be executed under the corporation's common seal or under the hand of its officer or attorney duly authorised.
8. Members are advised to refer to the Administrative Guide and follow the procedures set out therein in order to participate remotely via the Remote Participation and Voting (RPV) facilities.

\* Strike out whichever is not desired.

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AFFIX  
STAMP

The Company Secretary

**MACPIE BERHAD** 200501002315 (679361-D)

51-21-A Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

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**MACPIE BERHAD**  
200501002315 (679361-D)

**Corporate Office**

Unit 23-10, Level 23, Q Sentral, 2A, Jalan Stesen Sentral 2, KL Sentral, 50470, Kuala Lumpur

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