MACPIE BERHAD

Macpie Berhad 200501002315 (679361-D)
(Formerly known as Sterling Progress Berhad)

2019 ANNUAL REPORT

MOVING FORWARD TOGETHER

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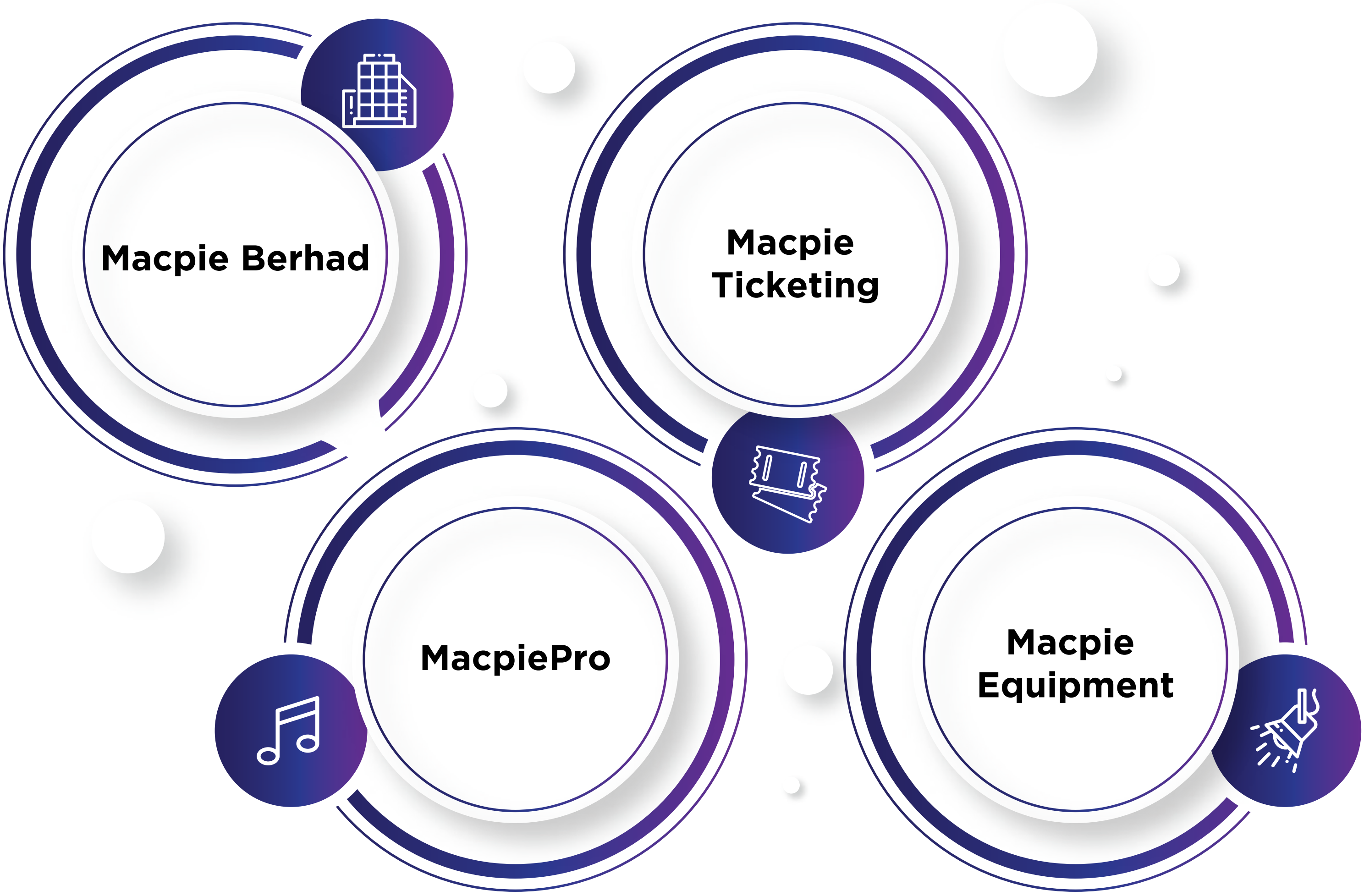

Welcome to the
Macpie Berhad Group of Companies and Ecosystem.

We would like to thank our shareholders for all the support throughout the journey and achievements we had in 2019. Together, we will reach greater milestones for the coming years.

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

CORE VALUES

Prioritising Clients

We are passionate in building strong and long-lasting relationships with our clients. This dedication leads us to go above and beyond for our clients as their happiness and satisfaction is our responsibility too.

Always Reinvent

We are forward thinkers and always try to be the first with our technology, business, systems, and events. The only way to improve is to constantly be improving and striving to be the best in everything we do from business to our relationships with partners, investors, and clients.

Stronger Together

A company is not a faceless organization, it is all the people working within it. Therefore, every part of our business from our clients, partners, communities, investors, and clients are to be united so we may be strong to face any challenges together.

Passion & Determination

We are passionate and determined to undertake every task and challenge we have set for ourselves. The passion drives our determination to see everything through and never let what we started go unfinished.


Live Events




Staging Solutions

Billboards


Commercial Events

Sound & Light Equipment


Ticketing Solutions


Mission

To create a thriving entertainment and music industry backed by a complete vertically integrated business ecosystem.

Vision

To strengthen our business ecosystem in order to deliver world class quality shows by providing the best equipment, best ticketing systems, and best performances for fans. We aim to become one of the top 3 local promoters in Malaysia by the year 2020.

Cover Rationale

Macpie Berhad aims to act upon the desires of the music and entertainment industries. The theme of our annual report this year, “Moving Forward Together” embodies our belief in always being the change we want in the market, to have our clients see us as trendsetters. We are always proactively taking a step in the direction of precise strategies to navigate a constantly shifting and dynamic market. We believe the scale of our growth is not only determined by our own efforts but the efforts of the team. Together, we will always be moving forward.

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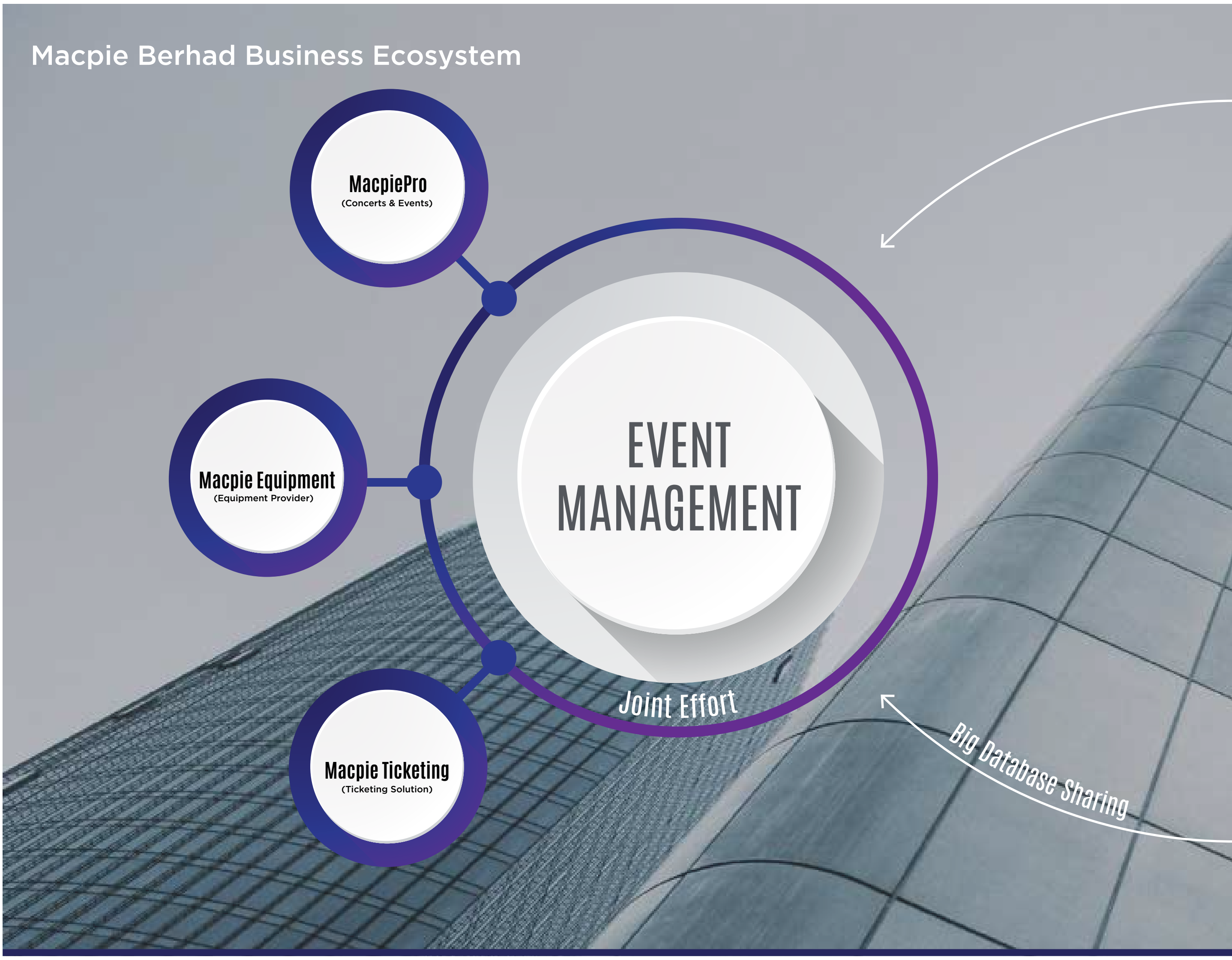


> **Macpie Berhad** is continuously looking for new ways to diversify and expand its strategic business ecosystem to provide budding SMEs with the best innovative management solutions.

COMPANY PROFILE
cont'd

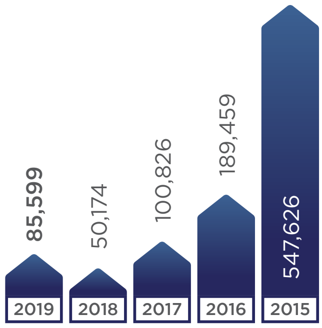
Macpie Berhad formerly known as Sterling Progress Berhad changed its name on the 3rd of April 2019 to reflect a change in market focus where the company is now committed to the music and entertainment industries. The company has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 2007. The Company has undergone a tremendous transformation and has set its sights on becoming an innovative management solutions company. The company acquired Macpie Pro Sdn Bhd in 2018 as a new venture into the event and artist management industry, which currently extends the company's strategic business ecosystem into four core segments; namely in retail management, financial solutions, supply & distribution of ICT Products, and event management. Macpie Berhad is continuously looking for new ways to diversify and expand its strategic business ecosystem to provide budding SMEs with the best innovative management solutions; this includes the establishment of Macpie Ticketing and Macpie Equipment as part of an initiative to lower the cost of organizing events and shows, yet deliver the same high quality.

FINANCIAL HIGHLIGHTS

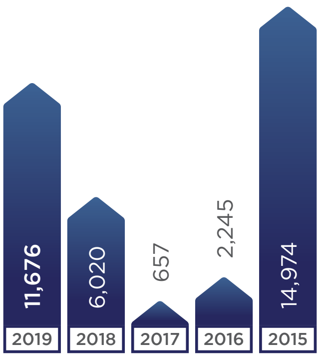
	AUDITED				
	2019	2018	2017	2016	2015
Number of Shares ('000)	393,295	321,295	279,295	989,180	989,180
Revenue (RM'000)	85,599	50,174	100,826	189,459	547,626
Gross Profit (RM'000)	11,676	6,020	657	2,245	14,974
Gross Profit Margin (%)	13.64%	12.00%	0.65%	1.18%	2.73%
(Loss)/Profit Before Tax (RM'000)	(2,555)	(8,905)	(33,815)	(35,266)	(13,567)
(Loss)/Profit After Tax (RM'000)	(3,565)	(8,966)	(33,916)	(33,906)	(13,184)
(Loss)/Profit After Tax Margin (%)	-4.16%	-17.87%	-33.64%	-17.90%	-2.41%
Net (Loss)/Earning per Share (Sen)*	(0.85)	(2.99)	(3.80)	(3.43)	(1.36)
Current Ratio	2.69	3.78	4.98	2.48	1.91

** Based on weighted average of ordinary shares*

Revenue (RM'000)

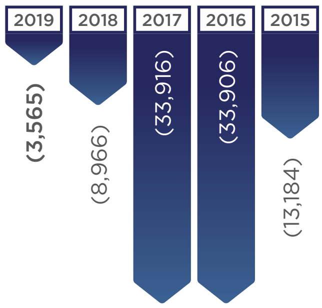


Gross Profit (RM'000)



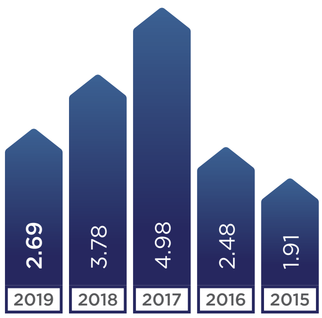
(Loss)/Profit Before Tax (RM'000)

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



Net (Loss)/Earning Per Share (Sen)

Current Ratio



CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM PENG TONG
Independent Non-Executive Director
Chairman of the Board

NG CHEE HENG
Executive Director

LEONG SENG WUI
Chief Executive Officer, Executive Director
(Resigned on 25 October 2019)

KENNY KHOW CHUAN WAH
Finance Director, Executive Director

LIONEL VERNON YONG NGUON KEE
Independent Non-Executive Director

CHONG CHING WAI
Independent Non-Executive Director

WOON SING JIUNN
Independent Non-Executive Director
(Appointed on 30 January 2019)

MEMBERS OF AUDIT & RISK MANAGEMENT COMMITTEE

LIONEL VERNON YONG NGUON KEE (Chairman)
LIM PENG TONG
CHONG CHING WAI

MEMBERS OF NOMINATING COMMITTEE

LIONEL VERNON YONG NGUON KEE (Chairman)
LIM PENG TONG
CHONG CHING WAI

MEMBERS OF REMUNERATION COMMITTEE

CHONG CHING WAI (Chairman)
LIONEL VERNON YONG NGUON KEE
LIM PENG TONG

MEMBERS OF ESOS COMMITTEE

LIM PENG TONG (Chairman)
KENNY KHOW CHUAN WAH
LIM BEE WAN

COMPANY SECRETARIES

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

PRINCIPAL BANKER

MALAYAN BANKING 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 23-1, Q Sentral, Jalan Stesen
Sentral 2, KL Sentral
50470, Kuala Lumpur
Tel : 03-2732 5177

WEBSITE

www.macpieberhad.com

SOLICITORS

MESSRS. PETER LING & VAN GEYZEL

AUDITORS

GRANT THORNTON MALAYSIA (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

AGRITEUM SHARE REGISTRATION SERVICES SDN. BHD.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-2282 321
Fax : 04-2272 391

CORPORATE STRUCTURE

MACPIE
MACPIE BERHAD

Retail Management
Ensuring the best locations for ICT businesses.

- **100%** ICT Utopia Sdn Bhd

Event & Entertainment
Setup of professional grade concerts with high-end equipment for events. Additionally, manages artists and develops customizable ticketing systems for event organizers.

- **100%** Macpie Pro Sdn Bhd
- **100%** Macpie Entertainment Sdn Bhd (Dormant) *(Formerly known as Progress Works Sdn Bhd)*
- **100%** Macpie Equipment Sdn Bhd *(Formerly known as Tejari Engineering Sdn Bhd)*
- **51%** Level Up Plus Sdn Bhd
- **100%** Macpie Ticketing Sdn Bhd *(Formerly known as Popular Landmark Sdn Bhd)*

Technology
Customized telecommunication solutions and IT electronics expertise for e-publishing.

- **100%** Macpie Media Sdn Bhd (Dormant) *(Formerly known as Sterpro Land Sdn Bhd)*
- **100%** PDA Expert Mobility Sdn Bhd

Financial Solutions
Provides financial aid to various companies with custom scalable frameworks for financial solutions and financial services.

- **100%** PC3 Technology Sdn Bhd

Others

- **100%** Ursrasa Sdn Bhd
- **100%** ICT Rewards & Services Sdn Bhd
- **100%** TI Development Sdn Bhd (Dormant)

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR IN REVIEW

2018 was a challenging year for Macpie Berhad, but the group was able to cope with the changes and thus netted a growth. The group believes that in 2019, the newly added core segments of entertainment and event management will improve the financial performance and services of the company. As well as with the addition of Macpie Ticketing and Macpie Equipment as part of our strategic plan to run events more effectively; we believe the establishment of both companies will significantly increase the profits and further enhance our business ecosystem here in Malaysia. We believe that with all our venturing and the continuous efforts of our teams, we will become one of the top 3 local promoters in the near future.

VISION

Macpie Berhad's vision is focused on bringing innovations and enrichment to the music and entertainment industries of Malaysia with a confined internal strategic business ecosystem. The establishment of Macpie Ticketing and Macpie Equipment will definitely help to maximize our profits and lower costs. With MacpiePro at the helm, the Group looks forward to continuously expanding our influence throughout the country and even beyond. We aim to bring more world-class state-of-the-art concerts and music festivals to modern day audiences.

MACPIEPRO

MacpiePro has seen the potential demand for concerts and entertainment events in Malaysia. In recent years, artist are touring more frequently while sponsors are rapidly making connections with millennials and Gen Zs. This is the best time for us to focus and invest on the music and entertainment industry. This year, 7 events have been held by MacpiePro with over 46,000 fans in attendance and more to come. 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 is doing everything possible to bring the two together within our business. By putting our fans as priority, 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 they attend and beyond. Currently, we are partnering with more than 50 brands to deliver wonderful value to the fans. 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.

7 events
held by Macpiepro

46,000
fans in attendance

More than 50
collaborative partners

CRAZY 20

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

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 that ran for 2 consecutive days due to an overwhelming response from fans.

After the BLACKPINK concert, the Crazy 20 plan was continued with the 'Mandarin Pop Concert 2019' event held at the Arena of Stars on the 20th of April 2019. Talented artists such as Bii, Jeno Liu Li Lang, Victor Wong, Roger Yang Pei An, and FS (Fuying and Sam) were among the concert performers.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

In June of 2019, two Powerful K-pop concert were been held back to back at Stadium Malawati, Shah Alam. It was 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 2019 of which were both delights 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 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 that sold out within 36-hours and once again was yet another tremendous achievement for MacpiePro's venture in the music industry.

MacpiePro is also starting to venture into fan meeting events 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 his fans. To continue with our need to be moving forward, MacpiePro already has several concerts and events lined up for the year 2020 that will be even bigger and better.

MACPIE EQUIPMENT

Macpie Equipment started out in January of 2019 with the intention of providing professional high-quality equipment to MacpiePro whenever concerts and events need to be organized. This year, Macpie Equipment has started to provide their equipment for rental as a service to various other companies and event organizers. Macpie Berhad foresees the potential of this business to turn a 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 high quality staff and own the finest equipment to accommodate any size show in the near future. Among equipment that is made available for rental are sound systems, truss solutions, lighting systems, staging solutions, and LED systems.

MACPIE TICKETING

Macpie Ticketing is a company established by Macpie Berhad with the purpose of strengthening the company 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 other companies. Macpie Ticketing's services include online ticketing systems which can accommodate world-wide customers, offline sales counters, optional payment gateways, custom ticket choices, entry scanning facilities, report analysis, and dispatch services.

This year alone, 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' 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 and few more coming up soon. Macpie Berhad will continue to invest in the ticketing platform and develop innovative products to build fan traffic to the company sales channels, increasing ticket sales, and continue to build the client base.

" **Macpie Berhad** will continue to invest in the ticketing platform and develop innovative products to build fan traffic to the company sales channels, increasing ticket sales, and continue to build the client base. "

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ANALYSIS OF FINANCIAL RESULTS

The Group recorded a revenue of RM85.60 million for the financial period ended 30 June 2019 ('FYE 2019") as compared to RM50.17 million in financial year ended 30 June 2018 ("FYE 2018"), recording an increase of RM35.43 million (70.62%). The increase in revenue was due to the Group's continued focus on profit making companies and segments, mainly contributed by event management and ICT segments.

Ultimately, the Group has recorded huge improvement ever since diversifying the business model to focus on profit-making companies and added new venture into event management industries. In FYE 2019, the Group recorded a lower loss before tax ("LBT") of RM2.55 million as compared to LBT of RM8.91 million in FYE 2018.

RESULTS OF OPERATIONS

Revenues were generated through the respective segments as follows:

	2019 Revenue (RM'000)	2018 Revenue (RM'000)
Event & Entertainment	16,674	-
ICT	49,635	29,404
Hydraulic	4,545	5,160
Retail Management	12,286	13,354
Financial Solutions	1,890	700
Others	569	1,556

The ICT segment remains our largest contributor of revenue representing RM49.63 million, translating to an increase of RM20.23 million (68.80%) compared to the Group's revenue for this segment in our previous financial year. This segment was mainly driven by the mobile devices distribution. ICT segment recorded a Profit before Tax ("PBT") of RM0.18 million (2018: LBT of RM0.89 million). The improvement for current financial year was mainly attributed to the cost effectiveness measure taken towards end of previous financial year on certain business operations in reducing the administrative and operating expenses for FYE 2019.

The Event segment appeared as the second largest contributor of revenue representing RM16.67 million. This segment's revenue was mainly derived from concerts, entertainment events in Malaysia and equipment for rental as a service go various other companies and event organizers early this year. This segment recorded a PBT of RM1.12 million (2018: LBT RM0.50 million).

Overall, the Group has taken a huge milestone to improve its financial performance to reduce overall net loss in financial period end 30 June 2019 as compared to financial year ended 30 June 2018 and seen a positive growth in Event management segment.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ASSETS AND LIABILITIES

The Group's total assets increased from RM58.05 million in FYE 2018 to RM64.41 million in FYE 2019. The increase mainly due to increase in acquisition of property, plant & equipment in line with the expansion of the event management business activities. This was funded via private placement of new ordinary shares. The Group's total liabilities has increased from RM9.97 million in FYE 2018 to RM15.36 million in FYE 2019. This was mainly due to increase in contract liabilities whereby funds were received before a related performance obligation.

RISK MANAGEMENT

The Group's newly added segment event management improved the financial performance and services rendered by the company. The Group believes its ability to compete depends upon many factors both within and outside its control, including product and service differentiation, product distribution channels, customer service sales, pricing and marketing efforts.

As for our new venture into the event management industry, it's expected to have a direct positive impact on the Group's performance. The Group will continue its act of reducing and eliminating risks associated with involvement in any events. 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 POLICY

As of now, the Group's focus is to create and enhance shareholder's value in the long run. As such, we plan to re-invest our earnings to grow our business organically or inorganically. Currently, the Group does not adopt any dividend policy in the short term but will take into account distributing excess profits once we have stable earnings, after taking into consideration our working capital requirements and planned capital expenditure in future.


BLACKPINK 2019 WORLD TOUR with KIA
[IN YOUR AREA] KUALA LUMPUR

photo credit: YG Entertainment


Westlife The Twenty Tour 2019 'LIVE'
In Kuala Lumpur


2019 MONSTA X WORLD TOUR 'WE ARE HERE'
IN KUALA LUMPUR

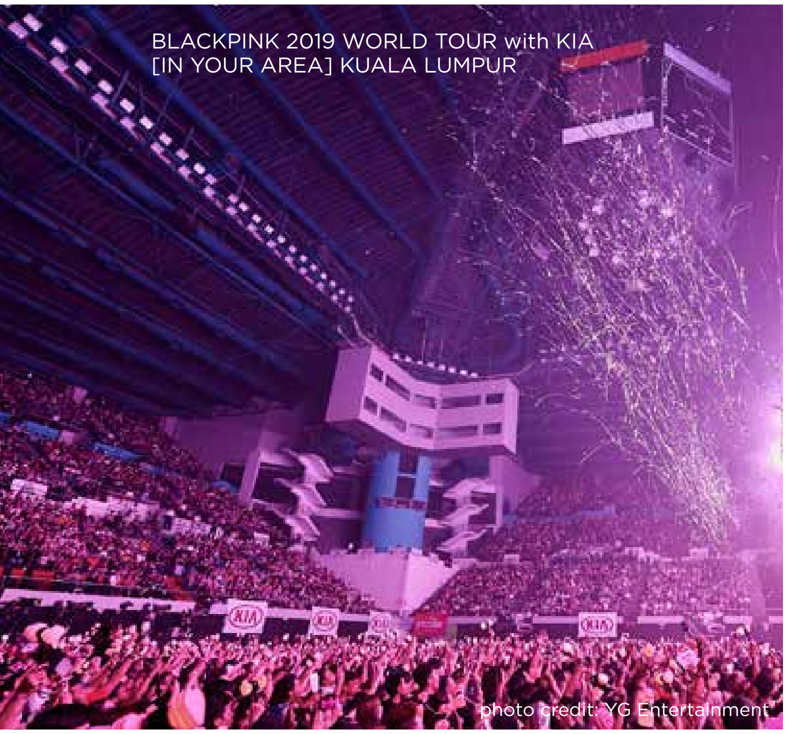

BLACKPINK 2019 WORLD TOUR with KIA
[IN YOUR AREA] KUALA LUMPUR

photo credit: YG Entertainment


Mandarin Pop Concert 2019


BLACKPINK 2019 WORLD TOUR with KIA
[IN YOUR AREA] KUALA LUMPUR

photo credit: YG Entertainment


Mandarin Pop Concert 2019


2019 GFRIEND ASIA TOUR [GO GO GFRIEND!]
in KUALA LUMPUR

BOARD OF DIRECTORS' MESSAGE

“To create a complete vertically integrated business ecosystem to deliver better live events for the music and entertainment industry in Malaysia.”

Lim Peng Tong
Malaysian

Independent Non-Executive Director,
Chairman of the Board

Dear investors and shareholders,

I am tremendously proud of our progress this year, we've delivered on milestones and seen a growth for this year. We're achieving improved results and still expanding.

Macpie Berhad is growing to meet the expectations of international live events. Despite a world focused on entertainment from screens, the experience of a live event is still valued more than ever before. Live events have taken center stage with fans overwhelmingly choosing to spend their money on live experiences for music concerts and other entertainment events.

Macpie Berhad has taken notice of the worldwide demand for concerts as it continues to grow. We have already put a significant investment in Macpie Equipment and Macpie Ticketing to further improve the experience for fans and to create a complete vertically integrated business ecosystem that helps us put on better live events for the music and entertainment industry in Malaysia. I am glad to be working with Executive Director, Sean Ng, who introduced the concept for this business ecosystem that has greatly benefited the company.

Connecting artists with their most dedicated fans is so much more than a job, it is an honor. We look forward to continuing to bring high quality live music and event experiences to Malaysians in the coming years and I thank you for your support and investment in Macpie Berhad.

BOARD OF DIRECTORS' MESSAGE
cont'd

"Constantly reinvent to meet the expectations of our clients, sponsors, partners, and fans of live music & entertainment in Malaysia."

Sean Ng Chee Heng
Malaysian
Executive Director

Dear distinguished investors and shareholders,

"It's time for us to be moving forward together"!

Macpie Berhad has delivered exceptional growth this year, our financial performance is looking good and investments we have made into bringing up Macpie Equipment and Macpie Ticketing have greatly boosted business for Macpie Berhad. Our venture into the music and entertainment industries are paying off greatly and we are proud to see this result.

But this doesn't mean we should take it slow now – it's time to keep moving forward together! We must constantly reinvent to meet the expectations of our clients, our sponsors, our partners, and fans of live music & entertainment in Malaysia. We are relied on to do the best we can and to bring more growth in the following years, it is imperative that we continue improving.

It is a privilege to work in a business that brings the most talented artists in the world to their most passionate fans in Malaysia. Thank you to our stockholders and everyone who continues to support the vision and mission of Macpie Berhad.

BOARD OF DIRECTORS' MESSAGE

cont'd

"Despite a world focused on entertainment from screens, the experience of a live event is still valued more than ever before."

Kenny Khow Chuan Wah

Malaysian

Finance Director, Executive Director

Dear investors and shareholders,

The company is stronger now than ever before and continues to improve over time thanks to a dedicated team at every level of the company working towards a common goal. We are after all moving forward together.

Having made our move to online businesses, Macpie Berhad is leaner and more streamlined. We can serve our clients, partners, and customers at a more efficient and higher rate; a feat that wasn't possible if we had just remained a traditional retail business.

Macpie Berhad has experienced some challenges but we are always reinventing our ways to circumvent those challenges and bring in improved financial performances for Macpie Berhad. There is nothing we cannot do if we work together with a strong vision and mission to guide us.

I look forward for the company to grow stronger and maintain consistent growth together. I am thankful for the dedicated people who still believe in what Macpie Berhad has been doing through the years.

BOARD OF DIRECTORS' MESSAGE

cont'd

"We will continue to strengthen our core operations, further expanding into additional markets and optimizing our cost structure."

Lionel Vernon Yong Nguon Kee

Malaysian

Independent Non-Executive Director

Dear investors and shareholders,

Our core businesses surrounding the promotion of live events include ticketing and equipment. We believe our focus on growing these businesses will increase shareholder value as we continue to enhance our revenue streams and achieve economies of scale on par with global platforms.

We will continue to strengthen our core operations, further expanding into additional markets and optimizing our cost structure. Our strategy is to grow and innovate by moving forward together. I have no doubt in my mind that we will continue to grow if we're in this together.

I thank all of you for sticking with us in progressing throughout the years. We cannot have done any of this without you.

BOARD OF DIRECTORS' MESSAGE
cont'd

"Forty percent of those fans are teens and millennials. We must aim to meet their demands, as live experiences will stand the test of time."

Alex Chong Ching Wai
Malaysian

Independent Non-Executive Director

Dear investors and shareholders,

In this age of rapid technological advancements and vast consumer choices, live events are still unique and in demand as it is an experience that cannot be replicated. There is simply no copying the magic of a live show when a performer presents their work to a crowd of fans.

Thanks to social media, online video, and streaming, artists are now global superstars with fans in every corner of the world. There are no walls dividing their reach anymore. Forty percent of those fans are teens and millennials, a demographic that increasingly values experiences over material possession. We must aim to meet their demands, as live experiences will stand the test of time.

Thank you all for your continuous support and confidence. I hope we will continue to bring the most fantastic music and entertainment to Malaysians as we continue in moving forward together.

BOARD OF DIRECTORS' MESSAGE
cont'd

"We want to be a leader in live music and entertainment. We aim to be a strong platform powered by artists, fans, and partners around the world."

Gina Woon Sing Jiunn
Malaysian

Independent Non-Executive Director

Dear investors and shareholders,

I am humbled and honored to be given the opportunity to serve as a board member. Macpie Berhad has big plans for expansion into the music and entertainment industry. Every step we take is to ensure continued financial improvement and growth through each year.

We want to be a leader for live music & entertainment and be a strong platform powered by artists, fans, and partners around the world. Thus, we are working hard towards the common goal of delivering the best of everything we have to offer. I believe, if we keep moving forward together, we can witness tremendous growth in our financial performance next year.

This year, Macpie Ticketing and Macpie Equipment has been implemented to creates a complete vertically integrated business ecosystem. With these two core segments, it will help our business become more efficient, and at the same time bring down the cost for our partners, and fans of live shows.

I'm glad to be part of the team and it is wonderful to be working together with so many talented people with so much knowledge on our industries. Thank you very much for your continued and strong support for Macpie Berhad and all it stands for.

2019 BOARD OF DIRECTORS' PROFILE

Lim Peng Tong (61, Male)

Malaysian

Independent Non-Executive Director, Chairman of the Board Associate, AICB (Certified Credit Professional)

Mr. Lim Peng Tong, is an Independent Non-Executive Director of Macpie Berhad. He was appointed to the Board on the 29th of January 2018.

Mr. Lim graduated with a Diploma in Banking and Financial Services in 1997 from Institute Bank-Bank Malaysia (IBBM) and is a Certified Credit Professional (CCP) since 2002, which is a professional requirement for all credit personnel in the banking industry. He is also an Associate member with IBBM which is now known as the Asian Institute of Chartered Bankers (AICB).

Mr. Lim retired from Malayan Banking Berhad after serving loyally for 38 years. He held his last position as the Regional Head of Business Banking of Northern Region (Penang, Kedah and Perlis) for the last 8 years since July 2010.

Mr. Lim is also the Executive Director of MSCM Holdings Berhad (formerly known as PanPages Berhad) and an Independent Non-Executive Director of DWL Resources Berhad (formerly Spring Gallery Berhad) and Dynaciate Group Berhad (formerly Tatt Giap Group Berhad).

Sean Ng Chee Heng (38, 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 22nd 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.

2019 BOARD OF DIRECTORS' PROFILE

cont'd

Kenny Khow Chuan Wah (44, Male)

Malaysian

Finance Director, Executive Director
(Chartered Accountant)

Mr. Kenny Khow Chuan Wah, is the Finance Director of Macpie Berhad. He was appointed to the Board on the 3rd of October 2011.

He graduated from the University of Technology Sydney with a degree in Accounting and Finance (Distinction). He is a member of the Malaysian Institute of Accountants and CPA Australia. He started his career as an auditor with PricewaterhouseCoopers Malaysia in 1997. He has extensive experience in auditing (Internal & External) for 13 years, including a two-year secondment from 2004-2006 at PricewaterhouseCoopers London.

Mr. Khow was trained in a big four audit firm in the areas of corporate exercises covering IPO, demerger of a listed entity, management & integration of two major companies in Malaysia, privatization of a major listed entity, rights issues, issuance of debt securities, as well as the sale & leaseback of key assets. His other work experience includes financial due diligence, advisory, and numerous cross-border security offerings. With his vast experience, he has also conducted many training courses across various industries in areas of accounting & auditing issues, principles & application of accounting standards (including IFRS), and audit methodology.

Mr. Khow joined Macpie Berhad as the Chief Financial Officer in 2010 to oversee the Group's financial affairs including accounting, finance, tax, and treasury.

Mr. Khow is also the Executive Director of MSCM Holdings Berhad (formerly known as PanPages Berhad) and Chief Financial Officer of MMAG Holdings Berhad.

Lionel Vernon Yong Nguon Kee (49, 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 of 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 Association of Chartered 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, has 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.

2019 BOARD OF DIRECTORS' PROFILE

cont'd

Alex Chong Ching Wai (39, 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 22nd 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.

Gina Woon Sing Jiunn (37, 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 Tunku 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. Currently, she is the CEO of Hive Media Sdn Bhd.

Note: None of the Directors have any family relationship with any directors and/or substantial shareholders of Macpie Berhad (Formerly known as Sterling Progress 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.

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 2019 ("FY2019").

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 natation 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 www.macpieberhad.com.

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.

During the FY 2019, 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 Five (5) times during the FY 2019. The attendance of the Board members at the meetings are as follows:-

Directors	Number of meetings attended
Lionel Vernon Yong Nguon Kee	5/5
Leong Seng Wui (Resigned on 25.10.2019)	5/5
Kenny Khow Chuan Wah	5/5
Lim Peng Tong	5/5
Chong Ching Wai	5/5
Ng Chee Heng	5/5
Woon Sing Jiunn (Appointed on 30.01.2019)	2/2
Ang Chee Ciang (Appointed on 30.01.2019 and resigned on 31.07.2019)	1/2

Directors' Training

In addition to the mandatory programmes as required by the Bursa Malaysia Securities Berhad ("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 FY2019, the trainings attended by the Directors were as follows:

Name	Description of Training
Lim Peng Tong	• SC – Companies of Future – The Role for Boards • ICLIF – Non-financial – Does It Matter
Ng Chee Heng	• Reaching Investor Through Digital Channel • 2019 Music Festival
Leong Seng Wui	• Reaching Investor Through Digital Channel • 2019 Music Festival
Kenny Khow Chuan Wah	• Malaysia IT Fair @ Midvalley Exhibition Center
Lionel Vernon Yong Nguon Kee	• ACIIA Conference – Staying Relevant In A Digital Landscape • MIA – Governance Symposium 2019 • MIA – Professional Management for Professional Success
Chong Ching Wai	• Malaysia IT Fair @ Midvalley Exhibition Center
Woon Sing Jiunn	• MAP – Mandatory Accreditation Programme for Director of Public Listed Company
Ang Chee Ciang	• MAP – Mandatory Accreditation Programme for Director of Public Listed Company

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

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 regularly by 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

1.0 Boards Leadership *cont'd*

1.2 Chairman of the Board

The Independent Non-Executive Chairman responsibilities include:

(a) To provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;

(b) To chair 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) To review 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) To ensure membership of the Board is appropriately skilled to meet the needs of the Company;

(e) To guide and promote the ongoing efficacy and development of the Board and its individual Directors;

(f) To monitor good corporate governance practices.

1.3 The positions of the Chairman and Executive Director/Chief Executive Officer 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 the management while the Executive Director/Chief Executive Officer 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/Chief Executive Officer; 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

1.0 Boards Leadership *cont'd*

1.4 Company Secretary *cont'd*

During the FY2019, 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 one week 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.

Last reviews of the Board Charter was on 21 October 2019 and it had been updated on the company's website at www.macpieberhad.com Notwithstanding that the Board Charter is subject to periodic review to ensure their relevance and compliance.

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 www.macpieberhad.com .

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 Chief Executive Officer ("CEO") or in writing to CEO and Independent Non-Executive Chairman. The Whistleblowing Policy is published on the Company's website www.macpieberhad.com.

The Board Charter, Code of Conduct and Ethics and Whistleblowing Policy were reviewed on 21 October 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

4.0 Board's Objectivity

4.1 For FY2019, the Board comprised four (4) Executive Directors and four (4) Independent Non-Executive Directors (including the Non-Executive Chairman). Half of the Board of Directors are Independent Directors.

By having half of Board comprised of Non-Executive Directors 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 2019, 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 FY2019, the NC comprised of 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.

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.

During the FY2019, the NC had assessed and recommended the appointment of Mr. Ang Chee Ciang as an Executive Director and Ms. Woon Sing Juinn as an Independent Non-Executive Director.

Pursuant to the Company's Articles of Association, one third (1/3) of the Directors including the Executive Director/Chief Executive Officer, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

4.0 Board's Objectivity *cont'd*

4.5 The Board is judicious of the gender diversity recommendation by MCCG 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 2019, 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.

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 FY2019, 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 Committee 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 Remuneration Committee 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

6.0 Level and Composition of Remuneration *cont'd*

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.

7.0 Remuneration of Directors and Key Senior Management

7.1 The Directors' remuneration for FY 2019 is as follows:-

	COMPANY LEVEL (RM)			
Category	**Salary, bonus and benefit-in-kind**	**Directors' fees**	**Allowance**	**Total**
Executive Directors				
Leong Seng Wui	439,575	42,000	65,400	546,975
Kenny Khow Chuan Wah	152,612	42,000	-	194,612
Ng Chee Heng	178,697	42,000	-	220,697
Ang Chee Ciang	35,549	17,500	1,000	54,049
Non-Executive Directors				
Lim Peng Tong	-	42,000	-	42,000
Lionel Vernon Yong Nguon Kee	-	42,000	-	42,000
Chong Ching Wai	-	42,000	-	42,000
Woon Sing Jiunn	-	17,500	-	17,500

7.2 The Key Senior Managements' remuneration for FY 2019 is as follows:-

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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 2019, 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 is Mr Lim Peng Tong, an Independent Non-Executive Director.

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 2 years before being appointed as a member of the AC.

In FY2019, none of the members of the Board was a former key audit partner of the Group.

8.3 The AC had conducted 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 is 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 in 29 November 2019.

Messrs. Grant Thornton Malaysia had in their audit planning memorandum provided a 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 2019, the AC comprised of 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 silks 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

8.0 Effective and Independent Audit Committee *cont'd*

8.5 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 period ended 30 June 2019 provide a true and fair view of the Company's financial position and affairs.

9.0 Risk Management and Internal Control

9.1 The Board through the Audit & Risk Management Committee 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 Audit & Risk Management Committee 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 FY2019, 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 2019.

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 Audit Committee 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 2019, the members of the Audit & Risk Management Committee 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 Audit & Risk Management Committee 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 Audit & Risk Management Committee immediately. To maintain impartiality and independence, the internal auditors report directly to the Audit & Risk Management Committee on the overall assessment of the Group's internal control mechanism.

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 Internal Audit reports were issued to the Audit & Risk Management Committee to be tabled at the Audit & Risk Management Committee 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 2019, 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 Audit & Risk Management Committee, is to support the Audit & Risk Management Committee by providing it with 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. It submits its findings and recommendations to the Audit & Risk Management Committee and key senior management of the Group.

During FY 2019, the Audit & Risk Management Committee had reviewed and assessed IA Essential Sdn Bhd and was satisfied therewith. The Audit & Risk Management Committee had recommended to the Board, the re-appointment of IA Essential Sdn Bhd for another term.

10.2 The Internal Audit adopts a COSO Framework and risk-based approach with focus on effective risk management practices and is guided under the International Professional Practice Framework.

During the FY 2019, 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 Malaysia and makes material announcements to Bursa Malaysia 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 Finance Director to co-ordinate with the Company Secretary to verify and approve all announcements before releasing to the public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

11.0 Effective Communication with Stakeholders *cont'd*

11.1 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 www.macpieberhad.com and www.bursamalaysia.com;

(b) Press release provide 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.

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 Annual General Meeting ("AGM") of the Company held on 29 November 2018, 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 21 October 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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").

BOARD'S RESPONSIBILITY

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 Executive Director and 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 once 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 Group's internal audit function is outsourced to an independent professional services firm that specialises in the provision of internal audit services. The cost incurred in outsourcing the internal audit function for the financial year ended 30 June 2019 is at RM9,000.

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 placed to manage the risk of businesses. The outsourced internal audit function met and report 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 Directors and Chief Financial Officer 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 21 October 2019.

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’ 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 Non-Executive 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	:	Lionel Vernon Yong Nguon Kee	(Independent Non-Executive Director)
Members	:	Lim Peng Tong	(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 2019, 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	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 2019 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.

- Reviewed 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 the Enterprise Risk Management Report 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 fulfils.

(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 2019 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 and management. 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 2019, Grant Thornton Malaysia 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 and identify the RRPT in timely and 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 shareholders 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 2019, the areas audited were covering areas in the Human Resource function and also the Enterprise Risk Management within the Group.

Internal Audit reports would be tabled to the AC 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 FY 2019 was RM9,000.

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

The allocation of ESOS were verified by the AC to ensure compliance with the allocation criteria determined by the ESOS Committee and in accordance with the By-Laws of the ESOS.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

As of the FY 2019, a total of 32,000,000 ordinary shares were issued and allotted pursuant to the general mandate granted at the last AGM of the Company ("Private Placement"). The total proceeds of RM4,044,800.00 had been utilised by the Group for working capital requirements as well as to defray the expenses relating to the placement of shares.

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 30th June 2019 are as follows:-

	Group	**Company**
	RM'000	**RM'000**
Fees paid/payable to the external auditors		
- Audit Fees	137	40
- Non Audit Fees	45	9
	182	**49**

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 2019 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 FYE 2019.

SUSTAINABILITY STATEMENT

The business environment has been going through a great change as consumers, stakeholders and organisations became more concern with environmental, economic and social ("EES") impact. 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.

ABOUT US

Macpie Berhad ("MACPIE" or "the Company"), is a public company listed on the official list of the ACE Market of Bursa Malaysia Securities Berhad ("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 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 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.

OUR MISSION

Ultimately transform and liven up the current business model to create a thriving entertainment and music industry backed by a complete vertically integrated business ecosystem.

OUR VISION

To strengthen our business ecosystem in order to deliver world class quality shows by providing the best performance. We aim to become one of the top 3 local promoters in Malaysia market by the year 2020.

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 2018 to 30 June 2019 (FY2019). It also provides the key aspects of MACPIE and its subsidiaries' approach, initiatives and activities towards sustainability.

SCOPE OF REPORT	01 July 2018 to 30 June 2019
REPORTING CYCLE	Annual
PRINCIPLE GUIDELINES	Bursa Malaysia's Sustainability Guide
COVERAGE	Macpie and its subsidiaries

A copy of this Report can be downloaded at our corporate website at www.macpieberhad.com.

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@macpieberhad.com.

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**
- Audit & Risk Management Committee - Nominating Committee - Remuneration Committee - ESOS Committee	- Chief Executive Officer - Executive Management

OUR APPROACH TO SUSTAINABILITY

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. We communicate with our key stakeholders regularly with the objective of understanding their interests, expectations and concerns before arriving at our business decisions and policies.

STAKEHOLDER ENGAGEMENT

The table below summarizes our approach to stakeholders' engagement:

Key Stakeholders	Key Topics and Concerns	Methods of Engagement	Frequency of Engagement
Artistes and agents	1) Product responsibility 2) Pricing	• Artistes surveys • Meetings & discussions • Email, internal memo & WhatsApp communications	• Regular • Regular • On-going
Suppliers	1) Product quality 2) Pricing 3) Supplier relationship 4) Creditability	• Supplier meetings • Informal discussion • MACPIE website • Social media	• Regular • Regular • On-going • On-going
Customers	1) Product quality 2) Product development updates 3) Customer relationship	• Marketing & sales activities • Promotion campaigns • Sponsorship • MACPIE website • Social media • Customer surveys	• Regular • Regular • Regular • Regular • On-going • On-going
Employees	1) Remunerations & benefits 2) Health & Safety 3) Career development & opportunities	• Briefings & discussions • Trainings • Performance Appraisal • Social & wellness activities • Email, internal memo & WhatsApp communications	• Regular • Regular • Annual • On-going • On-going

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT *cont'd*

The table below summarizes our approach to stakeholders' engagement (cont'd):

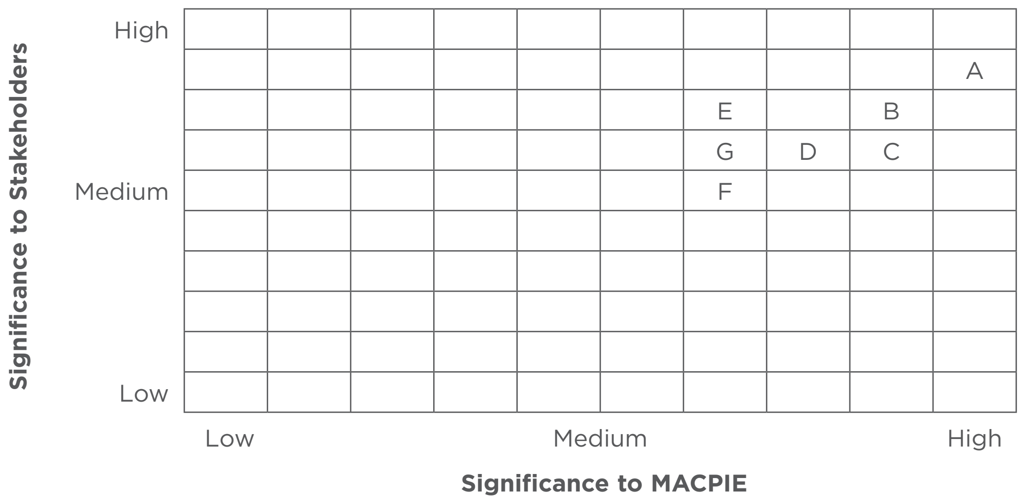
Key Stakeholders	Key Topics and Concerns	Methods of Engagement	Frequency of Engagement
Government & regulatory authorities	1) Compliance with relevant rules and regulations	• Compliance with mandatory requirements • Formal meetings • Performance reports • Communication and collaboration	• On-going • Ad-hoc • On-going • Ad hoc
Shareholders & investors	1) Financial stability 2) Economic contribution 3) Regulatory compliance	• MACPIE website • Media release • Announcements vide Bursa Link • Annual Report • Annual general meeting	• On-going • Regular • On-going • Annual • Annual
Communities & Public	1) Corporate social responsibility (CSR)	• Charity contributions • CSR activities	• Regular • Regular

MATERIALITY ASSESSMENT

A materiality assessment is conducted by the Company to identify and prioritise 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 FY 2019, various initiatives and efforts were implemented in addressing and managing each of the material factors concurrently.

MATERIALITY MATRIX
Sustainability Priorities for FY 2019



SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT *cont'd*

In FY 2019, our Group's focus areas are summarized as follows:

	EES Topic	Focus Areas	Activities
A	Economic	Product quality	With an ambitious plan to keep up the trend in organizing quality music events, covering not only KPOP but to diversify genres such as CPOP, international and local acts, we had, during the financial year under review successfully organised the following concerts : o K-WAVE 3 Music Festival comprised FTISLAND, EXID, MONSTA X, AOA, JEONG SEWOON, WJSN and BOYFRIEND on 18 August 2018; o WEEKEND LIVE K-POP MARATHON with IKON and WINNER 2018 EVERYWHERE TOUR on 13 October 2018 and 14 October 2018; o BLACKPINK 2019 WORLD TOUR on 23 February 2019 and 24 February 2019; o MANDARIN POP Concert 2019 comprised five popular Mandarin singers namely, Bii, Roger Yang, Victor Wong, Jeno Lim, and the group duo, Fuying & Sam on 20 April 2019; o MONSTA X WORLD TOUR 2019 on 22 June 2019; and o 2019 GO GO GFRIEND ASIA TOUR on 29 June 2019. The above concerts were well received and had succeeded in attracting both local and international audiences. The total audience recorded through our ticketing events was approximately 46,000. We have accumulated a wealth of good reputation and experiences in both local and international market and we are committed to work closely with our artistes and their managers or agents in building long term trust and partnerships; and to our customers, we are committed to further increase the number of high quality events and concerts as well as creating positive economic values.

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT *cont'd*

In FY 2019, our Group's focus areas are summarized as follows (cont'd):

	EES Topic	Focus Areas	Activities
B	Economic	Supply Chain Management	We have been focusing in ethical procurement practices by adopting standard procedures in procurement and vendors' qualifications. 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. We engaged more than 50 collaborative partners from local communities for the supply of equipment such as sound & lights, venue, securities, food & beverages, ticketing systems and services. We also ensure that our supply chain partners has good sustainability practices which could provide greater driving force towards achieving our sustainability goals.
C	Environment	Energy Consumption	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.
D	Environmental	Waste Management	We also focused on optimizing recycling and encourages our employees to think before print so as 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.
	Social	Equal Employment Opportunities	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. 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.

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT *cont'd*

In FY 2019, our Group's focus areas are summarized as follows (cont'd):

	EES Topic	Focus Areas	Activities
F	Social	Community	We have a preference in the recruitment of local talents wherever possible, thus benefiting the local community and reducing our employees turnover. 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.
G	Social	Community	We have been giving our support to various non-profitable organizations and also extended our care and concern to the under-privileged groups.

FINANCIAL STATEMENTS

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 2019.

CHANGE OF COMPANY NAME

The Company has changed its name from Sterling Progress Berhad to Macpie Berhad on 3 April 2019.

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	Company
	RM'000	RM'000
Net loss for the financial year:-		
Loss after tax	3,565	6,193
Attributable to:-		
Owners of the Company	2,766	6,193
Non-controlling interests	799	-
	3,565	6,193

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 period.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:-

(a) 3,200,000 ordinary shares at RM0.142 per share via private placement to eligible investor for a total cash consideration of RM454,400.

(b) 12,800,000 ordinary shares at RM0.123 per shares via private placement to eligible investor for a total cash consideration of RM1,574,400.

(c) 16,000,000 ordinary shares at RM0.126 per shares via private placement to eligible investor for a total consideration of RM2,016,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT
cont'd

WARRANTS

The warrant 2011/2021 were constituted under the Deed Poll dated 6 January 2011 as disclosed in Note 18 to the Financial Statements.

As at 30 June 2019, 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.

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 New ESOS are disclosed in the Note 27.2 to the Financial Statements.

As at 30 June 2019, 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:-

Kenny Khow Chuan Wah*
Leong Seng Wui*
Lionel Vernon Yong Nguon Kee
Ng Chee Heng*
Chong Ching Wai
Lim Peng Tong
Woon Sing Jiunn (Appointed on 30 January 2019)
Ang Chee Ciang (Appointed on 30 January 2019 and resigned on 31 July 2019)

* *Directors of the Company and the subsidiaries*

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

Yong Tien Seng (Appointed on 14 February 2019)
Tan Yang Siah (Appointed on 29 April 2019 and resigned on 8 July 2019)
Sin Chin Chai (Resigned on 30 April 2019)
Chin Boon Long (Resigned on 29 April 2019)
Cheong Kwong Hon (Resigned on 4 January 2019)
Low Wey Heng (Resigned on 15 October 2018)

DIRECTORS' REPORT
cont'd

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 1.7.2018	Bought	Sold	At 30.6.2019
The Company				
Indirect interest				
Leong Seng Wui*	84,685,514	-	-	84,685,514
Ng Chee Heng#	86,714,400	-	-	86,714,400

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

By virtue of Mr. Leong Seng Wui and Mr. Ng Chee Heng's indirect interest in the shares of the Company, they are 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 or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Detail of Directors remuneration are set out in Notes 28 and 29 to the Financial Statements.

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

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.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *cont'd*

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.

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.

AUDITORS

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

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs Grant Thornton Malaysia 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,

KENNY KHOW CHUAN WAH
DIRECTOR

LEONG SENG WUI
DIRECTOR

Kuala Lumpur
21 October 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 54 to 117 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 2019 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,

KENNY KHOW CHUAN WAH **LEONG SENG WUI**

Kuala Lumpur
21 October 2019

STATUTORY DECLARATION

I, Kenny Khow Chuan Wah, being the Director 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 54 to 117 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)
21 October 2019)

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

Before me:

NO: W594
Valliamah A/P Perian
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MACPIE BERHAD (formerly known as Sterling Progress Berhad)
(Incorporated in Malaysia) Registration No. 200501002315 (679361-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Macpie Berhad (formerly known as Sterling Progress Berhad), which comprise the statements of financial position as at 30 June 2019 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 54 to 117.

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 2019, 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' *Code of Ethics for Professional Accountants* ("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 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 – Under the impairment requirements under MFRS 9, the management is required to applied 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.

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 32.1 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

TO THE MEMBERS OF MACPIE BERHAD (formerly known as Sterling Progress Berhad)
(Incorporated in Malaysia) Registration No. 200501002315 (679361-D)
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 Group and 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 Group and 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

TO THE MEMBERS OF MACPIE BERHAD (formerly known as Sterling Progress Berhad)
(Incorporated in Malaysia) Registration No. 200501002315 (679361-D)
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 MATTERS

1. 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.

2. The financial statements of the Group and of the Company as at 30 June 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements dated on 17 October 2018.

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

LIM SOO SIM
(NO: 03335/11/2019 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
21 October 2019

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	9,841	5,794	-	-
Investment properties	5	-	433	-	-
Intangible assets	6	1	9	-	-
Investment in subsidiaries	7	-	-	3,660	4,000
Goodwill on consolidation	8	1,100	1,096	-	-
Deferred tax assets	9	440	-	-	-
Trade receivables	10	12,307	14,258	-	-
Amount due from subsidiaries	11	-	-	18,146	-
Total non-current assets		23,689	21,590	21,806	4,000
Current assets					
Inventories	12	-	245	-	-
Contract assets	13	5,810	-	-	-
Trade receivables	10	14,465	12,002	-	-
Other receivables	14	5,114	12,724	1,440	1,444
Amount due from subsidiaries	11	-	-	12,776	47,320
Tax recoverable		345	488	-	-
Short term deposits with licensed banks	15	-	1,561	-	1,224
Cash and bank balances		14,730	7,716	9,410	34
Total current assets		40,464	34,736	23,626	50,022
Assets held for sale	16	256	1,726	-	-
Total assets		64,409	58,052	45,432	54,022
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	50,976	46,931	50,976	46,931
Reserves	18	(1,963)	1,350	(5,658)	535
Equity attributable to owners of the Company		49,013	48,281	45,318	47,466
Non-controlling interests	7	39	(202)	-	-
Total equity		49,052	48,079	45,318	47,466
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	9	320	-	-	-
Finance lease liabilities	19	-	326	-	-
Total non-current liabilities		320	326	-	-

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
cont'd

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Current liabilities					
Trade payables	20	4,074	4,509	-	-
Other payables	21	2,160	4,463	114	109
Contract liabilities	13	7,871	-	-	-
Amount due to subsidiaries	11	-	-	-	6,447
Finance lease liabilities	19	-	117	-	-
Bank overdraft	22	-	504	-	-
Tax payable		932	54	-	-
Total current liabilities		15,037	9,647	114	6,556
Total liabilities		15,357	9,973	114	6,556
Total equity and liabilities		64,409	58,052	45,432	54,022

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 2019

		Group		Company	
	Note	1.7.2018 to 30.6.2019 RM'000	1.4.2017 to 30.6.2018 RM'000	1.7.2018 to 30.6.2019 RM'000	1.4.2017 to 30.6.2018 RM'000
Revenue	23	85,599	50,174	-	-
Cost of sales		(73,923)	(44,154)	-	-
Gross profit		11,676	6,020	-	-
Other income		1,981	2,148	9,986	577
Distribution costs		(56)	(99)	-	-
Administrative expenses		(11,719)	(12,276)	(3,062)	(2,200)
Other expenses		(3,237)	(2,074)	(8,794)	(33,890)
Finance costs		(1,200)	(2,624)	(4,323)	-
Loss before tax	24	(2,555)	(8,905)	(6,193)	(35,513)
Tax expenses	25	(1,010)	(61)	-	-
Net loss/total comprehensive loss for the financial year/period		(3,565)	(8,966)	(6,193)	(35,513)
Net loss/total comprehensive loss for the financial year/period attributable to:-					
Owners of the Company		(2,766)	(8,819)	(6,193)	(35,513)
Non-controlling interests		(799)	(147)	-	-
		(3,565)	(8,966)	(6,193)	(35,513)
Loss per share					
- Basic (sen)	26	(0.85)	(2.99)		
- Diluted (sen)	26	*	*		

* *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 2019

Group	Note	Share capital RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Retained earning/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to owners of the Parent →						
		← Non-distributable →						
At 1 April 2017		38,531	-	8,401	1,768	48,700	(8)	48,692
Total comprehensive loss for the financial period		-	-	-	(8,819)	(8,819)	(147)	(8,966)
Transactions with owners:-								
Acquisition of a subsidiary company		-	-	-	-	-	(57)	(57)
Disposal of subsidiaries		-	-	-	-	-	10	10
Share options granted under ESOS	18	-	2,100	-	-	2,100	-	2,100
Realisation of ESOS reserve	18	2,100	(2,100)	-	-	-	-	-
Exercise of ESOS	17	6,300	-	-	-	6,300	-	6,300
		8,400	-	-	-	8,400	(47)	8,353
At 30 June 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)
Transactions with owners:-								
Issuance of share capital	17	4,045	-	-	-	4,045	-	4,045
Acquisition of a subsidiary		-	-	-	-	-	3	3
Additional investment in a subsidiary		-	-	-	-	-	490	490
Acquisition of non-controlling interests	7	-	-	-	(1,056)	(1,056)	1,056	-
Disposal of subsidiaries	7	-	-	-	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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
cont'd

Company	Note	Share capital RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Retained earning/ (Accumulated losses) RM'000	Total RM'000
At 1 April 2017		38,531	-	8,401	29,747	76,679
Total comprehensive loss for the financial period		-	-	-	(35,513)	(35,513)
Transactions with owners:-						
Share options granted under ESOS	18	-	2,100	-	(2,100)	-
Realisation of ESOS reserve	18	2,100	(2,100)	-	-	-
Exercise of ESOS	17	6,300	-	-	-	6,300
		8,400	-	-	(2,100)	6,300
At 30 June 2018		46,931	-	8,401	(7,866)	47,466
Total comprehensive loss for the financial year		-	-	-	(6,193)	(6,193)
Transactions with owners:-						
Issuance of share capital	17	4,045	-	-	-	4,045
At 30 June 2019		50,976	-	8,401	(14,059)	45,318

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 1.7.2018 to 30.6.2019 RM'000	Group 1.4.2017 to 30.6.2018 RM'000	Company 1.7.2018 to 30.6.2019 RM'000	Company 1.4.2017 to 30.6.2018 RM'000
Cash flows from operating activities					
Loss before tax		(2,555)	(8,905)	(6,193)	(35,513)
Adjustments for:-					
Amortisation of intangible assets		8	630	-	-
Bad debts written off		514	37	-	-
Deposits written off		10	187	-	1
Depreciation of property, plant and equipment		1,452	2,542	-	-
Depreciation of investment properties		12	68	-	-
Gain on disposal of property, plant and equipment		(213)	(3)	-	-
Gain on disposal of investment properties		-	(33)	-	-
Gain on disposal of assets held for sale		(42)	-	-	-
Gain on winding up of a subsidary		-	(36)	-	-
Impairment losses on:					
- investment in subsidiaries		-	-	852	11,640
- amount due from subsidiaries		-	-	1,165	22,249
- intangible assets		-	19	-	-
- property, plant and equipment		-	45	-	-
- trade receivables		189	-	-	-
Intangible assets written off		-	6	-	-
Inventories written off		3	386	-	-
Amount due from subsidiaries written off		-	-	-	55
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		1,151	2,542	-	-
- amount due from subsidiaries		-	-	4,322	-
Loss/(gain) on disposal of subsidiaries		1,625	(11)	6,777	-
Property, plant and equipment written off		1,085	808	-	-
Finance costs		49	82	-	-
Interest income		(119)	(65)	(79)	(45)
Share options granted under ESOS		-	2,100	-	-
Operating profit/(loss) before working capital changes		3,545	399	(1,285)	(1,613)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
cont'd

	Note	Group 1.7.2018 to 30.6.2019 RM'000	Group 1.4.2017 to 30.6.2018 RM'000	Company 1.7.2018 to 30.6.2019 RM'000	Company 1.4.2017 to 30.6.2018 RM'000
Changes in working capital:-					
Inventories		(153)	517	-	-
Contract assets		(5,810)	-	-	-
Receivables		3,980	(7,479)	4	4
Payables		(722)	(467)	5	-
Contract liabilities		7,871	-	-	(38)
Cash generated from/(used in) operations		8,711	(7,030)	(1,276)	(1,647)
Interest income		119	65	79	45
Interest paid		(49)	(82)	-	-
Tax paid		(270)	(89)	-	-
Tax refund		114	387	-	-
Net cash from/(used in) operating activities		8,625	(6,749)	(1,197)	(1,602)
Cash flows from investing activities					
Purchase of property, plant and equipment		(7,842)	(1,936)	-	-
Proceeds from disposal of investment properties		-	1,860	-	-
Proceeds from disposal of property, plant and equipment		847	1,838	-	-
Repayment from/(advances to) subsidiaries		-	-	12,261	(7,498)
Net cash inflows/(outflows) from acquisition of a subsidiary		-	62	(1)	-
Net cash inflows from disposal of subsidiaries		460	-	1	-
Subscription of shares in a subsidiary		-	-	(510)	-
Net cash (used in)/from investing activities		(6,535)	1,824	11,751	(7,498)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
cont'd

	Note	Group		Company	
		1.7.2018 to 30.6.2019 RM'000	**1.4.2017 to 30.6.2018 RM'000**	**1.7.2018 to 30.6.2019 RM'000**	**1.4.2017 to 30.6.2018 RM'000**
Cash flows from financing activities					
Issuance of share capital		4,045	6,300	4,045	6,300
Issuance of shares by a subsidiary		490	-	-	-
Repayment of finance lease liabilities		(321)	(527)	-	-
Repayment to subsidiaries		-	-	(6,447)	-
Placement of short term deposits with licensed bank		(10)	(13)	-	-
Net cash from/(used in) financing activities		4,204	5,760	(2,402)	6,300
Net increase/(decrease) in cash and cash equivalents		6,294	835	8,151	(2,800)
Cash and cash equivalents at the beginning of the financial year/period		8,436	7,601	1,258	4,058
Cash and cash equivalents at the end of the financial year/period		14,730	8,436	9,410	1,258
Cash and cash equivalents at the end of the financial period/year comprises:					
Cash and bank balances		14,730	7,716	9,410	34
Short term deposits with licensed banks		-	1,561	-	1,224
Bank overdraft		-	(504)	-	-
		14,730	8,773	9,410	1,258
Less: short term deposits pledged with a licensed bank		-	(337)	-	-
		14,730	8,436	9,410	1,258

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

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 Company has changed its name from Sterling Progress Berhad to Macpie Berhad on 3 April 2019.

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 23-1, 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 21 October 2019.

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 periods 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 financial year beginning on or after 1 July 2018.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for the categorisation, recognition and measurement of financial instruments under MFRS 9 which applied prospectively as detail in Notes 3.6 and 3.7 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
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2. BASIS OF PREPARATION *cont'd*

2.5 Standards issued but not yet effective

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

MFRS, amendments to MFRSs and IC Interpretation effective 1 January 2019:-

MFRS 16	Leases
Amendments to MFRS 9	Financial Instrument: Prepayment Features with Negative Compensation
Amendment to MFRS 119*	Plans Amendment, Curtailment or Settlement
Amendments to MFRS 128*	Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

Annual Improvement to MFRS Standards 2015 – 2018 Cycle*

Amendments to MFRSs and Amendments to References to the Conceptual Framework Standards effective 1 January 2020:-

Amendments to MFRS 3	Business Combinations: Definition of a Businesss
Amendments to MFRS 101	Presentation of Financial Statements: Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Amendments to Reference to the Conceptual Framework in MFRS Standards

MFRS effective 1 January 2021:-

MFRS 17*	Insurance Contracts

Amendments to MFRS – effective date deferred indefinitely:-

Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *Not applicable to the Group's and the Company's operations*

The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

2. BASIS OF PREPARATION *cont'd*

2.5 Standards issued but not yet effective *cont'd*

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Transition to MFRS 16

The Group plans to adopt the MFRS 16 modified retrospectively to each prior reporting period presented with the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of accumulated losses (or other component of equity, as appropriate) at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value.

Due to the adoption of MFRS 16, the Group's operating loss will improve, while its interest expense will increase. This is due to the changes in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

The Group had performed a detailed impact assessment of MFRS 16. On 1 July 2019, the Group expected to recognised right-of-use asset of RM7,799,000 and corresponding lease liability of RM8,271,000. Accordingly, the effect on opening accumulated losses expected to increase by RM472,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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 and 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 2019, 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 and investment properties at the end of the reporting year is disclosed in Notes 4 and 5 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 and 8 to Financial Statements.

Amortisation of intangible assets

Intangible assets are amortised for a period of 5 years based on industry comparison. Changes in market demand could impact economical useful life of the assets, therefore future amortisation changes could be revised.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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

The Group uses a provision matrix to calculate ECLs for trade receivables. 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.

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 is disclosed in Note 32 to the Financial Statements.

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 25 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.

2. BASIS OF PREPARATION *cont'd*

2.6 Significant accounting estimates and judgements *cont'd*

2.6.1 Estimation uncertainty *cont'd*

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The information about the employee share options are disclosed in Note 27 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company have applied the significant accounting policies, as summarised below, consistently throughout all periods presented in 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.1 Subsidiaries *cont'd*

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.

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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Property, plant and equipment *cont'd*

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.

Land and buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives or over the term of the lease, if shorter.

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%

Capital work-in-progress consists of renovation in progress for office premises. Capital work-in-progress are not depreciated until they are completed and ready for their intended use.

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

3.4 Investment properties

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

Investment properties are measured at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Investment properties *cont'd*

Depreciation on investment properties is computed on the straight line basis in order to write off the cost over their estimated useful lives. The principal annual depreciation rates used are as follows:-

Freehold buildings	2%

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal.

Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

3.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of the assets are as follows:-

Computer software	5 years

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

3.6 Financial instruments

3.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

3.6.2 Financial assets – categorisation and subsequent measurement

Accounting policies applied from 1 July 2018

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

(a) amortised cost;
(b) fair value through profit or loss (FVTPL); and
(c) fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Financial instruments *cont'd*

3.6.2 Financial assets – categorisation and subsequent measurement *cont'd*

Accounting policies applied from 1 July 2018 *cont'd*

The classification is determined by both:-

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

As at the reporting date, the Group and the Company carries only financial assets measured at amortised cost on its statement of financial position.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and other receivables, fixed deposit with a licensed bank and amount due from subsidiaries fall into this category of financial instruments.

Accounting policies applied until 30 June 2018

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) financial assets at fair value through profit or loss;
(b) held to maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at end of each reporting year. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Financial instruments *cont'd*

3.6.2 Financial assets – categorisation and subsequent measurement *cont'd*

Accounting policies applied until 30 June 2018 *cont'd*

As at the reporting date, the Group and the Company carry only loans and receivables on its statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and other receivables and amount due from subsidiaries fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting year which are classified as non-current assets.

3.6.3 Financial liabilities – categorisation and subsequent measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and the Company's financial liabilities include trade and other payables, contract liabilities, amount due to subsidiaries, amount due to a Director, finance lease liabilities and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Other financial liabilities are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Financial instruments *cont'd*

3.6.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement 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.

3.7 Impairment of assets

3.7.1 Non-financial assets

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

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

Impairment losses of continuing operations, including impairment on property, plant and equipment and intangible assets, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years.

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.

Intangible assets are tested for impairment annually as at the end of each reporting year, either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Impairment of assets *cont'd*

3.7.2 Financial assets

<u>Accounting policies applied from 1 July 2018</u>

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under MFRS 15.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead the Group and the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group and the Company make use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Impairment of assets *cont'd*

3.7.2 Financial assets *cont'd*

Accounting policies applied until 30 June 2018

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories.

Cost include all expenses incurred in bringing the inventories to their present location and condition.

Cost of inventories for raw materials are determined using first-in-first-out method. Cost of work in progress include direct materials and direct labours.

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

3.9 Cash and cash equivalents

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

Bank overdrafts are shown in current liabilities in the statements of financial position.

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

3.10 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 Company'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.

3.11 Leases

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 specific in an arrangement.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Leases *cont'd*

3.11.1 Finance leases

Leases, where the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

3.11.2 Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.12 Borrowing costs

All borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Equity and reserves

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

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

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

3.14 Revenue recognition

The Group is in the business of retail management, event management, financial solutions, distribution of information communication technology products, trading and assembling hydraulic automation system, components and automation design system solutions.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Revenue recognition *cont'd*

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

Rental of retail outlet and management services

The performance obligation of rental of retail outlet and management services 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 the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Provision of customised hydraulic mechanical and automation design solution

The performance obligation of provision of customised mechanical and automation design solutions are satisfied upon services rendered.

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 in 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.

3.14.1 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Employees benefits

3.15.1 Short-term employees benefits

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

3.15.2 Defined contribution 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").

3.15.3 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 recognsied 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 Company's financial statements.

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 Company 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.

3.16 Tax expenses

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.16 Tax expenses *cont'd*

3.16.1 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).

3.16.2 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.

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.

3.17 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% until 31 May 2018. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority on is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.18 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.

3.19 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.

3.20 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 2019
cont'd

4. PROPERTY, PLANT AND EQUIPMENT

	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
Group											
Cost											
At 1 April 2017	689	425	1,781	2,775	8,663	944	15	339	2,187	-	17,818
Additions	-	-	1,132	284	430	76	-	14	-	-	1,936
Disposals	-	(240)	(2,102)	(335)	(183)	-	-	-	-	-	(2,860)
Written off	-	-	-	(1,049)	(98)	-	(4)	-	(420)	-	(1,571)
Acquisition of a subsidiary	-	-	410	66	190	10	4	-	-	-	680
At 30 June 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
Accumulated depreciation											
At 1 April 2017	5	88	1,072	1,077	4,347	456	11	338	1,974	-	9,368
Charge for the financial period	23	10	376	377	1,579	95	1	1	80	-	2,542
Disposals	-	(48)	(740)	(161)	(76)	-	-	-	-	-	(1,025)
Written off	-	-	-	(379)	(44)	-	(2)	(2)	(336)	-	(763)
Acquisition of a subsidiary	-	-	14	6	21	1	-	-	-	-	42

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Freehold land and buildings RM'000	Long-term leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovations RM'000	Furniture and fittings RM'000	Signboard RM'000	Tools and equipment RM'000	Plant and machinery RM'000	Work in progress RM'000	Total RM'000
Group *cont'd*											
Accumulated depreciation *cont'd*											
At 30 June 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
Accumulated impairment											
At 1 April 2017	-	-	-	-	-	-	-	-	-	-	-
Impairment loss recognised	45	-	-	-	-	-	-	-	-	-	45
At 30 June 2018	45	-	-	-	-	-	-	-	-	-	45
Disposal	(45)	-	-	-	-	-	-	-	-	-	(45)
At 30 June 2019	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount											
At 30 June 2019	-	-	195	140	1,934	170	3	7,164	24	211	9,841
At 30 June 2018	616	135	499	821	3,175	478	5	16	49	-	5,794

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangement with carrying amount of Nil (2018: RM487,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

5. INVESTMENT PROPERTIES

Group	Freehold land and building RM'000	Long-term leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 April 2017	915	1,873	2,788
Disposal	-	(1,873)	(1,873)
Transfer to asset held for sale	(320)	-	(320)
At 30 June 2018	595	-	595
Disposal of a subsidiary	(595)	-	(595)
At 30 June 2019	-	-	-
Accumulated depreciation			
At 1 April 2017	204	-	204
Charge for the financial period	22	46	68
Disposal	-	(46)	(46)
Transfer to asset held sale	(64)	-	(64)
At 30 June 2018	162	-	162
Charge for the financial year	12	-	12
Disposal of a subsidiary	(174)	-	(174)
At 30 June 2019	-	-	-
Net carrying amount			
At 30 June 2019	-	-	-
At 30 June 2018	433	-	433

The market value of the investment properties in last financial period were estimated at approximately RM501,000. It was obtained from observable market information, determined by reference to similar industrial land and buildings which have been sold or are being offered for sale. No independent valuation by professional valuer has been performed on these investment properties.

(a) The following are recognised in profit or loss in respect of investment properties:-

	Group 2019 RM'000	Group 2018 RM'000
Direct operating expenses	16	18
Rental income	(43)	(52)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

5. INVESTMENT PROPERTIES *cont'd*

(b) The net carrying amount of investment properties of the Group have been pledged to secure banking facilities granted to the Group are as follows:-

	Group	
	2019	**2018**
	RM'000	**RM'000**
Freehold land and building	-	222

6. INTANGIBLE ASSETS

	Computer software RM'000
Group	
Cost	
At 1 April 2017	6,813
Written off	(2,017)
At 30 June 2018	4,796
Written off	(47)
At 30 June 2019	4,749
Accumulated amortisation	
At 1 April 2017	6,149
Charge for the financial period	630
Written off	(2,011)
At 30 June 2018	4,768
Charge for the financial year	8
Written off	(28)
At 30 June 2019	4,748
Accumulated impairment	
At 1 April 2017	-
Impairment losses recognised	19
At 30 June 2018	19
Written off	(19)
At 30 June 2019	-
Net carrying amount	
At 30 June 2019	1
At 30 June 2018	9

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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7. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
At cost		
Unquoted shares	21,599	27,865
Less: Accumulated impairment losses		
At beginning of the financial year/period	(23,865)	(12,225)
Impairment loss recognised	(852)	(11,640)
Reversal of impairment loss no longer required	6,778	-
At end of financial year/period	(17,939)	(23,865)
	3,660	4,000

Details of the subsidiaries which are all incorporated in Malaysia are as follows:-

Name of companies	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Macpie Equipment Sdn. Bhd. (formerly known as Tejari Engineering Sdn. Bhd.)	100	100	Renting of tools and equipment for stage design production
ICT Rewards and Services Sdn. Bhd.	100	100	Restaurant operator
ICT Utopia Sdn. Bhd.	100	100	Leasing premises and provision of management services
PC3 Technology Sdn. Bhd.	100	100	Money lending
PDA Expert Mobility Sdn. Bhd.	100	100	Trading and distribution of telecommunication products
Urusrasa Sdn. Bhd.	100	100	Operator of the car jockey services for Low Yat Plaza
Tejari Sdn. Bhd.	-	100	Designing, building and assembling of hydraulic automation system, component and activities
Macpie Media Sdn. Bhd. (formerly known as Sterpro Land. Bhd.)	100	100	Dormant
Macpie Entertainment Sdn. Bhd. (formerly known as Progress Work Sdn. Bhd.)	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

7. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries which are all incorporated in Malaysia are as follows (cont'd):-

Name of companies	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Macpie Pro Sdn. Bhd.	100	51*	Event management
Level Up Plus Sdn. Bhd.	51	-	Builders specialised in stage and event contractions
Subsidiary of PDA Expert Mobility Sdn. Bhd.			
Macpie Ticketing Sdn. Bhd. (formerly known as Popular Landmark Sdn. Bhd.)	100	100	Dormant
Subsidiary of ICT Rewards and Services Sdn. Bhd.			
TI Development Sdn. Bhd.	100	100^	Dormant

* *Owned by ICT Utopia Sdn. Bhd. in last financial period.*
^ *Owned by Macpie Berhad in last financial period.*

7.1 Non-controlling interests in subsidiaries

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

Group	2019 Level Up Plus Sdn. Bhd.	2018 Macpie Pro Sdn. Bhd.
Percentage of ownership interest and voting interest (%)	49	49
Carrying amount of non-controlling interests (RM'000)	39	(202)
Net loss allocated to non-controlling interests (RM'000)	459	147

7. INVESTMENT IN SUBSIDIARIES *cont'd*

7.1 Non-controlling interests in subsidiaries *cont'd*

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

	2019	2018
	Level Up Plus Sdn. Bhd.	**Macpie Pro Sdn. Bhd.**
	RM'000	**RM'000**
Financial position as at reporting date		
Non-current assets	61	638
Current assets	895	3,925
Non-current liabilities	-	(205)
Current liabilities	(891)	(4,768)
Net assets/(liabilities)	65	(410)
Summary of financial performance for the financial year/period		
Net loss/total comprehensive loss for the financial year/period	(936)	(300)
Summary of cash flows for the financial year/period		
Net cash outflows from operating activities	(110)	(2,038)
Net cash (outflows)/inflows from investing activities	(64)	3,987
Net cash inflows/(outflows) from financing activities	1,000	(8)
Net cash inflows	826	1,941

7.2 Acquisition and disposal of subsidiaries and non-controlling interests

(i) On 4 January 2019, 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, 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 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 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 TI Development Sdn. Bhd. for RM490 in cash, increasing its ownership from 51% to 100%.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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7. INVESTMENT IN SUBSIDIARIES *cont'd*

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

(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..

The fair values of the assets and liabilities acquired and the goodwill arising are as follows:-

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

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
Goodwill	(4)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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7. INVESTMENT IN SUBSIDIARIES *cont'd*

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

(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.

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	
	2019	2018
	RM'000	RM'000
At beginning of the financial year/period	2,667	2,667
Add: Acquisition through business combination	4	-
Less: Accumulated impairment loss	(1,571)	(1,571)
At end of the financial year/period	1,100	1,096

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30 JUNE 2019
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8. GOODWILL ON CONSOLIDATION *cont'd*

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

	Group	
	2019	2018
	RM'000	RM'000
Information, communication and technology ("ICT")	1,037	1,037
Event management	63	59
	1,100	1,096

During the financial year, the Directors reassessed the recoverable amounts of goodwill from information, communication and technology products and events management, cash generating unit ("CGU") and the recoverable amount is higher as compared with the carrying amount. Hence no impairment loss to be provided in current financial year.

The recoverable amount of the CGU 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 1% (2018: 1% to 10%) per annum; and

- The discount rate applied to the cash flows projections of ICT and event management of 10% to 11% (2018: 6%) 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	
	2019	2018
	RM'000	RM'000
Deferred tax assets		
At beginning of the financial year/period	-	-
Transferred from profit or loss (Note 25)	440	-
At end of the financial year/period	440	-
Deferred tax liabilities		
At beginning of the financial year/period	-	-
Transferred to profit or loss (Note 25)	320	-
At end of the financial year/period	320	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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	1 July RM'000	Recognised in profit or loss RM'000	30 June RM'000
2019			
Property, plant and equipment	-	(505)	(505)
Unutilised capital allowances	-	167	167
Contract assets	-	(1,303)	(1,303)
Contract liabilities	-	1,761	1,761
	-	120	120

10. TRADE RECEIVABLES

	Group 2019 RM'000	Group 2018 RM'000
Non-current asset		
Secured	12,307	14,258
Current asset		
Secured	5,060	4,200
Unsecured	9,405	7,802
	14,465	12,002
	26,772	26,260

Included in trade receivables of the Group is an amount of RM120,000 (2018: RM198,000) due from companies in which Directors have interest.

Trade receivables of RM9,405,000 (2018: RM7,802,000) are non-interest bearing and the normal credit terms are generally ranging from 7 to 90 (2018: 7 to 90) days.

Secured loan receivables of RM17,367,000 (2018: RM18,458,000) are with interest bearing at 6% (2018: 12%) per annum and repayable over 60 monthly installments.

On 1 January 2019, the Group has revised the interest rate and repayment terms of secured loan receivables. The interest rate has been revised from 12% to 6% per annum. The fixed monthly repayment amounts for all secured loan receivables which include principal portion and interest previously have been revised to pay only the interest portion on monthly basis and the whole principal amount of loan is to be paid on final payment of the loans.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

11. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Amount due from subsidiaries	63,283	79,867
Less: Accumulated impairment loss		
At beginning of year	(32,547)	(10,353)
Recognised during the financial year	(1,165)	(22,249)
Recovered	1,351	-
Written off	-	55
At end of year	(32,361)	(32,547)
	30,922	47,320
Represented by:-		
Non-current	18,146	-
Current	12,776	47,320
	30,922	47,320

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

12. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Raw materials	-	232
Finished goods	-	13
	-	245
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,874	3,211
Inventories written off	3	386

13. CONTRACT ASSETS AND LIABILITIES

	Group	
	2019	2018
	RM'000	RM'000
Contract assets	5,810	-
Contract liabilities	(7,871)	-

As at 30 June 2019, 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

14. OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	1,795	2,106	1,440	1,439
Deposits	3,139	9,135	-	5
Prepayments	45	1,342	-	-
GST receivable	135	141	-	-
	5,114	12,724	1,440	1,444

Included in other receivables of the Group and of the Company are amount of RM1,440,000 (2018: RM1,440,000) and RM1,439,000 (2018: RM1,439,000) due from companies in which Directors have interest.

15. SHORT TERM DEPOSITS WITH LICENSED BANKS

The interest rates of short term deposits with licensed banks of the Group and of the Company are range from Nil (2018: 2.18% and 3.15%) per annum respectively with maturity range from Nil (2018: 4 to 365 days).

Included in the short term deposits of the Group is an amount of Nil (2018: RM337,000) which has been pledged to a licensed bank as securities for credit facilities granted to subsidiary companies as disclosed in Note 22.

16. ASSETS HELD FOR SALE

	2019	**2018**
	RM'000	**RM'000**
Freehold land and building	256	256
Leasehold land and buildings	-	1,470
	256	1,726

On 23 April 2018, the Group entered into sale and purchase agreement with a third party for the disposal of freehold land and building located at No. 46, Jalan Seri Damai 1, Taman Seri Damai, 43000 Kajang, Selangor at total cash consideration of RM360,000.

The disposal of freehold land and building are expected to be completed by the next financial year ended and expected to result a gain on disposal of RM104,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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17. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019	2018	2019	2018
	Unit'000	Unit'000	RM'000	RM'000
Group and Company				
Issued and fully paid:-				
At beginning of the financial year/period	321,295	279,295	46,931	38,531
Issuance of new ordinary shares	32,000	-	4,045	-
Realisation of employee share option scheme ("ESOS") reserve	-	-	-	2,100
Exercise of ESOS	-	42,000	-	6,300
At end of the financial year/period	353,295	321,295	50,976	46,931

18. RESERVES

		Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
ESOS reserve	(a)	-	-	-	-
Warrant reserve	(b)	8,401	8,401	8,401	8,401
Distributable					
Accumulated losses		(10,364)	(7,051)	(14,059)	(7,866)
		(1,963)	1,350	(5,658)	535

(a) ESOS reserve

	Group	
	2019	2018
	RM'000	RM'000
At beginning of the financial year/period	-	-
Grant of ESOS	-	2,100
Realisation of ESOS reserve	-	(2,100)
At end of the financial year/period	-	-

Employees share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry of exercise of the share options. The details of ESOS is disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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18. RESERVES *cont'd*

(b) 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 reporting period, there was a total of 78,754,500 (2018: 78,754,500) unexercised warrants.

19. FINANCE LEASE LIABILITIES

	Group	
	2019	2018
	RM'000	RM'000
Finance lease liabilities		
- less than 1 year	-	137
- more than 1 year but less than 2 years	-	311
- more than 2 years but less than 5 years	-	40
	-	488
Less: Future finance charges	-	(45)
	-	443
Present value of finance lease liabilities		
- less than 1 year	-	117
- more than 1 year but less than 2 years	-	286
- more than 2 years but less than 5 years	-	40
	-	326
	-	443

On 30 June 2018, the finance lease liabilities bear interest rates ranging 2.39% to 4.17% per annum.

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20. TRADE PAYABLES

The normal trade credit terms granted by the trade payables range from 7 to 90 (2018: 7 to 120) days.

Included in trade payables of the Group is an amount of RM122,000 (2018: NIL) due from companies in which Director have interest.

21. OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other payables	462	2,620	22	22
Accruals	492	395	92	-
Deposits received	1,206	1,448	-	87
	2,160	4,463	114	109

Included in other payables of the Group is an amount of RM28,600 (2018: RM17,000) due from companies in which Directors have interest.

22. BANK OVERDRAFT

	Group	
	2019	2018
	RM'000	RM'000
<u>Secured</u>		
Bank overdraft	-	504

On 30 June 2018, bank overdraft obtained from local bank bear interest rate of 8.6% per annum.

Bank overdraft of the Group was secured by:-

(i) Corporate guarantee by the Company;
(ii) Short term deposits with a licensed bank; and
(iii) Charge over the Group's investment properties as disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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23. REVENUE

23.1 Disaggregated revenue information

	Group	
	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018
	RM'000	RM'000
Types of income		
- Sales of goods	54,043	35,189
- Services rendered	22,660	932
- Rental income	7,006	13,353
- Interest income	1,890	700
	85,599	50,174
Timing of revenue recognition		
- At a point in time	85,599	50,174

23.2 Performance obligations

The performance obligations represent sales of goods which are satisfied upon delivery of goods to the customers and rendering of services at a point in time.

The remaining performance obligation which is represented by the amount of contract liabilities in Note 13 to the Financial Statements are expected to be recognised within one year.

24. LOSS BEFORE TAX

Loss before tax is determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Audit fees				
- statutory audit	137	109	40	36
- non statutory audit	45	5	9	5
Rental of machinery and equipment	929	11	-	-
Rental of booth	-	64	-	-
Rental of premises	8,616	10,480	-	-
Rental of accommodation	-	21	-	-
Rental of warehouse	-	10	-	-
Rental of office	109	41	-	-

NOTES TO THE FINANCIAL STATEMENTS

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25. TAX EXPENSES

	Group		Company	
	1.7.2018 to 30.6.2019	**1.4.2017 to 30.6.2018**	**1.7.2018 to 30.6.2019**	**1.4.2017 to 30.6.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax:				
- Current year	1,077	78	-	-
- Under/(Over) provision in prior periods	53	(25)	-	-
Deferred tax:				
- Current year	(123)	-	-	-
- Under provision in prior periods	3	-	-	-
	1,010	53	-	-
Real property gain tax	-	8	-	-
	1,010	61	-	-

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% (2018: 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	
	1.7.2018 to 30.6.2019	**1.4.2017 to 30.6.2018**	**1.7.2018 to 30.6.2019**	**1.4.2017 to 30.6.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss before tax	(2,555)	(8,905)	(6,193)	(35,513)
Tax at 24%	(613)	(2,137)	(1,486)	(8,523)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	4,687	1,804	1,068	8,239
Income not subject to tax	(3,144)	(136)	(19)	-
Movement of deferred tax assets not recognised	24	547	437	284
Under/(over) provision of tax expense in prior years	56	(25)	-	-
Real property gain tax	-	8	-	-
Tax at effective tax rate	1,010	61	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
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25. TAX EXPENSES *cont'd*

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Tax base in excess of the carrying amounts of qualifying property, plant and equipment	(28)	(347)	-	-
Unabsorbed business losses	15,924	13,354	4,875	3,060
Unutilised capital allowances	6,988	9,849	3	-
	22,884	22,856	4,878	3,060

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.

26. 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	
	2019	2018
Net loss attributable to owners of the Company (RM'000)	2,766	8,819
Weighted average number of ordinary shares ('000)	323,387	294,778
Basic losses per ordinary share (sen)	(0.85)	(2.99)

(b) Diluted

Diluted losses 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.

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30 JUNE 2019
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27. EMPLOYEES SHARE OPTIONS

27.1 Employees Share Options Scheme ("ESOS")

At an extraordinary general meeting held on 27 November 2013, the Company's shareholders approve the establishment of an ESOS for eligible employees of the Group.

Movement in the number of share options and the exercise prices are as follows:-

	Group and Company	
	Number of share option	
	2019	2018
	Unit'000	Unit'000
At beginning of the financial year/period	-	-
Granted during the financial year/period	-	42,000
Exercise during the financial year/period	-	(42,000)
At end of the financial year/period	-	-
Exercise price	-	RM0.15

The fair value of share options granted to eligible employees, was determined using Black Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:-

	Group and Company	
	Number of share option	
	2019	2018
Fair value of the share options at grant date on Nil (2018: 25 July 2017)	-	0.05
Exercise price (RM)	-	0.15
Share price of the Company at grant date (RM)	-	0.17
Volatility (%)	-	46.29%
Option life (years)	-	5
Risk-free interest rate (%)	-	3.589%

The share options expenses of Nil (2018: RM2,100,000) is not recognised in the profit or loss of the Company as it has been recharged to the subsidiaries benefiting from the services of the employees. Total expenses recognise in profit or loss for share options granted to employees is disclosed in Note 28.

This ESOS was terminated on 29 November 2018 with the approval obtained from the Company's shareholders.

27.2 New Employees Share Option Scheme ("New ESOS")

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

NOTES TO THE FINANCIAL STATEMENTS

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27. EMPLOYEES SHARE OPTIONS *cont'd*

27.2 New Employees Share Option Scheme ("New ESOS") *cont'd*

The salient features of the New 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 New 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 New 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 New 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 New ESOS within 1 year from the date of offer;

(g) The option price of a new ordinary share under the New ESOS shall be the weighted average price of the shares for the five Market Days immediately preceeding 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 2019, there was no option offered to take up unissued ordinary share of the Company.

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30 JUNE 2019
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28. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration	1,271	1,258	872	998
Directors' fee	518	516	295	320
Salaries and other emoluments	3,903	2,709	884	209
Defined contribution plan	467	439	112	31
Social security contributions	45	50	7	5
Share options granted under ESOS	-	2,100	-	-
Other benefits	165	262	27	21
	6,369	7,334	2,197	1,584

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

	Group		Company	
	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Executive Directors:-				
Fees	367	358	144	162
Salaries and other emoluments	1,055	1,046	724	891
Defined contribution plan	149	123	108	104
Social security contributions	5	4	3	3
Other benefits	62	85	37	-
	1,638	1,616	1,016	1,160
Non-Executive Directors:-				
Fees	151	158	151	158
Key management personnels:-				
Salaries and other emoluments	239	17	239	17
Defined contribution plan	30	-	30	-
Social security contributions	1	-	1	-
	270	17	270	17
Total	2,059	1,791	1,437	1,335

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29. RELATED PARTY DISCLOSURES

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

	Group		Company	
	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018	1.7.2018 to 30.6.2019	1.4.2017 to 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Management and consultation fee charged to subsidiaries	-	-	1,777	533
Gain on disposal of a subsidiary	-	-	1	-
Sales from related parties*	5,621	-	-	-
Rental charged to related parties*	-	131	-	-
Transportation charged by related party*	155	-	-	-
Rental charged by related party*	8	-	-	-
Ticketing management fee charged by related party*	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 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 28 to the Financial Statements.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 10, 14, 20 and 21 to the Financial Statements.

30. OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases as at reporting date are as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Not later than one year	3,140	7,951
Later than one year but not later than two years	8	-
	3,148	7,951

Operating lease commitments represent rental payables for the rent of retail outlets. These leases are negotiated for a term of 2 to 3 years with renewal option.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
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31. 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) Hydraulic

- Designing, building and assembling of hydraulic automation system, components and activities thereof for industrial applications;
- Research, development and manufacturer of electro hydraulic automation system; and
- Provision of customised mechanical and automation design solution.

(v) 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.

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 2019
cont'd

31. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

	Note	ICT RM'000	Event Management RM'000	Retail Management RM'000	Hydraulic RM'000	Financial Solutions RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2019									
Revenue:-									
External revenue		49,635	16,674	12,286	4,545	1,890	569	-	85,599
Inter-segment revenue	(i)	-	456	-	-	-	-	(456)	-
		49,635	17,130	12,286	4,545	1,890	569	(456)	85,599
Results:-									
Interest income		-	30	-	10	-	79	-	119
Finance costs		-	-	-	(49)	-	-	-	(49)
Depreciation of property, plant and equipment		(2)	(252)	(897)	(88)	(81)	(132)	-	(1,452)
Depreciation of 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	(19,977)	255
- expenses	(ii)	(1)	-	(1,099)	(2,885)	(1,151)	(8,441)	9,000	(4,577)
Segment profit/(loss)	(iii)	176	1,099	12,095	980	1,781	(7,039)	(11,717)	(2,625)
Assets:-									
Additions to non-current assets	(iv)	-	7,809	19	1	14	-	(1)	7,842
Segment assets	(v)	6,107	20,738	7,489	2,731	18,351	47,322	(38,329)	64,409
Liabilities:-									
Segment liabilities	(vi)	4,717	19,616	21,601	1,106	15,224	12,460	(59,367)	15,357

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

31. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

	Note	ICT RM'000	Event Management RM'000	Retail Management RM'000	Hydraulic RM'000	Financial Solutions RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2018									
Revenue:-									
External revenue		29,404	-	13,354	5,160	700	1,556	-	50,174
Inter-segment revenue	(i)	-	-	22	-	-	-	(22)	-
		29,404	-	13,376	5,160	700	1,556	(22)	50,174
Results:-									
Interest income		3	-	-	13	4	45	-	65
Finance costs		-	(4)	(1)	(64)	(13)	-	-	(82)
Depreciation of property, plant and equipment		(186)	(35)	(1,561)	(247)	(180)	(333)	-	(2,542)
Depreciation of investment properties		(46)	-	-	(15)	(7)	-	-	(68)
Amortisation of intangible assets		(433)	(12)	(171)	-	-	(14)	-	(630)
Tax (expense)/income		(34)	(2)	-	13	8	(46)	-	(61)
Other non-cash									
- income	(ii)	(436)	-	-	49	423	11	36	83
- expenses	(ii)	(216)	(1)	(25)	(429)	(2,543)	(34,705)	33,889	(4,030)
Segment loss	(iii)	(902)	(497)	(1,641)	(1,093)	(2,187)	(2,568)	-	(8,888)
Assets:-									
Additions to non-current assets	(iv)	1,132	33	377	19	375	-	-	1,936
Segment assets	(v)	14,465	11,349	14,028	3,859	21,097	57,094	(63,840)	58,052
Liabilities:-									
Segment liabilities	(vi)	13,254	11,545	40,239	5,159	19,549	19,315	(99,088)	9,973

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

31. 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:-

	2019 RM'000	2018 RM'000
Income		
Gain on disposal of property, plant and equipment	(213)	(3)
Gain on disposal of investment properties	-	(33)
Gain on winding up of a subsidiary	-	(36)
Gain on disposal of assets held for sale	(42)	-
Gain on disposal of subsidiaries	-	(11)
	(255)	(83)
Expenses		
Impairment loss on trade receivables	189	-
Impairment loss on property, plant and equipment	-	45
Impairment losses on intangible assets	-	19
Intangible assets written off	-	6
Inventories written off	3	386
Property, plant and equipment written off	1,085	808
Fair value adjustment on trade receivables	1,151	2,542
Bad debts written off	514	37
Deposits written off	10	187
Loss on disposal of a subsidiary	1,625	-
	4,577	4,030

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

	2019 RM'000	2018 RM'000
Segment loss	(2,625)	(8,888)
Interest income	119	65
Finance costs	(49)	(82)
Tax expense	(1,010)	(61)
Net loss for the financial year/period	(3,565)	(8,966)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

31. 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:-

	2019 RM'000	2018 RM'000
Property, plant and equipment	7,842	1,936

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

	2019 RM'000	2018 RM'000
Investment in subsidiaries	(3,661)	(4,001)
Realisation of gain on disposal of property, plant and equipment to third party	(28)	-
Elimination of gain on disposal of property, plant and equipment to related company	-	(234)
Goodwill arising from consolidation	1,100	1,096
Inter-segment balances	(33,009)	(60,701)
Derecognition of disposed segmental assets	(2,731)	-
	(38,329)	(63,840)

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

	2019 RM'000	2018 RM'000
Inter-segment balances	(58,261)	(99,088)
Derecognition of disposed segmental liabilities	(1,106)	-
	(59,367)	(99,088)

(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 three (2018: three) customers amounted to RM39,144,000 (2018: RM31,496,000) or 46% (2018: 63%) of the Group's revenue arising from ICT, retail management and financial solutions segments.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

31. OPERATING SEGMENT *cont'd*

(c) Major customers *cont'd*

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

	Revenue		
	2019	**2018**	**Segments**
	RM'000	**RM'000**	
- Customer A	-	12,055	ICT, retail management and financial solutions
- Customer B	14,214	7,764	ICT, retail management and financial solutions
- Customer C	11,828	11,677	ICT, retail management and financial solutions
- Customer D	13,102	-	ICT, retail management and financial solutions

32. FINANCIAL INSTRUMENTS

32.1 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 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 2019
cont'd

32. FINANCIAL INSTRUMENTS *cont'd*

32.1 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 trade receivables are limited to the carrying amounts as stated in the statements of financial position. Collateral is consider 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 pieces of land and the fair value of the properties approximately RM14,200,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

32. FINANCIAL INSTRUMENTS *cont'd*

32.1 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	Expected credit loss
	%	RM'000	RM'000
2019			
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	*
		26,772	*
Contract assets	-	5,810	*

* *The Group assessed its expected credit losses to be immaterial.*

The ageing analysis of the Group's trade receivables is as follows:-

	Gross	Individually impaired	Net
	RM'000	RM'000	RM'000
2018			
Not past due	21,107	-	21,107
Past due 1 to 30 days	227	-	227
Past due 31 to 60 days	2,005	-	2,005
Past due 61 to 90 days	2,380	-	2,380
Past due 91 to 120 days	85	-	85
More than 120 days	456	-	456
	26,260	-	26,260

As at 30 June 2018, trade receivables of RM5,153,000 that are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at the reporting date, approximately 87% (2018: 92%) of trade receivables was due from five (2018: five) major customers.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

32. FINANCIAL INSTRUMENTS *cont'd*

32.1 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):-

ii. Intercompanies balances

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

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 and bank facilities 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:-

			Maturity	
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
2019				
Unsecured:-				
Trade payables	4,074	4,074	4,074	-
Other payables	2,160	2,160	2,160	-
	6,234	6,234	6,234	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

32. FINANCIAL INSTRUMENTS *cont'd*

32.1 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):-

(b) Liquidity risk *cont'd*

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow (cont'd):-

	Carrying amount RM'000	Contractual cash flows RM'000	Maturity: Less than 1 year RM'000	Maturity: Between 1 to 5 years RM'000
Group *cont'd*				
2018				
Secured:-				
Finance lease liabilities	443	488	137	351
Bank overdraft	504	504	504	-
	947	992	641	351
Unsecured:-				
Trade payables	4,509	4,509	4,509	-
Other payables	4,463	4,463	4,463	-
	8,972	8,972	8,972	-
	9,919	9,964	9,613	351

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
cont'd

32. FINANCIAL INSTRUMENTS *cont'd*

32.1 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 *cont'd*

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	
	2019	**2018**
	RM'000	**RM'000**
Fixed rate instruments		
Trade receivables	17,367	18,458
Short term deposits with licensed banks	-	1,561
Finance lease liabilities	-	(443)
	17,367	19,576
Floating rate instrument		
Bank overdraft	-	(504)

Fair values sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and 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.

Cash flow sensitivity analysis for floating rate instruments

As at the reporting date, the management of the Company determined the effects of sensitivity of the Company's net loss for the financial year/period to a reasonable possible change in interest rates to be immaterial.

32.2 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.

32.3 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 2019
cont'd

33. 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 shareholder, 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 shareholder, return capital to shareholder or issue new shares.

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

34. COMPARATIVE INFORMATION

(i) The comparative information is from 1 April 2017 to 30 June 2018. Consequently, the comparative information for the Group's and the Company's statements of profit or loss and other comprehensive income, statements of cash flows, statements of changes in equity and related notes are not comparable.

(ii) The comparative figures are audited by another firm of Chartered Accountants other than Grant Thornton Malaysia.

LIST OF PROPERTIES

AS AT 30 JUNE 2019

Description	Existing Use	Address	Tenure	Date of Acquisition	Approximate Age of Building	Net Book Value RM
Land & Build up - approximately 1,980 Sq.Feet	Residential Building	No. 46 Jalan Seri Damai 1, 43000 Kajang, Selangor Darul Ehsan	Freehold Building	30 March 2009	29 years	255,467
Total						**255,467**

ANALYSIS OF SHAREHOLDINGS

AS AT 4 OCTOBER 2019

Total Number of issued shares	:	353,294,982
Issued & Paid-up Share Capital	:	RM50,976,626
Type of Shares	:	Ordinary Shares
No. of Shareholders	:	2,704
Voting Rights	:	One vote for every share

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	234	8.6538	9,435	0.0026
100 – 1,000	319	11.7973	133,973	0.0379
1,001 – 10,000	900	33.2840	4,376,826	1.2388
10,001 – 100,000	1,044	38.6095	35,465,300	10.0384
100,001 – 17,664,748 (*)	205	7.5814	141,909,534	40.1674
17,664,748 AND ABOVE (**)	2	0.0740	171,399,914	48.5146
TOTAL	**2,704**	**100.00**	**353,294,982**	**100.00**

Remark:

* - Less than 5% of issued shares
** - 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	SEG CAPITAL INTELLIGENCE SDN BHD	86,714,400	24.5445
2	OPEN ADVENTURE TECHNOLOGIES SDN BHD	84,685,514	23.9702
3	TECHASIA BOUTIQUE SDN BHD	16,571,300	4.6905
4	TAN SAR LEE	15,413,100	4.3627
5	CHONG LOONG MEN	14,107,000	3.9930
6	GERARD DARRYL CHONG	10,239,000	2.8981
7	VIJAYA KUMAR A/L THANGAVELU	6,000,000	1.6983
8	LIM ENG CHAI	3,719,000	1.0527
9	ENG MOK HOCK	3,547,500	1.0041
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHEW CHEONG BER (M02)*	3,000,000	0.8491
11	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG YUN CHEUN*	2,621,500	0.7420
12	SOO SIEW SENG	2,500,500	0.7078
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (CEB)*	2,025,000	0.5732
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)*	2,000,000	0.5661
15	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR TOH BOON HSING*	1,808,300	0.5118
16	SEIK THYE KONG	1,731,300	0.4900
17	LEONG KAM SENG	1,630,300	0.4615

ANALYSIS OF SHAREHOLDINGS

AS AT 4 OCTOBER 2019
cont'd

LIST OF TOP 30 SHAREHOLDERS *cont'd*

NO.	NAME	HOLDINGS	%
18	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR BOBBY ANG E WAY*	1,468,600	0.4157
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW GEE TEONG (MY2735)*	1,241,000	0.3513
20	HENG DING DING	1,105,000	0.3128
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD *YIP CHEE HONG*	1,105,000	0.3128
22	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR NEO SOON KIAN*	1,044,400	0.2956
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR MURALITHARAN A/L P.SUBRAMANIAM (PB)*	1,000,000	0.2830
24	HENG DING DING	995,000	0.2816
25	CHEN SIEW LEE	831,400	0.2353
26	LEE SOK HOON	800,000	0.2264
27	KHOR LEONG KEE	750,000	0.2123
28	LIM CHEE CHENG	750,000	0.2123
29	LIM CHEE SING	750,000	0.2123
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG SWEE CHING (E-KLG/KAP)*	750,000	0.2123
	TOTAL:	**270,904,114**	**76.6793**

ANALYSIS OF SHAREHOLDINGS
AS AT 4 OCTOBER 2019
cont'd

DIRECTORS' SHAREHOLDERS
as per the register pf Directors' Shareholdings as at 4 Oct 2019

		NO. OF ORDINARY SHARES			
		DIRECT INTEREST	%	DEEMED INTEREST	%
1	Lim Peng Tong	-	-	-	-
2	Ng Chee Heng	-	-	86,714,400(N1)	24.5445
3	Leong Seng Wui	-	-	84,685,514(N2)	23.9702
4	Kenny Khow Chuan Wah	-	-	-	-
5	Lionel Vernon Yong Nguon Kee	-	-	-	-
6	Chong Ching Wai	-	-	-	-
7	Woon Sing Jiunn	-	-	-	-

Notes:

(N1) Deemed Interested by virture of Section 8 of the Companies Act 2016 held through SEG Capital Intelligence Sdn. Bhd.

(N2) Deemed Interested by virture of Section 8 of the Companies Act 2016 held through Open Adventure Technologies Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS
(excluding bare trustees) according to the Register of Substantial Shareholders as at 4 Oct 2019

		NO. OF ORDINARY SHARES			
		DIRECT INTEREST	%	DEEMED INTEREST	%
1	SEG Capital Intelligence Sdn Bhd	86,714,400	24.5445	-	-
2	Open Adventure Technologies Sdn Bhd	84,685,514	23.9702	-	-
3	Ng Chee Heng	-	-	86,714,400(N1)	24.5445
4	Leong Seng Wui	-	-	84,685,514(N2)	23.9702
5	Leong Seng Hoong	-	-	84,685,514(N2)	23.9702

Notes:

(N1) Deemed Interested by virture of Section 8 of the Companies Act 2016 held through SEG Capital Intelligence Sdn. Bhd.

(N2) Deemed Interested by virture of Section 8 of the Companies Act 2016 held through Open Adventure Technologies Sdn. Bhd.

ANALYSIS OF WARRANT HOLDINGS
AS AT 4 OCTOBER 2019

Number of outstanting 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 yhe registered holder during the Exercise subscribe for one new ordinary share at exercise price
Number of warrant holders as at 4 Oct 2019	:	1,103

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	151	13.6899	3,714	0.0047
100 – 1,000	56	5.0771	25,902	0.0328
1,001 – 10,000	270	24.4787	1,300,950	1.6519
10,001 – 100,000	485	43.9710	18,132,120	23.0235
100,001 – 3,937,724 (*)	139	12.6020	44,124,314	56.0276
3,937,725 – AND ABOVE (**)	2	0.1813	15,167,500	19.2592
TOTAL	**1,103**	**100.00**	**78,754,500**	**100.00**

Remark:

* - Less than 5% of issued shares
** - 5% and above of issued shares

LIST OF TOP 30 WARRANTHOLDERS

NO.	NAME	HOLDINGS	%
1	LIM BEE WAN	10,451,800	13.2714
2	PANG LOK MENG @ PANG HUN YET	4,715,700	5.9878
3	NG SOOK KIN	2,259,000	2.8684
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG LOK MENG @ PANG HUN YET*	1,510,000	1.9174
5	LAILA BINTI ISMAIL	1,500,000	1.9047
6	SOO KAU MOI	1,425,675	1.8103
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG PONG LEN (E-TMM)*	1,272,500	1.6158
8	LEE CHOON TENG	1,087,100	1.3804
9	CHONG CHEE KWONG	850,000	1.0793
10	NG JIN THONG	813,400	1.0328
11	SU PING SOON	770,000	0.9777
12	LIEW LOO CHON	700,000	0.8888
13	TAM CHENG	700,000	0.8888
14	TEH KANG HAI	685,000	0.8698
15	LEE SWEE WOH	650,000	0.8253

ANALYSIS OF WARRANT HOLDINGS

AS AT 4 OCTOBER 2019
cont'd

LIST OF TOP 30 WARRANTHOLDERS *cont'd*

NO.	NAME	HOLDINGS	%
16	YEUNG KIN SING	644,250	0.8180
17	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN SOON POH*	625,000	0.7936
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAU KWONG LOONG (8082802)*	602,500	0.7650
19	LYNCHER WUNG WEI FONG	600,000	0.7619
20	TAN KOK KEAT	600,000	0.7619
21	VIKKI AU WEN-CHI	600,000	0.7619
22	TSE MING YEE	563,750	0.7158
23	MOHD IKRAM BIN ABDULLAH	549,100	0.6972
24	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG TECK WU (ET)*	530,000	0.6730
25	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOO YEE (STA 1)	510,000	0.6476
26	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG BOON TONG*	500,000	0.6349
27	LIM CHEE SING	462,500	0.5873
28	LIM CHENG TEN	461,100	0.5855
29	YEE TECK CHOON	407,600	0.5176
30	CHONG J.REN	400,000	0.5079
TOTAL:		**37,445,975**	**47.5477**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting ("AGM") of Macpie Berhad (Formerly known as Sterling Progress Berhad) ("the Company") will be held at Greens III, Sport Wing, Level 1, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 November 2019 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of Directors and Auditors thereon. **Please refer to Note 7**

2. To re-elect Mr. Lionel Vernon Yong Nguon Kee, a Director who retires by rotation in accordance with Article 85 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 1**

3. To re-elect Mr. Lim Peng Tong, a Director who retires by rotation in accordance with Article 85 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 2**

4. To re-elect Ms. Woon Sing Jiunn, a Director who retires in accordance with Article 92 of the Company's Constitution and who, being eligible, offers herself for re-election. **Resolution 3**

5. To approve the payment of Directors' Fees up to the amount of not exceeding RM350,000.00 for the financial year ending 30 June 2020. **Resolution 4**

6. To approve the payment of Directors' Benefits up to the amount of not exceeding RM100,000.00 for the period from 30 November 2019 until the conclusion of the next AGM of the Company. **Resolution 5**

7. 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. **Resolution 6**

Special Business

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary/Special Resolutions:

8. **AUTHORITY TO ISSUE SHARES** **Resolution 7**

   "THAT, subject to the approvals of the regulatory authorities, the Board of 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 10% 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

9. **PROPOSED ALTERATION OR AMENDMENT OF THE CONSTITUTION OF THE COMPANY** **Special Resolution 1**

   "THAT approval be hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect.

   AND THAT the Board of Directors of the Company be hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. 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.

FUTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 14th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 21 November 2019. Only a depositor whose name appears on the Record of Depositors as at 21 November 2019 shall be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

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

Penang
Date: 31 October 2019

NOTES ON APPOINTMENT OF PROXY

1. *A proxy may but need not be a member of the Company.*

2. *A member shall be entitled to appoint more than one proxy to attend and to vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be presented by each proxy.*

3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *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.*

5. *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 in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.*

6. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to vote by poll.*

NOTICE OF
ANNUAL GENERAL MEETING
cont'd

NOTES ON ORDINARY BUSINESS

7. *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.*

8. *The Resolution 5, 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 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

9. *The Resolution 7, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% 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.*

   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 placing of shares for the purpose of funding future investment, working capital and/or acquisition.

   As at the date of this notice, a total of 32,000,000 ordinary shares were issued and allotted pursuant to the general mandate granted at the last AGM of the Company. The total proceeds of RM4,044,800.00 had been utilized by the Group for working capital requirements as well as to defray the expenses relating to the placement of shares.

10. *The Special Resolution 1, if passed, will enable the Directors to amend the existing Memorandum & Articles of Association (Constitution) of the Company to be in line with the Companies Act 2016, changes made to the ACE Market Listing Requirements of Bursa Securities as well as for better clarity and to enhance administrative efficiency.*

    In view of substantial amount of the proposed amendments to the Constitution, the Directors proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the proposed amendments (New Constitution) as set out in Appendix A.

ANNUAL REPORT

11. *The Annual Report for the financial year ended 30 June 2019 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within 4 market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.macpieberhad.com.*

    Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact AGRITEUM Share Registration Services Sdn Bhd at telephone no. 04-228 2321 or email your request to agriteumshareg@gmail.com.

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 14th Annual General Meeting ("AGM") of the Company.

2) The profiles of the directors who are standing for re-election as in Agenda 2, 3 and 4 of the Notice of the 14th 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 4th October 2019 are set out in the Analysis of Shareholdings section of this Annual Report.

4) The Resolution 7 tabled under Special Business as per the Notice of 14th AGM of the Company dated 31 October 2019 is a renewal of general mandate granted by shareholders of the Company at the last AGM held on 29 November 2018.

   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, a total of 32,000,000 ordinary shares were issued and allotted pursuant to the general mandate granted at the last AGM of the Company. The total proceeds of RM4,044,800.00 had been utilized by the Group for working capital requirements as well as to defray the expenses relating to the placement of shares.

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MACPIE BERHAD

PROXY FORM

MACPIE BERHAD
(Formerly known as Sterling Progress Berhad)
(Registration No. 200501002315 (679361-D))
(Incorporated in Malaysia)

CDS account no.	
No. of shares held	

* 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./Company 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 14th Annual General Meeting ("AGM") of the Company to be held at Greens III, Sport Wing, Level 1, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 November 2019 at 10.30 a.m. and at any adjournment thereof.

NO.	**ORDINARY RESOLUTIONS**	**IN FAVOUR**	**AGAINST**
1	To re-elect Mr. Lionel Vernon Yong Nguon Kee as a director of the Company		
2	To re-elect Mr. Lim Peng Tong as a director of the Company		
3	To re-elect Ms. Woon Sing Jiunn as a director of the Company		
4	To approve the payment of directors' fees		
5	To approve the payment of directors' benefits		
6	To re-appoint Messrs. Grant Thornton Malaysia as auditors of the Company		
7	To authorize the Directors to allot and issue new shares		
NO.	**SPECIAL RESOLUTION**		
1	Proposed Alteration or Amendment of the Constitution		

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 ____________________ 2019

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

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

Notes:

1. *A proxy may but need not be a member of the Company.*
2. *A member shall be entitled to appoint more than one proxy to attend and to vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be presented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *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.*
5. *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 in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.*
6. *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 21 November 2019. Only depositors whose name appears on the Record of Depositors as at 21 November 2019 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.*
7. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolution set out in the notice of AGM will be put to vote by poll.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

MACPIE BERHAD 200501002315 (679361-D)
(Formerly known as Sterling Progress Berhad)
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

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WWW.MACPIEBERHAD.COM

MACPIE BERHAD 200501002315 (679361-D)
(Formerly known as Sterling Progress Berhad)

CORPORATE OFFICE
Unit 23-1, Q Sentral, Jalan Stesen, Sentral 2, KL Sentral, 50470 Kuala Lumpur
TEL: +603 2732 5177