METRONIC

Metronic Global Berhad

200301029648 (632068-V)

ANNUAL REPORT 2020

METRONIC

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200301029648 (632068-V)

17th ANNUAL GENERAL MEETING

Broadcast Venue
No. 2, Jalan Astaka U8/83,
Seksyen U8, Bukit Jelutong,
40150 Shah Alam,
Selangor

Friday, 27 November 2020

10.30 a.m.

WHAT'S INSIDE

VISION

To be an internationally recognized leading engineering and technology total solution provider.

MISSION

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

CORPORATE PROFILE

Metronic Global Berhad ("The Company'' or "MGB'') was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities'') on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiaries of the Company specialise in system integration of intelligent building management systems ("IBMS'') and integrated security management system ("ISMS''), e-project management ("e-PM'') of mechanical and electrical service. One of the subsidiary was previously involved in the provision of online administration service for the healthcare sector. Fundamental to this success is the mission of the Company and its subsidiaries ("the Group'' or "MGB Group'') to continually exceed customers' increasing expectations. The MGB Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

The Evolution of the MGB Group

The origin of the MGB Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical service and supply of engineering systems. MESB carries products by principals such as TAC Controls Pte Ltd and Honeywell Integrated Security, USA which are amongst the world's leading companies in IBMS and ISMS.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.

Over the years, the Group has strengthened its position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

In a move to diversify and complement its existing core business, in 2008, the Group via Metronic iCares Sdn Bhd ("Micares") ventured into Third Party Administration and Managed Care Organisation businesses for the healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet. In the year 2013, the Group has disposed off the ICT Support Services Division. The disposal of Micares provides an opportunity for the Group to realize its investment at an attractive return, generate funds for working capital and investment in other potential businesses and repayment of borrowings. The rationale for disposal is also due to the financial and business prospect is uncertain with the recent consolidation within the insurance industry and the various mergers and acquisition of some of Micares' major clients which may affect Micares' business.

For geographical expansion, MGB Group has established its presence in China, India, Vietnam and Middle East countries. However as of todate, the Group has ceased all the overseas operations to focus and deploy resources towards malaysia operation.

Certifications and Recognitions

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' ZAIDI BIN MAT ISA @ HASHIM
Independent Non-Executive Chairman

HOO WAI KEONG
Executive Director cum Chief Executive Officer

DORIS WONG SING EE
Executive Director

DATO' KUA KHAI SHYUAN
Non-Independent Non-Executive Director

MUHAMMAD FALIQ BIN MOHD REDZUAN
Independent Non-Executive Director

ONG TEE KEIN
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman:
Ong Tee Kein

Member:
- **Dato' Zaidi bin Mat Isa @ Hashim**
- **Dato' Kua Khai Shyuan**

NOMINATION COMMITTEE

Chairman:
Dato' Zaidi bin Mat Isa @ Hashim

Member:
- **Ong Tee Kein**
- **Dato' Kua Khai Shyuan**

REMUNERATION COMMITTEE

Chairman:
Dato' Zaidi bin Mat Isa @ Hashim

Member:
- **Ong Tee Kein**
- **Dato' Kua Khai Shyuan**

EMPLOYEES SHARE OPTION SCHEME COMMITTEE

Chairman:
Dato' Kua Khai Shyuan

Member:
- **Hoo Wai Keong**

COMPANY SECRETARIES

TAN TONG LANG
(MAICSA 7045482)

VIMALRAJ A/L SHANMUGAM
(MAICSA 7068140)

REGISTERED OFFICE

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 -2298 0263
Fax : 03 -2298 0268

SHARE REGISTRAR

BOARDROOM.COM SDN BHD
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 -2298 0263
Fax : 03 -2298 0268

AUDITORS

JAMAL, AMIN & PARTNERS (AF 1067)
Chartered Accountants
No. 60-2B, 2nd Floor,
Jalan 2/23A
Off Jalan Genting Klang,
Taman Danau Kota Setapak,
53300 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 – 4142 1626
Fax : 03 – 4142 1601

SOLICITORS

Messrs Kheng Hoe
Messrs Basharuddin Iskandar

BANKERS

Malayan Banking Berhad

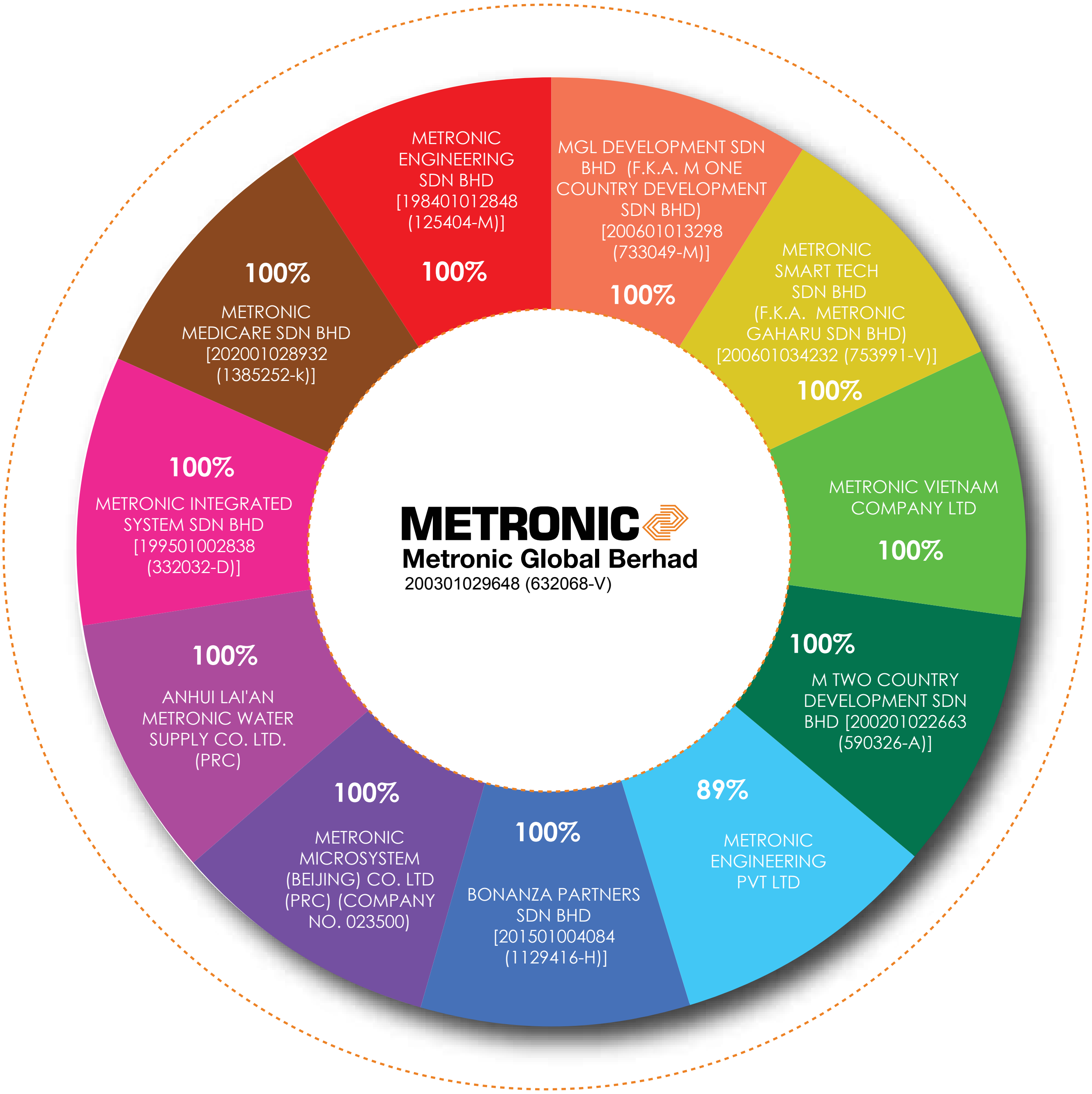
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name : Metronic
Stock code : 0043

CORPORATE WEBSITE

www.metronic-group.com

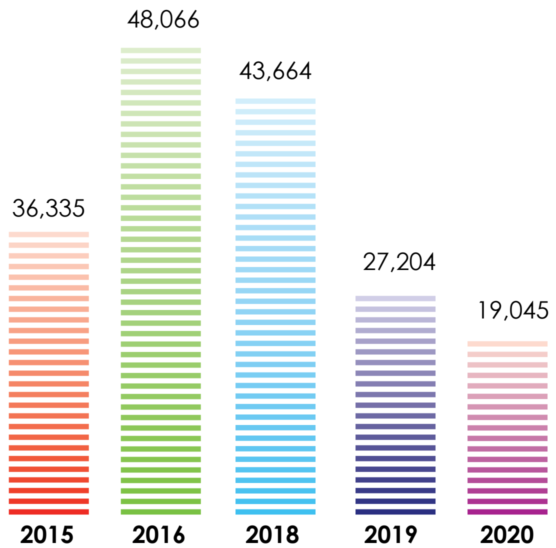
CORPORATE STRUCTURE



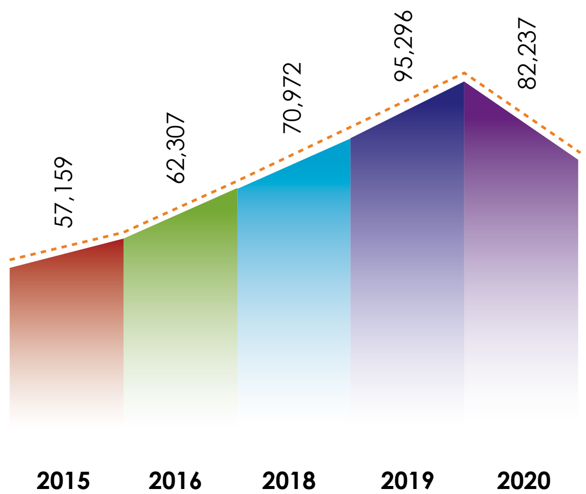
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2015 RM'000	2016 RM'000	2018 (18 months) RM'000	2019 RM'000	2020 RM'000
Revenue	36,335	48,066	43,664	27,204	19,045
Profit / (loss) before tax	3,503	(810)	(3,386)	(14,202)	(16,146)
Profit / (loss) for the year	4,061	(4,928)	(4,277)	(14,901)	(17,866)
Profit / (loss) attribute to equity holders of the company	3,973	(4,941)	(4,296)	(14,865)	(17,651)
Shareholders' fund	57,159	62,307	70,972	95,296	82,237
Net earnings / (loss) per share (cent)	0.54	(0.65)	(0.47)	(1.99)	(2.14)
Net assets per share attributable to equity holders of the company (cent)	7.83	8.22	7.37	7.42	7.22

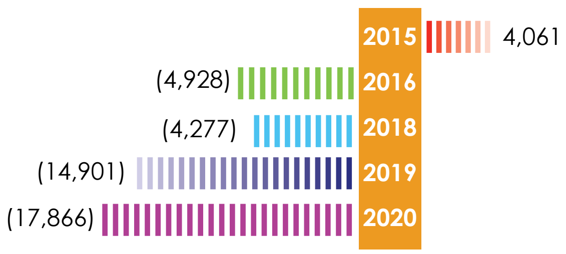
REVENUE (RM'000)



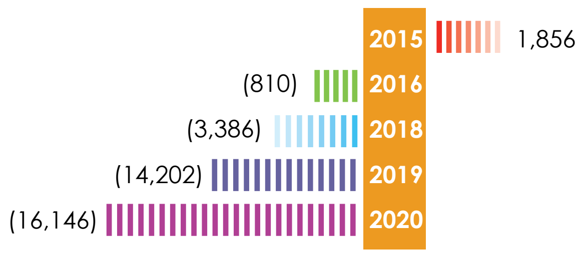
SHAREHOLDERS' FUNDS (RM'000)



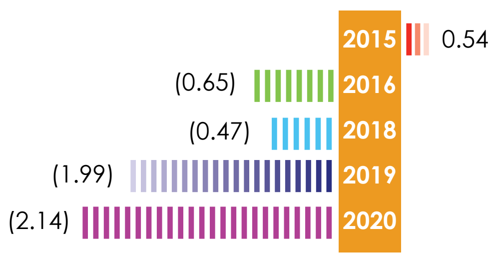
PROFIT/(LOSS) FOR THE YEAR (RM'000)



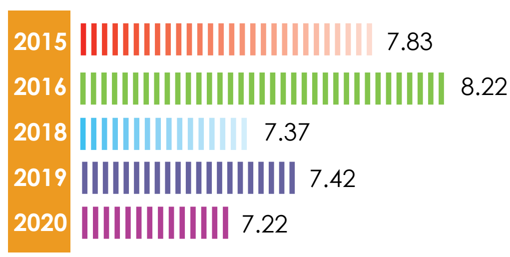
PROFIT/(LOSS) BEFORE TAX (RM'000)



NET EARNINGS / (LOSS) PER SHARE (RM'000)



NET ASSETS PER SHARE (CENT)



PROFILE OF DIRECTORS

DATO' ZAIDI BIN MAT ISA @ HASHIM

Independent Non-Executive Chairman

Malaysian

Male

Aged 51 years

Dato' Zaidi bin Mat Isa @ Hashim, was appointed as Independent and Non-Executive Chairman of Metronic Global Berhad on 15 November 2017.

He is the Chairman of Nomination Committee and Remuneration Committee, and a member of the Audit Committee. He obtained Master in Business Administration from University Malaysia Pahang with 1st Honor. Prior to that, Dato' Zaidi was the Director of Kumpulan Darul Aman Group and the Managing Director of Darul Aman Consolidated Bhd and the subsidiaries of Darul Aman Group from 1995 to 2000.

From 2001 to 2011, he was seconded as a Chief Executive Officer of My Prima Group Companies. He has gained substantial experience in branding, marketing and PR and has good networking in both government and private sectors.

He is currently the Independent Non-Executive Chairman of Key Alliance Group Berhad.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

HOO WAI KEONG

Executive Director cum Chief Executive Officer

Malaysian

Male

Aged 44 years

Mr Hoo Wai Keong ("Mr Brian") was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee. He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in Year 1997.

Mr Brian has over twenty-two (22) years of working experiences in Engineering Services. Started his career in Singapore as a Mechanical Engineer In Automation Company where he covered Automation system and Electronics design, Testing and Commissioning. He then moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. After that, he extended his career as a Sales and Project Development Manager for Semiconductors Electronics Equipments.

In 2005, he setup his own company which deals with engineering fabrication from the range of precision machinery spare parts components to fabricate higher precision for banking machines, semiconductors equipment and automotives parts. He was the Managing Director of the company until 2018, where he left the company and joined Metronic Global Berhad.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF DIRECTORS (CONT'D)

DORIS WONG SING EE

Executive Director

Malaysian

Female

Aged 39 years

Ms Doris Wong Sing Ee was appointed as Executive Director on 1 October 2020.

She holds a Master in Corporate Governance and also Graduate Cert. in Accounting from HELP University. Prior to that, she graduated from Multimedia University with B.Sc. (Hons) in Creative Multimedia, majoring in Media Innovation. She has more than 18 years of experience in management level across various industries ranging from advertising, property development, F&B, and oil & gas, specializing in Business Development, Strategic Consultancy, Restructuring and Corporate Advisory in Merger & Acquisition and Joint Venture across Malaysia, Singapore, China, Japan, Thailand and Indonesia.

Starting off as a Business Development Manager in her career path, her enthusiastic attitude has molded her to become Business Development Director within just a year before she was promoted to Managing Director in Niagamatic Sdn Bhd. In 2012, she was appointed as Business Consultant in a legal firm (JLPW Law Firm) where she gained exposures in handling international Restructuring, Merger & Acquisition and Joint Venture deals. She was then appointed by a leading Japanese advertising firm, Asatsu-DK (ADK) as Malaysia's country General Manager in 2015 in one of its subsidiaries, Dai-Ichi Kikaku Sdn Bhd to turn around the company.

She currently sits on Board of Trive Property Group Berhad, as an Independent Non-Executive Director since 6 February 2017. Thereafter, she re-designated to Non-Independent Non-Executive Director on 17 October 2017.

She has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. She does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

DATO' KUA KHAI SHYUAN

Non-Independent Non-Executive Director

Malaysian

Male

Aged 36 years

Dato' Kua Khai Shyuan was appointed as Non-Independent Non-Executive Director on 30 March 2017. He is a member of Audit Committee, Nomination Committee and Remuneration Committee, and Chairman of Employees Share Option Scheme Committee.

He completed his Degree with Bachelor in Commerce Management and Marketing from Curtin University of Technology in the year 2006. He began his career in year 2007, acting as the Regional Manager for Malaysia Region in a Multi-International Healthcare Products Company that is responsible to manage the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined into a local company specializing in the fabrication of plastics moulds and plastic injection moulding as a Head of Marketing Division.

He now serves as an Executive Director of Trive Property Group Berhad and DGB Asia Berhad, and as a Non-Independent Non-Executive Director of M N C Wireless Berhad.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF DIRECTORS (CONT'D)

MUHAMMAD FALIQ BIN MOHD REDZUAN

Independent Non-Executive Director

Malaysian

Male

Aged 34 years

Encik Muhammad Faliq bin Mohd Redzuan was appointed as an Independent Non-Executive Director on 6 September 2018. He started his career as an IT support System administrator in South Melbourne, Victoria. He was responsible for supporting hardware and software related issues within the company to ensure high level of availability of supported business applications.

In 2010, he joined Gagnar Solutions Sdn Bhd, an Information Technology company which holds licenses with Adobe, Autocat and HP to distribute their products. He assisted and managed in implementing a number of projects with various government agencies and local schools and universities throughout the country. He was responsible for developing markets in Malaysia in respect of Process Controls and Safety Instrument Systems.

In 2013, he joined Seahorse Platforms Asia Sdn Bhd ("SPA") as a planning manager in the engineering, procurement and construction sectors of the Proprietary Seahorse Lightweight Platform Technology for the Tembikai Field Development project.

Currently he is involved in the construction industry with Gagnar Contracting Sdn Bhd. He is overseeing the supply of raw construction materials to Concrete Batching Plants and the Sungei Besi - Ulu Kelang Elevated Expressway (SUKE) highway project in Kuala Lumpur. He has forged extensive partnerships with various suppliers throughout the country to supply construction related products such as soil, sand and rocks.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

ONG TEE KEIN

Independent Non-Executive Director

Malaysian

Male

Aged 63 years

Mr Ong Tee Kein was appointed as Independent Non-Executive Director on 17 April 2019. He is the Chairman of Audit Committee and member of Nomination Committee and Remuneration Committee.

He holds an MBA degree from the University of Miami and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). He is an Associate of the Institute of Chartered Accountants in England & Wales (ICAEW) and a Fellow of the Chartered Institute of Management Accountants, United Kingdom (CIMA) and a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA).

He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to government and international funding agencies. He subsequently joined a management corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

He is currently a director in Sanichi Technology Berhad, DGB Asia Berhad, Fintec Global Berhad, and Mlabs Systems Berhad. He is also a director of several private limited companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF CHIEF EXECUTIVE OFFICER

HOO WAI KEONG

Executive Director cum Chief Executive Officer

Malaysian

Male

Aged 44 years

Mr. Hoo Wai Keong ("Mr. Brian") was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee. He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control systems in Year 1997.

Mr. Brian has over twenty-two (22) years of working experiences in Engineering Services. Started his career in Singapore as a Mechanical Engineer in Automation Company where he covered Automation System and Electronics Design, Testing and Commissioning. He then moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. After that, he extended his career as a Sales and Project Development Manager for Semiconductors Electronics Equipment.

In 2005, he setup his own company which deals with engineering fabrication from the range of precision machinery spare parts components to fabricate higher precision for banking machines, semiconductors equipment and automotive parts. He was the Managing Director of the company until 2018, where he left the company and joined Metronic Global Berhad.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Metronic Global Berhad ("MGB" or "the Company"), it is my pleasure to present the Annual Report 2020.

ECONOMIC AND INDUSTRY OVERVIEW

The global economy registered a weaker growth of 2.4% in 2019. The weaker growth has been impacted by the uncertainties in the global economy due to the prolong intense trade war between the United States and China. The US-China trade war remains a major concern for global trade volume as this unresolved trade dispute has affected many countries export performance including Malaysia.

The Malaysian economy posted a growth of 4.3% in 2019 which is the lowest level since the Global Financial Crises in year 2008. This was mainly caused by the supply disruption from the commodity sector.

While construction sector registered a slow growth of 4.3% due to the previous Government taking several measures to reduce government debts by suspending and revising large scale infra-structure project across the country, thus delay in awarding contracts.

CHAIRMAN'S STATEMENT (CONT'D)

OPERATING ENVIRONMENT OVERVIEW

During the period from July 2019 to June 2020, the Group faced a very challenging and difficult time to strike for a better performance due to the recent global pandemic and geopolitical tensions as well as domestic political and economic issues.

We saw the previous Government had postponed several large-scale projects as well as revising the totality of the entire contract value in order to consolidate its fiscal position. Therefore, the initial date of commencement of the large-scare projects such as Klang Valley and East Coast Rail Link ("ECRL") and Mass Rapid Transit ("MRT") Sungai Buloh-Serdang-Putrajaya ("SSP") Line ("MRT2"), have been delayed and this has directly impacted the industry's performance. Besides that, the said Government had also put other several projects on hold.

In the first half of the year 2020, Malaysia as well as the world had experienced an unusual and deadly infectious disease called Coronavirus disease 2019 ("Covid-19"). The World Health Organization ("WHO") declared a global health emergency in January 2020 and Malaysian Government enforced the Movement Control Order ("MCO") on 18 March 2020 when the Covid-19 cases spread rapidly within the country. Our Group performance was also impacted tremendously by the MCO and post MCO as our revenue is mainly derive from the progress claim of the work done at the site.

FINANCIAL PERFORMANCE

It has been a tough year for the Group and the overall results was impacted by the impairments and provisions from the property development, investment and engineering division as well as the effect of recent COVID-19 outbreak. The Group ended with a loss of RM17.683 million for the year. Despite the losses and difficulties ahead, we are optimistic that with our fundamental strength and transformation process will lead us to a better performance and deliver more value to the shareholders.

OUTLOOK

In 2020, the economy is likely to improve gradually with the introduction of the Government's stimulus packages during the early stage of the pandemic, and the recently announced short-term economic recovery plan ("PENJANA") which will help towards economy recovery.

The construction sector is expected to improve as the government had resumed the construction of mega projects such as the Mass Rapid Transit ("MRT") Sungai Buloh-Serdang-Putrajaya (SSP) Line ("MRT2") and agreed to continue with the East Coast Rail Link ("ECRL") project. The government had also agreed to resume the development of the RM70 billion Kuala Lumpur-Singapore High Speed Rail ("HSR") project by end of this year, although this has been postponed again because of the Covid-19 pandemic. However, the subdue growth of the residential and commercial properties as well as the disruption of the building materials supply chain will weigh down the sector's performance.

The Group is optimistic that the Group's proven and reliable track record in rail and several other construction projects has positioned us well to attain future prospective projects.

For the coming year, to sustain growth and extend our competitive position, the Group will leverage on application of technology and talent development towards improving its business process improvement and efficiency. We are committed to accentuate the Group's transformation program for steadfast betterment and deploy all available resources to replenish and enlarge our order book, strengthen our market position and ensure more efficient delivery of our projects. Besides, the exponential growth of technology in the revolutionized upcoming 5G will definitely spike Internet of Things ("IoT") ecosystem especially through the Group's imminent smart city technology projects, empowering the Group to emerge as a soaring leader in the industry once again.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I would also like to thank the Group's management members, shareholders, customers, suppliers, business associates, bankers and other stakeholders for their continued support.

The appreciation also goes to our employees for their continued dedication and commitment. We look forward for better performance in 2020 and ahead.

On behalf of the Board

DATO' ZAIDI BIN MAT ISA @ HASHIM
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("MGB" or "the Group") through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), is a total solution provider company having been in the industry since 1984 and considered to be one of the local pioneers in the engineering business. MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT), Extra Low Voltage System (ELV) and Automated Storage and Retrieval System (ASRS). The business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia. MESB was the market leader in BMS even before 2012, and capture about 80% of the market share then.

MGB has also ventured into property development under a wholly owned subsidiary MGL Development Sdn Bhd ("MGL") (formerly known as M One Country Development Sdn Bhd). MGL is currently undertaking a property development project in Kuala Krai, Kelantan for the development of residential and commercial properties.

The Group placed greater interest in technology and Internet of Things (IoT). One of the Group wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("MST") (formerly known as Metronic Gaharu Sdn Bhd) has ventured into Smart City System development. MST focuses on research, development and marketing of building automation and security system products, modules and any kinds of smart products.

All other subsidiaries who are involved in the research & development, manufacturing, sales and distribution of electronic product and intelligent facilities management systems, project management, fertilizer and distribution of health care equipment have been put on hold due to the major changes in the Board composition back in year 2017.

The key source of revenue of the Group derive mainly from the engineering works. The property development in Kuala Krai, Kelantan undertaken by its wholly owned subsidiary, MGL remained stalled temporarily. The management of the Group has taken various initiatives to promote and discuss with the local as well as large developers in Kuala Lumpur, on the options available to undertake the said project which is in the best interest of the Group. The MST has started marketing some of the Artificial Intelligent face recognition equipment and more product range will be launched soon in order to improve the Group's performance and stakeholders' value.

BUSINESS TRANSFORMATION PROGRAM

We have commenced on a transformation journey for the Group in the first half of year 2020. We are currently in the beginning phase of implementing a comprehensive review of the Group's viability of its business and operations. The Group is focusing on the strategic turnaround of the existing business as well as underperforming businesses through review of cost analysis, cost management and the pursuit of new business opportunities. As part of the transformation initiative, debt restructuring exercise will be carried out to restore liquidity, strengthening corporate governance policies and guidelines to ensure that we comply with corporate governance standards as well as implementing annual initiatives with performance tracking for our business units.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS

	FPE 30 June 2020 (12 months) RM '000	FPE 30 June 2019 (12 months) RM '000	FPE 30 June 2018 (18 months) RM '000
Revenue (continuing operation)	19,045	27,204	43,664
Gross profit (continuing operation)	6,167	8,895	22,178
Loss before taxation (continuing operation)	(17,683)	(14,202)	(2,448)
Net loss after tax	(17,683)	(14,901)	(4,227)
Total assets	116,605	124,951	102,789
Total borrowings	9,765	5,180	5,323
Shareholders' equity	82,116	95,296	70,972
Net asset per share (sen)	0.08	0.08	0.07

For the period ended 30th June 2020, the Group had recorded a revenue of RM19.0 million, a 30% lower compared to revenue in 2019 on the same 12 months period. The unfavorable performance recorded mostly due to lower engineering billing as a result of the completion of its key projects such as Project Mass Rapid Transit Sungai Buloh – Kajang Line (MRT SBK Line 1) and KL Sentral Lot B. The second key project namely Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya (MRT 2) secured in February 2018 worth RM45 million is still at the preliminary stage and has been delayed due to the change in government back in the year 2018 that has affected the progress of this project. The actual installation work for MRT 2 will commence at the end of the year 2020.

In August 2019, we had secured another prestigious project named Merdeka PNB KL 118 worth RM18,699,900, which is a 118 floors skyscraper being built in Kuala Lumpur on the site of the former Merdeka Park. Since it is a prestigious project, detailed design and careful execution of our work is expected to be on a high standard. Hence, the preliminary stage is expected to take longer time before the actual commencement of the work. The revenue will only be able to realize in the next financial year. Being a contractor for the Building Management System, the Group's revenue is very much dependent on the site progress undertaken by other contractors as well.

The recent COVID-19 pandemic outbreak has also impacted the Group's revenue especially in the engineering division when the Government enforced the MCO on March 18, 2020 to break the chain of COVID-19. The engineering work and progress claim has been delayed during the lockdown period of MCO. The situation has not improved after post MCO as all the sites were not fully operational due to the strict standard operating procedures to be followed by all contractors. Services division has also affected by this pandemic as customers requested for suspension or postponement of services at customers' site. Some contracts have to be cancelled due to the closure of the customers' business.

During the current financial period, the Group recorded a lower Gross Margin of 30% compared to previous year but the dropped in Gross Margin is consistent with the lower revenue recorded for the period.

The Group suffered a Loss before tax of RM17.683 million in the current financial year compared to last year of RM14.202 million. The losses mainly due to business loss from engineering division, provision for impairments of property development costs, investment costs and receivables. Moreover, the Group had incurred a significant amount of legal costs in the pursuit to defend the Group from legal suits as well as professional fees for the corporate exercise undertaken by the Group in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational achievements

The Group has secured a contract RM50 million in February 2018 from Mass Rapid Transit Corporation Sdn Bhd for the Design, Supply, Installation, Testing and Commissioning of Building Management System for Underground Works of Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya (SSP). The project which is spanned over four years and the works presently towards planning, designing and documentation. The procurement and preparation are currently on-going to meet the actual physical works which is scheduled to begin by end of year 2020.

Subsequently, the Group also secured another project namely PNB KL 118 - Audio Visual and Information Technology System in August 2019 with a total contract value of RM18,699,900. The actual installation work has just started recently and is expected to be completed in year 2021.

On 11 September 2019, the Group received a Letter of Appointment ("LOA") for the supply, delivery, installation, testing and commissioning of Extra Low Voltage System works for a project KL Metropolis 1, Kuala Lumpur with a contract value of RM7,480,000. The project is still on-going till todate.

During the financial period, the Group is in the progress of completing the KLCC - Lot 91 Extra Low Voltage and Audio Visual System packages with a total contract sum of RM22.5 million and RM6.0 million respectively. The projects have become the main contribution to the Group's revenue despite experienced slight delayed in their progress. The progress of works undertaken by the Company is very much dependent on the progress by the civil and structural by other contractors.

On 7 September 2020 and 27 September 2020, we have been nominated as subcontractor for the Merdeka PNB 118 for the supply, deliver, installation, testing and commissioning of the Audio-Visual System and Information Technology System for the Retail Mall and Hotel packages respectively. The total contract value for both packages worth RM40 million.

On 30 September 2020, Metronic Smart Tech SB ("MST") had entered into a collaborative project vide a Letter of Intent ("LOI") with JF Strategic Management Pte Ltd ("JFSM") to collaborate, participate and contribute to the development of the "Smart Factories" and "Space Optimisation", with gross project value of up to USD15,000,000 (equivalent to approximately RM62,250,000).

The Group has successfully resolved several long outstanding legacy issues that includes resolution of claim disputes with client to finalize the project final accounts, recovering outstanding claims as well as settlement of legal claims.

Operational challenges and Improvement initiatives

In the pursuit to propel and remain ahead in the competitive industry, the Group is mindful of the challenges and risks, and has taken necessary measures to ensure its ability to achieve its operational and financial objectives.

The Group acknowledged the importance of all relevant stakeholders and has given high attention particularly the customers and suppliers.

The Group's financial performance is very much dependent on work order and its margin. During the financial year, the construction industry specifically related to building management system became more competitive with limited opening and the entrance of new players into the market. It was very challenging to secure new contracts with decent profit margin. The cost of equipment kept increasing whilst suppliers and sub-contractors tightened their contract terms. It was also a challenge to the Company in getting timely payment from Client. Despite these challenges, the Group has taken appropriate measures to address these challenges with the view of maximizing profit margin and reducing cost in mind.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational challenges and Improvement initiatives (Cont'd)

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken to maintain our talent pool in anticipation of securing more major projects ahead. Efforts have been put to upgrade the employees' technical skill and maintain a competent team to stay competitive.

During the financial period, the Group continue to place the required resources towards attending several long outstanding issues such as its property held in Beijing, China. It is foreseen that the case nature may take time and lot of resources needed to resolve the case especially in this difficult time of COVID-19 global pandemic outbreak due to high risk of infection while travelling.

Notwithstanding the above, the Group continues to leverage its long-term strategic relationship with the existing and potential business associates and partners that would enable to smoothen the business process, improve efficiency as well as to improve cost effectiveness. MESB has also engaged into smart partnership with parties for synergistic team to secure more projects.

The Group's Business Transformation Program to strengthen its business foundation is still on-going. The program amongst other, has identified key action plans required to improve its capability and competency, and it covered the improvement of the governance structure, business policies and work processes, performance management system and other work processes enablers.

Despite all the challenges and difficulties faced by the Group, we are committed in ensuring the Group's long-term growth, continuously exploring and assessing opportunities and growth prospects to increase shareholders' value.

ANTICIPATED OR KNOWN RISKS

Following are risks identified which may affect its ability to achieve its operational and financial objectives:

1) Reducing construction and infrastructure projects due to economic and political environment;
2) Lower success rate in securing tender due to competitive pricing among competitors; and
3) Loss of talented and skilled employee.

Plans to mitigate risks, among others:

1) Collaborate with key players in the complement works such as ICT and AV that will create synergy in the pursuit to bid and participate in more sizable contract works;
2) Collaborate with the key equipment suppliers to enhance product features and the required certifications to improve bidding price competitiveness;
3) Establish a Research and Development unit to create better BMS solution and reduce product cost. The center will also play a pivotal role in creating more functions and interfacing with more devices, technology and internet of things (IOT);
4) Form dedicated teams to explore other similar or complement business related opportunities;
5) To place greater focus on staff development programs;
6) Attract talented staff by changing working environment to a more conducive and corporate image, and adopting latest technology to improve efficiency and productivity of staff.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

SIGNIFICANT CORPORATE DEVELOPMENTS

During the period, there was a fundraising exercise undertaken by the Group in order to improve financial standing and meet the working capital requirements. On 8 August 2019, the Group announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later. The proposal has been approved by Bursa Securities on 13 August 2019 and presently pending subscription.

Proposed Private Placements

On 8 August 2019, the Group announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later. The proposal has been approved by Bursa Securities on 13 August 2019 and presently pending subscription.

FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead for the Engineering Division with the intense competition and current economic and political situation. The recent scaled-down and deferment of mega rail infrastructure projects namely LRT3, ECRL, High-Speed Rail and MRT3 and the slow-down in the construction industries has somehow affected the construction industries overall. The Group however remains optimistic that the prospect in BMS, ELV and AVS businesses continue to grow with the commencement of high profiled construction project such as MRT2, Merdeka PNB118 and few other commercial building projects.

The Group to-date has submitted tenders for RM100 million and identified few in the pipelines whereby the tender is under preparation process. Based on the new initiative to mitigate the risks, with our combined expertise and experience, financial resources and technical strength, we are optimistic once again to secure more contracts, and regain our market share and leadership position in this engineering and technology solutions provider industry.

SUSTAINABILITY STATEMENT

Our vision, mission, and core values from the guiding principles in the way we manage corporate sustainability and interaction with our stakeholders.

CORPORATE GEVERNANCE	EDUCATION AND HUMAN CAPITAL DEVELOPMENT	PRODUCTIVITY & INNOVATION
Providing a rigorous system of policies, practices & internal controls upheld by our Board, Management and Employees.	Creating a culture of excellence, competitiveness & knowledgeable society through continual development of stakeholders.	Delivering value added and quality solutions that meet our Customers' needs.
SAFETY AND HEALTH	**ENVIRONMENTAL CARE & PROTECTION**	**CORPORATE SOCIAL RESPONSIBILITIES**
Ensuring a safe and secure workplace as well as proactively managing health and safety risks.	Protecting and conserving the environment.	Making a positive difference to the communities we operate in.

The Group recognises that the business operations are intertwined with various stakeholders and their valuable contribution has a significant impact on the Group's market value. A robust stakeholder engagement approach helps the Group to communicate openly which makes it easier to build trust between the Group and its stakeholders.

This engagement with relevant stakeholders is a critical process to promote learning, share ideas and improve the Group's understanding of the business environment.

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Customers	To deliver value added and quality services and solutions that meet our Customers' needs.	Efficient and satisfactory services and deliveries	• Customer satisfaction surveys • Personalised services • Strategic alliance and regular meetings
Employees	To create a safe workplace with good employee welfare, open communications and career advancement.	• Employee welfare • Training and development • Employee engagement	• Safety Briefing & • Toolbox Meetings • Workshops, seminars & trainings • Quarterly staff meetings Posters/Memos
Contractors, Industry Partners, and Supplies	To drive sustainability across our supply chain.	• Strategic • partnership Sustainable practices	• Site Inspections • Supplier selection via pre-qualifications and tendering process
Government and Regulatory Bodies	To comply with applicable laws and regulations across all our operations.	• Regulatory compliance • Annual reporting • Sustainability reporting	• Maintain relationships with government officials

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Investors	To assist inventors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues.	• Timely and transparent disclosure	• Quarterly financial results announcements • Immediate announcement of material events • Annual General Meeting • Corporate website
Media	To strengthen our profile by providing timely and accurate information about our Group's developments.	Timely and accurate information on Group's business	• Press releases
Local Communities	To support local communities in economic, environmental and social development.	Community development initiatives	• Local sourcing Donations and Corporate Contributions

APPROACH TO SUSTAINABILITY

The following table provides the details of the identified material issues which were classified in seven categories and our approach.

Classifications	Issue	Our Approach
Economic Performance	Profitability	• Executing the Group's strategic plan. • Top Management to keep abreast with local and global economic climate through economic reports and media. • Continuous efforts in improving efficiency and quality of projects. • Improve Group's earnings sustainability by exploring for business opportunities that provide recurring income.
Business Conduct and Governance	Legal Compliance	• Access to information and professional advice. • Review of legal requirements for contracts • Keep abreast with new accounting standards by attending seminars. • Updating relevant staff on new changes of laws and regulations. • Formation of Safety and Health Department. • Managing operations to ensure compliance to all legal requirements.
	Crisis and business continuity management	• Establish a sound framework to manage risks.

APPROACH TO SUSTAINABILITY (CONT'D)

Classifications	Issue	Our Approach
	Ethics	• Formalise ethical standards through code of ethics and conduct. • There were no confirmed incidents of corruption, money laundering, non-compliance or violation of laws and regulations. • Ensure adequate safety measures and provide proper protection to workers and employees at the workplace. • Ensure activities of the Group do not harm the interest and well-being of society at large.
Safety and Security	Workers' Safety	• Establishment of Safety and Health Plan to reduce rates of injury, occupational diseases, lost days and absenteeism. • Employees are required to adhere strictly to our Standard Operating Procedures at all times. • Disseminate safety information via Safety Handbook. • Promote a safety culture: Safety First, Quality Always. • Our impeccable safety record to date is a testament of our commitment to safety.
	Workers' Health	• Minimise workplace health hazards. • Create culture of enhance wellbeing.
	Security Issue	• Installation of closed-circuit television within office boundaries.
Environmental Impact	Energy Management	• IBMS solution helps property and building owner to reduce the operation cost and energy expenditure dramatically • Create and promote environmentally beneficial products/services eg. certified to Green Building Index
	Material Usage	• Disseminate information on how to lower environmental footprint via newsletter. • Ensure effective use of natural resources.
	Waste Management and recycling potential	• Adopting green practices and using natural resources responsibly. • Manage consumption of direct and indirect sources of energy used in the operations.
Employee Welfare and Health	Talent retention	• Competitive remuneration package and advancement opportunities for talented employees.
	Staff Welfare	• Standardised Human Resources policies. • Promote professionalism and improve the competency of Management, employees and skill workers via continuous training. • Stringent Health and Safety programmes at the workplace. • Provide Insurance plan, Employee Share Scheme and Bonus to supplement higher costs of living. • Organised party for festives celebration
	Learning and Development	• An employee's professional development continues throughout his/her career with us, mainly through on-the-job training in the form of technical and skilled courses conducted by external experts in their respective fields.

SUSTAINABILITY STATEMENT (CONT'D)

APPROACH TO SUSTAINABILITY (CONT'D)

Classifications	Issue	Our Approach
Business Excellence	Productivity	• Engage closely with our customers and contractor partners to solicit feedback and improve processes through a number of channels including customer surveys, project discussions, on-site visits and other events. • Continuous improving in engineering processes.
	Project Quality	• Meeting and exceeding our customer's requirement and expectations. • Consistently review our Quality Management System to ensure compliance to ISO 9001:2015 requirements.
Community Involvement	Community Initiative	• Create Jobs. • Create beneficial product/services. • Corporate contribution to local communities

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") presents this statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**CG**") ("**MCCG**") by Metronic Global Berhad ("**Metronic**" or the "**Company**") and its subsidiaries (the "**Group**") and should be read together with the CG Report 2020 of Metronic ("**CG Report**") which accompanies this Annual Report and is also available on Metronic's website at www.metronic-group.com ("**Metronic's Website**").

The CG Report provides the details on how Metronic has applied each Practice as set out in the MCCG during the financial year ended 30 June 2020 ("**FYE 2020**").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Metronic's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Metronic is led by the Executive Directors. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman are explained in the CG Report.

The positions of the Chairman and the Executive Management are separately held by different personnel to ensure balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, the individual Board Members as well as the Executive Directors one of whom is Chief Executive Officer.

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. At each quarterly meeting, the Board deliberated and approved the Group's business plan, including financial performance to date.

During the FYE 2020, 5 board meetings were held and the details of the attendance of each Director are as follow:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

Name of Directors	No of meeting attended	%
Dato' Zaidi bin Mat Isa @ Hashim Independent Non-Executive Chairman	5/5	100
Hoo Wai Keong Executive Director cum Chief Executive Officer	5/5	100
Dato' Kua Khai Shyuan Non-Independent Non-Executive Director	4/5	80
Muhammad Faliq bin Mohd Redzuan Independent Non-Executive Director	4/5	80
Ong Tee Kein Independent Non-Executive	5/5	80
Khor Ben Jin Independent Non-Executive Director *(Resigned w.e.f 1 October 2020)*	4/5	80

** Doris Wong Sing Ee was only appointed on 1 October 2020, hence, her attendance in the Board meetings was not included.*

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("**AC**")
- Nomination Committee ("**NC**")
- Remuneration Committee ("**RC**")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committee report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board is supported by External Company Secretaries. The Company Secretaries of Metronic are qualified to act as Company Secretaries under Section 235 of the Companies Act 2016, of which they are the Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

The external training programmes, seminars and/or conferences attended by the Directors during the FYE 2020 are as follows:

Name of Directors	Training attended	Date
Hoo Wai Keong	• Learn to Lead Program • Interactive Directors & Management Training – Section 17A MACC Act 2018 – Corporate Liability Provision	11 February 2020 19 February 2020
Ong Tee Kein	• MIA Public Practice Programme 2019 • Transaction and RPT Rules	19 & 20 August 2019 17 January 2020

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to overseas travelling commitment and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

(b) BOARD COMPOSITION

Metronic is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 33 to 62 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 6 to 8 of this Annual Report. The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

The Board currently has six (6) members including three (3) Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprises independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics.

During the FYE 2020, the Board through its NC has conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises. NC has also undertaken an assessment on each of the Directors on their training needs. Through the assessment, the Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) BOARD COMPOSITION (CONT'D)

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the concerned Directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("**AGM**"). The above provisions are adhered to by the Board at every AGM.

(c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

Directors' fees and benefits are reviewed by RC, and recommended by the Board for shareholders' approval at the AGM.

Details of Directors' remuneration who were in service during the FYE 2020 are as follows:

	Directors Fees (RM)	Salaries & Allowance (RM)	Benefits In-kind (RM)	Total (RM)
Executive Director				
Hoo Wai Keong	-	291,850	39,270	**331,120**
Non- Executive Directors				
Dato' Zaidi Bin Mat Isa @ Hashim	45,200	12,000	-	**57,200**
Dato' Kua Khai Shyuan	56,500	-	-	**56,500**
Muhammad Faliq bin Mohd Redzuan	28,250	-	-	**28,250**
Ong Tee Kein	28,250	-	-	**28,250**
Khor Ben Jin *(Resigned w.e.f. 1 October 2020)*	28,250	-	-	**28,250**
Total	**186,450**	**303,850**	**39,270**	**529,570**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(c) REMUNERATION

Senior Management Remuneration

The range of remuneration of the senior management for the FYE 2020 includes salary and other emoluments are as follows:

Range of remuneration during the period	Number of senior management
RM100,001 – RM200,000	4

The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision in respect of their investments.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises three (3) members, all of whom are non-executive directors with a majority of them are Independent Directors. The AC Chairman is Mr Ong Tee Kein whom redesignated as Chairman on 1 October 2020. The Board took note on the Practice 7.2 of the MCCG to have a policy 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 and would consider adopting such recommendation in due course.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 28 to 29 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FYE 2020, the Board and AC were assisted by the Executive Director to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 30 to 32 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Going forward, the Board has restructured its risk management and internal control processes with the establishment of the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(a) COMMUNICATION WITH STAKEHOLDERS

Metronic is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

(b) CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the meeting chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation and engagement with shareholders at the general meetings, all Directors are committed to attend the general meetings of the Company.

The AGM Notice has been issued to the shareholders on 30 October 2020. This would enable the shareholders to make their decisions in respect of the resolutions that are being tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 22 October 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS

a. Rights Issue

On 23 April 2019, the Group announced that the Rights Issue with Warrants has been completed following the listing and quotation of 641,821,340 Rights Shares and 481,365,866 Warrants on the Main Market of Bursa Securities.

The status of utilization of the Rights Issue proceeds is as follows, as at 22 October 2020:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for Kuala Krai project	Within 24 months	22,400	1,900	20,500
Funding for existing & future engineering projects	Within 36 months	18,488	3,435	15,053
Rights issue expenses	Immediate	830	822	8
Total		**41,718**	**6,157**	**35,561**

2. AUDIT AND NON-AUDIT FEES

The amount if audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2020 ("**FYE 2020**") are as below:-

Type of Fees	Group (RM)	Company (RM)
Audit Fees	168,000	66,000
Non-audit Fees	-	-
Total	**168,000**	**66,000**

3. MATERIAL CONTRACTS

Save as disclosed in note 36 to 38 of the Financial Statements, there was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interest for the FYE 2020.

4. EMPLOYEES SHARE OPTION SCHEME

The company announced that it offered Employees' Share Option Scheme of the Company ("ESOS" or "Scheme") at the option price of RM0.0674 to eligible employees of the Company in accordance with the By-Law of the ESOS.

The total number of options granted, exercised and outstanding under the ESOS are set out in the table below:

Date of Offer	Exercise price	Number of options over Ordinary Shares					
		At 1 January 2019	Granted	Exercised	Adjusted	Lapsed	At 30 June 2020
7 June 2019	RM0.0674	98,696,593	-	-	-	-	98,696,593

AUDIT COMMITTEE REPORT

The Audit Committee ("**AC**") of Metronic Global Berhad ("**Metronic**" or "**the Company**") was established by a resolution of the Board of Directors ("**the Board**") on 8 April 2004. The Committee, operating within a specific terms of reference was established to assist the Board of the Company in discharging their duties and responsibilities.

The AC meets regularly with the senior management and the internal and external auditors to review the Group's operations, financial reports and the system of internal controls and compliance.

A. MEMBERS

The AC currently comprises the following members:-

Members	Designation
Ong Tee Kein *(Redesignated as Chairman of AC w.e.f 1 October 2020)*	Chairman
Dato' Zaidi bin Mat Isa @ Hashim	Member
Dato' Kua Khai Shyuan	Member
Khor Ben Jin *(Resigned as Chairman of AC w.e.f 1 October 2020)*	Chairman

B. TERMS OF REFERENCE

The Terms of Reference of AC is available on the Company's corporate website at www.metronic-group.com for shareholders' reference pursuant to Main Market Listing Requirements. The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.

C. INDEPENDENCE OF AUDIT COMMITTEE

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) period in the event any potential candidate to be appointed as a member of AC was a key audit partner of the external auditors of the Group.

D. SUMMARY OF AC'S ACTIVITIES

The AC conducted five (5) meetings during the financial year ended 30 June 2020, and the attendance of the AC members is set out as below:-

Name of Committee Members	No. of Meetings Attended
Ong Tee Kein	5/5
Dato' Zaidi bin Mat Isa @ Hashim	5/5
Dato' Kua Khai Shyuan	4/5
Khor Ben Jin *(Resigned as Chairman of AC w.e.f. 1 October 2020)*	4/5

AUDIT COMMITTEE REPORT (CONT'D)

D. SUMMARY OF AC'S ACTIVITIES (CONT'D)

In line with the terms of reference, the following activities were carried out by the AC during the financial year ended 30 June 2020:

i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
ii) Reviewed the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.
iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
viii) Reviewed all related party transactions and recurrent related party transactions that arose within the Group on a quarterly basis to ensure that they are within the mandate obtained.
ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
x) Reviewed the AC's Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendations to the Board for inclusion in the Annual Report.

E. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function for the financial year ended 30 June 2020. The total cost incurred for the internal audit function was RM22,860 for the financial year ended 30 June 2020. The internal audit function is outsourced to Messrs. Wensen Consulting Asia (M) Sdn Bhd.

The role and responsibilities of the internal audit function are as follows:

i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the internal audit plan as approved by the AC for financial year ended 30 June 2020. Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in page 30 to 32 of this Annual Report.

The report is made in accordance with a resolution of the Board of Directors dated 22 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**the Board**") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("**the Group**") during the financial year ended 30 June 2020 ("**FYE 2020**").

1. Board's Responsibility

The Board recognizes the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("**the System**") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Nevertheless, the Board recognizes that the Group's system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives in view of the limitations inherent in any internal control system. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director ("**ED**") and their management team. Under the purview of the ED/CEO, the respective Head of Departments is responsible for managing the risk of his/her respective department as part of their day-to-day duties.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the FYE 2020. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee ("**AC**") which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the AC.

The AC reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

i) There is an organization structure with well-defined reporting lines of responsibility and accountability and delegation of authority.
ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

4. Other Internal Control Process (cont'd)

iii) The AC comprises of majority Independent Non-Executive Directors. The AC was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the Group's Internal Control Systems, risk management and financial reporting.
iv) Quarterly results are reviewed by the AC and approved by the Board before announcement to the Bursa Securities.
v) There are management meetings attended by the ED/CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.
vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2015 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on periodical basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the FYE 2020. The external auditors conducted the review in accordance with the "Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the annual report ("**AAPG 3**") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management &Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. AAPG also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

6. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements of the Group and the Company which drawn up in accordance with the provision of the Companies Act, 2016 and requirement of the applicable approved accounting standards in Malaysia and Bursa Malaysia Securities Berhad Listing Requirements.

The Board is responsible for ensuring that the financial statement give a true and fair view of the state of affairs of the Group and Company at the end of the financial year, and of the results and cash flows for the financial year then ended.

In preparing the financial statements, the Board had ensured the following:-

- Applied the appropriate and relevant accounting policies on a consistent basis
- Made reasonable and prudent judgements and estimates; and
- Applicable approved accounting standards in Malaysia have been followed

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and comply within the Companies Act 2016.

The Directors are also overall responsible for taking reasonable steps to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2020

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 7* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss attributable to:		
Owners of the Company	(17,495,422)	(3,964,521)
Non-controlling interests	(187,628)	-
	(17,683,050)	(3,964,521)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the following shares issued:

Date	Purpose of issue	Class of shares	Number of shares	Term of issue
15.10.2019	Private placement	Ordinary share	113,250,000	Cash

There was no issuance of debentures by the Company during the financial year. The new shares ranked pari passu in respect with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company's Employee Share Option Scheme.

DIRECTORS' REPORT (CONT'D)

WARRANT

The details of warrant are disclosed in Note 19 to the Financial Statements.

DIRECTORS

The directors in office since the date of the last report are:

Dato' Kua Khai Shyuan
Dato' Zaidi Bin Mat Isa @ Hashim
Hoo Wai Keong
Muhammad Faliq Bin Mohd Redzuan
Ong Tee Kein
Doris Wong Sing Ee (appointed w.e.f. 1 October 2020)
Khor Ben Jin (resigned w.e.f. 1 October 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held as follows:

	---- Number of ordinary share ----			
	At 01.07.2019	**Bought**	**Consolidation**	**At 30.06.2020**
Direct interest in the Company				
Dato' Kua Khai Shyuan	333,333	-	-	333,333

By virtue of his interests in the shares of the Company, Dato' Kua Khai Shyuan is deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

The other directors holding office at the end of the financial year have no interest in shares in the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration are disclosed in *Note 29* to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 29 of the financial statements, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any deemed benefit which may have arisen by virtue of those transactions as disclosed in *Note 29* to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the amounts written off of bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent or the values attributed to current assets misleading; and

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 36* to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 37* to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in *Note 27* to the financial statements.

AUDITORS

The auditors, Messrs Jamal, Amin & Partners, Chartered Accountants, have expressed their willingness to accept the re-appointment in accordance with section 267 (4) of the Companies Act, 2016.

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

DATO' KUA KHAI SHYUAN
Director

HOO WAI KEONG
Director

Kuala Lumpur,
Date:

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the directors, the financial statements of the Group and of the Company set out on pages 43 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 exhibit a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2020 and of the results and cash flows of the Group and of the Company for the year then ended on that date.

Signed in Kuala Lumpur on

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

DATO' KUA KHAI SHYUAN

HOO WAI KEONG

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act, 2016

I, Wong Chee Fai, being the officer primarily responsible for the financial management of Metronic Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 43 to 117 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared in Kuala Lumpur on

WONG CHEE FAI
Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements METRONIC GLOBAL BERHAD, which comprise the statements of financial position as at 30th June, 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 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 30th June, 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 judgment, 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Property Development Cost ***(Note 10)*** The Group has a property development cost with a carrying amount of RM10,364,261 as at 30th June 2020. During the year, the Group has impaired the property development cost amounting to RM6,792,260 which is the development expenditure. As impairment of property development cost is a significant event and it involves professional judgement, therefore we considered it as a key audit matter.	Our audit procedures included, among others: - - Discussed with the management on the current development, future plan of the property development and the effect of the impairment to the financial statements; - Reviewed management's future plan for the property development. We also considered the evidence for the execution of the plan; - Reviewed the cashflow projection made by the management for the property development by assessing the reasonableness of key judgements and estimates used; and - Checked the accuracy of accounting records and ensure the records comply with applicable accounting standards.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment of Trade Receivables *(Note 12)* The carrying amount of the Group's trade receivables amounting to approximately RM7.88 million. During the financial year, the Group assessed the impairment of trade receivables. The Group has significant exposure of credit risk arising from its trade receivables as well as outstanding balance from project as at 30th June 2020. We focus on this area as the assessment of expected credit losses of receivables involve management judgements and estimation in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information.	Our audit procedures included, among others: - - Obtained the understanding of: (i) the Group's control over the trade receivables collection process; (ii) how the Group identify and assess the impairment of trade receivables; and (iii) how the Group makes accounting estimates for impairment. - Reviewed the ageing analysis of receivables and testing the reliability thereof. - Reviewed subsequent cash collections for major receivables and overdue amounts. - Made inquiries of management regarding the action plans to recover overdue amounts. - Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection. - Evaluated the reasonableness and adequacy of the allowance for impairment recognised.
Contract revenue and cost recognition *(Note 24 and Note 25)* The Group recognised revenue and cost of sales for contract works based on the stages of completion. The stage of completion of contract work determined by the proportion of verified actual work performed to date to the contract value. Significant judgements are required from management in determining the total estimated revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgments involve estimation uncertainty which have significant risks of causing material misstatements to the amounts recognised in the financial statements.	Our audit procedures included, among others: - - Verified the total contract values and the contract variance (if any). - Verified the estimated budgeted cost against the total contract revenue of the projects. The key assumptions and other relevant workings used in the total estimated cost were also reviewed. - Enquired the management regarding the status of the ongoing project to ascertain the alignment with the stage of completion recognised in determining the revenue recognition and whether the total budgeted cost is estimated reliably. - Recomputed and assessed the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. - Examined cost and the recognised project revenue on which the determination of completion ratio is based. The mathematical accuracy of the percentage of completion on cost calculation was tested. - Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF METRONIC GLOBAL BERHAD
(INCORPORATED IN MALAYSIA)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in note 7 to the financial statements.

Other Matters

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

JAMAL, AMIN & PARTNERS
(No: AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No: 2977/03/22(J))
Chartered Accountant

Kuala Lumpur

Dated

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	8,903,999	10,667,763	-	-
Investment properties	6	2,313,236	465,925	-	-
Investment in subsidiary companies	7	-	-	34,583,439	35,083,439
Other Investment	8	3,990,641	5,399,672	3,990,641	5,399,672
Deferred tax assets	9	3,555,609	3,555,609	-	-
		18,763,485	20,088,969	38,574,080	40,483,111
CURRENT ASSETS					
Property development costs	10	10,364,261	16,675,479	-	-
Inventories	11	712,178	1,370,733	-	-
Trade receivables	12	7,877,595	12,664,501	-	-
Amount owing by contract customers	13	4,234,454	5,903,427	-	-
Other receivables and deposits	14	5,428,629	4,287,624	1,544,813	330,575
Amount owing by subsidiary companies	15	-	-	3,503,577	3,422,053
Fixed deposits	16	68,219,023	60,192,769	56,537,723	48,704,791
Cash and bank balances		1,005,251	1,487,703	32,763	1,220,844
		97,841,391	102,582,236	61,618,876	53,678,263
Assets classified as held for sale	17	-	2,279,926	-	-
		97,841,391	104,862,162	61,618,876	53,678,263
TOTAL ASSETS		116,604,876	124,951,131	100,192,956	94,161,374

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

STATEMENTS OF FINANCIAL POSITION (CONT'D) AS AT 30 JUNE 2020

		Group		Compan	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	133,680,926	128,573,351	133,680,926	128,573,351
Other reserves	19	21,804,005	22,408,468	16,548,926	16,797,466
Accumulated losses		(73,247,884)	(55,752,462)	(65,243,681)	(61,527,700)
Total equity attributable to owners of the Company		82,237,047	95,229,357	84,986,171	83,843,117
Non-controlling interests		(120,768)	66,860	-	-
TOTAL EQUITY		82,116,279	95,296,217	84,986,171	83,843,117
CURRENT LIABILITIES					
Trade payables	20	4,344,118	7,264,845	-	-
Other payables and accruals	21	19,647,135	15,054,366	2,749,361	2,551,820
Amount owing to subsidiary companies	15	-	-	10,434,210	6,700,421
Lease liabilities	22	3,424	17,168	-	-
Short term borrowings	23	10,493,920	5,180,244	2,023,214	1,066,016
		34,488,597	27,516,623	15,206,785	10,318,257
TOTAL LIABILITIES		34,488,597	27,516,623	15,206,785	10,318,257
Liabilities associated with assets classified as held for sale	17	-	2,138,291	-	-
		34,488,597	29,654,914	15,206,785	10,318,257
TOTAL EQUITY AND LIABILITIES		116,604,876	124,951,131	100,192,956	94,161,374

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	24	19,045,421	27,203,612	-	-
COST OF SALES	25	(12,877,945)	(18,308,464)	-	-
GROSS PROFIT		6,167,476	8,895,148	-	-
OTHER OPERATING INCOME		2,449,336	1,413,334	1,890,641	293,523
ADMINISTRATIVE EXPENSES		(3,171,734)	(4,272,880)	(1,899,031)	(2,698,354)
OTHER OPERATING EXPENSES		(22,443,246)	(19,730,160)	(3,464,733)	(4,659,275)
LOSS FROM OPERATIONS		(16,998,168)	(13,694,558)	(3,473,123)	(7,064,106)
FINANCE COSTS	26	(684,882)	(507,376)	(242,858)	(197,870)
LOSS BEFORE TAXATION	27	(17,683,050)	(14,201,934)	(3,715,981)	(7,261,976)
INCOME TAX EXPENSE	28	-	(605,570)	-	-
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(17,683,050)	(14,807,504)	(3,715,981)	(7,261,976)
LOSS AFTER TAXATION FROM ASSETS CLASSIFIED AS HELD FOR SALE	17	-	(93,542)	-	-
LOSS AFTER TAXATION		(17,683,050)	(14,901,046)	(3,715,981)	(7,261,976)
OTHER COMPREHENSIVE INCOME:					
Item that may be reclassified subsequently to profit or loss					
- foreign currency translation		(355,923)	87,438	-	-
Item that will not be reclassified subsequently to profit or loss					
- revaluation surplus on land and buildings		-	(11,768,590)	-	-
- changes in fair value of other investment		(248,540)	-	(248,540)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(18,287,513)	(26,582,198)	(3,964,521)	(7,261,976)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE YEAR ENDED 30 JUNE 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(17,495,422)	(14,865,091)	(3,964,521)	(7,261,976)
Non-controlling interests		(187,628)	(35,955)	-	-
		(17,683,050)	(14,901,046)	(3,964,521)	(7,261,976
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(18,099,885)	(26,546,243)	(3,964,521)	(7,261,976)
Non-controlling interests		(187,628)	(35,955)	-	-
		(18,287,513)	(26,582,198)	(3,964,521)	(7,261,976)
LOSS PER SHARE (sen)					
- Basic/diluted (loss)/earnings per share	30	(1.45)	(1.99)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	<---- Attributable to owners of the Company									
	<---- Non-distributable					---->	Distributable			
Group	Share capital RM	Revaluation reserve RM	Fair value reserve RM	Warrant reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Non-controlling Total RM	Total interests RM	equity RM
Balance at 30 June 2018	89,877,524	17,437,708	-	-	685,698	(145,554)	(36,986,123)	70,869,253	102,815	70,972,068
Transactions with owners:										
Effect of adoption of MFRS 9	-	-	-	-	-	-	(3,901,248)	(3,901,248)	-	(3,901,248)
Transfer of ESOS reserve upon exercised	685,698	-	-	-	(685,698)	-	-		-	-
Issuance of new share under rights issue	22,010,526	-	-	19,707,874	-	-	-	41,718,400	-	41,718,400
Issuance new share for warrants exercise	5,686,951	-	-	-	-	-	-	5,686,951	-	5,686,951
Capitalisation of warrant reserve upon exercise of warrants	2,910,408	-	-	(2,910,408)	-	-	-	-	-	-
Issuance new share under ESOS	7,402,244	-	-	-	-	-	-	7,402,244	-	7,402,244
Loss after taxation	-	-	-	-	-	-	(14,865,091)	(14,865,091)	(35,955)	(14,901,046)
Other comprehensive income:										
Foreign currency translation differences	-	-	-	-	-	87,438	-	87,438	-	87,438
Revaluation deficit on land and buildings	-	(11,768,590)	-	-	-	-	-	(11,768,590)	-	(11,768,590)
Total comprehensive (loss) / income for the year	-	(11,768,590)	-	-	-	87,438	(14,865,091)	(26,546,243)	(35,955)	(26,582,198)
Balance at 30 June 2019	128,573,351	5,669,118	-	16,797,466	-	(58,116)	(55,752,462)	95,229,357	66,860	95,296,217
Isuance of share under private placement	5,107,575	-	-	-	-	-	-	5,107,575	-	5,107,575
Loss after taxation	-	-	-	-	-	-	(17,495,422)	(17,495,422)	(187,628)	(17,683,050)
Other comprehensive income:										
Foreign currency translation differences	-	-	-	-	-	(355,923)		(355,923)	-	(355,923)
Fair value adjustment	-	-	(248,540)	-	-	-	-	(248,540)	-	(248,540)
Total comprehensive (loss) / income for the year	-	-	(248,540)	-	-	(355,923)	(17,495,422)	(18,099,885)	(187,628)	(18,287,513)
Balance at 30 June 2020	133,680,926	5,669,118	(248,540)	16,797,466	-	(414,039)	(73,247,884)	82,237,047	(120,768)	82,116,279

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE YEAR ENDED 30 JUNE 2020

	Non-distributable				
Company	Share capital RM	Fair value reserve	Warrant reserve RM	Accumulated losses RM	Total equity RM
Balance at 1 July 2018	89,877,524	-	-	(54,265,724)	35,611,800
Transactions with owners:					
Transfer of ESOS reserve upon exercised	685,698	-	-	-	685,698
Issuance of new share under rights issue with free warrants	22,010,526	-	19,707,874	-	41,718,400
Issuance of new share for warrants exercise	5,686,951	-	-	-	5,686,951
Capitalisation of warrant reserve upon exercise of warrants	2,910,408	-	(2,910,408)	-	-
Issuance new share under ESOS	7,402,244	-	-	-	7,402,244
Loss after taxation/Total comprehensive loss for the year	-	-	-	(7,261,976)	(7,261,976)
Balance at 30 June 2019	128,573,351	-	16,797,466	(61,527,700)	83,843,117
Transactions with owners:					
Issuance of share capital	5,107,575	-	-	-	5,107,575
Loss after taxation/Total comprehensive loss for the year	-	(248,540)	-	(3,715,981)	(3,964,521)
Balance at 30 June 2020	133,680,926	(248,540)	16,797,466	(65,243,681)	84,986,171

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation from:				
- Continued operations	(17,683,050)	(14,201,934)	(3,715,981)	(7,261,976)
- Assets held for sale	-	(93,542)	-	-
Adjustments for:				
Allowance for doubtful debt	1,086,420	33,144	-	-
Bad debts recovered		(580,629)	-	-
Depreciation of investment properties	5,631	5,630	-	-
Depreciation of property, plant and equipment	360,645	349,887	-	-
ESOS issuance cost	-	859,942	-	859,942
Impairment losses on:		-		-
- in subsidiaries	-	-	500,000	-
- investment property	-	4,038,228	-	-
- property, plant and equipment	880	-	-	-
- other receivables	298,550	1,725,451	-	-
Impairment loss on fair value through profit or loss financial assets:				
- quoted shares	1,608,337	3,307,540	1,608,337	3,307,541
Impairment loss on inventory - MEPL	625,257	-	-	-
Impairment loss on property development expenditure	6,792,260	-	-	-
Interest expenses	684,882	507,376	242,858	197,870
Interest income	(2,158,953)	(677,540)	(1,890,641)	(293,524)
Gain on disposal of fair value through profit or loss financial assets	1,112,440	(72,524)	1,112,440	(72,524)
(Gain)/Loss on foreign exchange - unrealised	(22,400)	-	(22,400)	-
Property, plant and equipment written off	-	5,953	-	-
Operating loss before working capital changes	(7,289,101)	(4,793,018)	(2,165,387)	(3,262,671)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in property development cost	(481,042)	(1,884)	-	-
Decrease/(increase) in inventories	658,555	442,506	-	-
Decrease/(increase) in receivables and others	2,495,626	696,697	(1,214,180)	427,920
Decrease/(increase) in amount owing by contract customers	3,088,947	2,498,452	-	-
Decrease/(increase) in amount due from subsidiaries	-	-	3,652,207	6,411,345
Decrease in amount due to subsidiaries	-	-		(1,010,070)
Decrease in trade payables and others	(466,249)	(1,967,322)	197,541	(4,725,264)
Cash generated/(used in) generated from operations	(1,993,264)	(3,124,569)	470,181	(2,158,740)
Tax paid	-	(39,438)	-	-
Interest paid	(684,882)	-	-	-
Net cash generated/(used in) operating activities	(2,678,146)	(3,164,007)	470,181	(2,158,740)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,158,953	677,540	1,890,641	293,523
Investment in subsidiary	-	-	-	-
Increase in other investment	(2,075,656)	(1,450,350)	-	(1,450,350)
Investment in quoted shares classified as fair value through profit or loss financial assets	-	-	(2,075,656)	350,100
Proceed from disposal of land held for development	-	1,600,000	-	-
Purchase of property, plant and equipment *(Note A)*	(450,703)	(1,939,780)	-	-
Proceeds from disposal of fair value through profit or loss financial asset	537,770	350,100	537,770	-
Proceeds from disposal of property, plant andequipment and investment properties	-	-	-	-
Net cash (used in)/generated from investing activities	170,364	(762,490)	352,755	(806,727)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2020

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	-	(507,376)	(242,858)	(198,870)
Issuance of share capital	5,107,575	53,947,653	5,107,575	53,947,653
Issuance of share grant reserve	-	-	-	-
Drawdown/(repayment) of bankers' acceptances	3,937,797	23,348	-	-
(Repayment)/drawdown of margin financing	-	(881,780)	957,198	(881,780)
Repayment of finance lease liabilities	(13,744)	(13,097)	-	-
(Placement)/Withdrawal of fixed deposits pledged with licensed banks	-	(48,226)	-	-
Net cash generated from financing activities	9,031,628	52,520,522	5,821,915	52,867,003
Net increase in cash and cash equivalents	6,523,846	48,594,025	6,644,851	49,902,536
Effects of changes in exchange rate	(355,923)	87,438	-	-
Cash and cash equivalents at beginning of year	56,320,357	7,638,894	49,925,635	23,099
Cash and cash equivalents at end of year (Note B)	62,488,280	56,320,357	56,570,486	49,925,635

NOTES TO CASH FLOWS STATEMENTS OF:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
(A) Purchase of property, plant and equipment				
Aggregate cost	450,703	1,939,780	-	-
Less: Finance lease liabilities financing	-	-	-	-
	450,703	1,939,780	-	-
(B) Cash and cash equivalents comprise:				
Cash and bank balances	1,005,251	1,487,703	32,763	1,220,844
Fixed deposits	68,219,023	60,192,769	56,537,723	48,704,791
Bank overdrafts	(4,272,593)	(2,896,715)	-	-
	64,951,681	58,783,757	56,570,486	49,925,635
Less: Fixed deposits pledged as securities	(2,463,401)	(2,463,400)	-	-
	62,488,280	56,320,357	56,570,486	49,925,635

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 7*. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the registered office of the Company is Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not early adopted the following new MFRSs, IC Interpretations and amendments to MFRSs that have been issued by the MASB but are not yet affective: -

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company;

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

STATEMENT OF COMPLIANCE

Application of new MFRSs, IC Interpretations and amendments to MFRSs

During the financial year, the Company have applied the following new MFRSs, IC Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which are effective from the beginning of the current financial year:-

MFRS 16, *Leases*
Amendments to MFRS 9 – Prepayment features with negative compensation
Amendments to MFRS 119 – *Plan amendment, curtailment or settlement*
Amendments to MFRS 128 – *Long-term interests in associates and joint ventures*
Amendments to MFRSs classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle":

(i) Amendments to MFRS 3, Business combinations and MFRS 11, Joint arrangements – Previously held interest in a joint operation

(ii) Amendments to MFRS 112, Income taxes – Income tax consequences of payments on financial instruments classified as equity

(iii) Amendments to MFRS 123, Borrowing costs – Borrowing costs eligible for capitalisation

IC Interpretation 23, Uncertainty over income tax treatments

(a) MFRS 16, Leases

MFRS 16 will supersede the existing MFRS 117 *Leases*, IC Interpretation 4 Determining whether an *arrangement contains a lease*, IC Interpretation 115 *Operating leases – Incentives* and IC Interpretation 127 *Evaluating the substance of transactions involving the legal form of a lease* and its sets out the principles for the recognition, measurement, presentation and disclosures of leases.

Under the existing MFRS 117, lessees and lessors are required to classify their leases as either finance leases or operating leases and account for those two types of leases differently. It requires a lessee to recognise assets and liabilities arising from finance leases but not from operating leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognizes right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, plant and equipment and this liability is accreted over time with interest expense recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (CONT'D)

Application of new MFRSs, IC Interpretations and amendments to MFRSs (cont'd)

(b) Amendments to MFRS 9 – Prepayment Features with Negative Compensation

The amendments allow entities to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

(c) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 – 2017 Cycle"

The Annual Improvements to MFRS Standards 2015 – 2017 Cycle include amendments to the following MFRSs:-

(i) The amendments to MFRS 3 Business combinations clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to MFRS 11 Joint arrangements clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

(ii) The amendments to MFRS 112 Income taxes clarify that an entity recognizes the income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

(iii) The amendments to MFRS 123 Borrowing costs clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

(d) IC Interpretation 23, Uncertainty over income tax treatments

MFRS 112 Income taxes, includes requirements on recognition and measurement of tax assets and tax liabilities, but does not specify how to reflect uncertainty. As a result, entities apply diverse reporting method when the application of tax law is uncertain.

When there is uncertainty over income tax treatments, the Interpretation addresses:-

(i) whether an entity considers uncertain tax treatment separately;

(ii) the assumptions an entity makes about the examination of tax treatments by taxation authority;

(iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and

(iv) how an entity considers changes in facts and circumstances.

The initial application of the new MFRSs, IC Interpretations and amendments to MFRSs is not expected to have any significant impact on the Group and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (CONT'D)

New MFRSs, IC Interpretations and amendments to MFRSs that are in issue but not yet effective (Cont'd)

(d) IC Interpretation 23, Uncertainty over income tax treatments (cont'd)

When there is uncertainty over income tax treatments, the Interpretation addresses:-

(i) whether an entity considers uncertain tax treatment separately;

(ii) the assumptions an entity makes about the examination of tax treatments by taxation authority;

(iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and

(iv) how an entity considers changes in facts and circumstances.

The initial application of the new MFRSs, IC Interpretations and amendments to MFRSs is not expected to have any significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis Of Consolidation (cont'd)

(i) Acquisition method of accounting for non-common control business combinations (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company 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 interest are adjusted to reflect the changes in their relative interests in the subsidiary company. 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 owners of the parent.

(b) Functional And Foreign Currency

Functional currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Functional And Foreign Currency (cont'd)

Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchanges differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(c) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Freehold land has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant And Equipment (cont'd)

Leasehold building is depreciated over the estimated useful life of 50 years or over the remaining leasehold land tenure, whichever is shorter.

All other property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

	%
Freehold buildings	2
Motor vehicles	20
Furniture, fittings and equipment	20 - 33
Renovation	4

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(d) Investment Properties

Investment properties are properties which are owned or right-of-use assets under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply or supply goods or services or for administrative purpose.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing cost. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold building is depreciated at a rate of 2% per annum. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are revalued periodically, at least once in every 5 years, with any changes therein recognized in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value become reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflect the expected cash flows. Accordingly, where valuation obtained for property is net of all payments expected to be made, the Group added back any recognized lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognized on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognized in profit or loss in the period in which the item is derecognized.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investment Properties (cont'd)

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property, following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified a property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(e) Investment in Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(f) Investment in Joint Venture

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

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment in Joint Venture (cont'd)

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

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(g) Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to: -

(i) the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
(ii) derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment in the trade date.

Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(i) at amortised cost;
(ii) fair value through other comprehensive income; and
(iii) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

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

(g) Financial Assets (cont'd)

Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flows characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:

a. Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

b. Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Debt instruments (cont'd)

c. Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Impairment of financial assets

Upon the adoption of MFRS 9, the Group recognises loss allowance for expected credit losses ("ECLs") on:

(i) financial assets measured at amortised cost;

(ii) debt instruments measured at fair value through other comprehensive income ("FVOCI");

(iii) contract assets;

(iv) lease receivables; and

(v) financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment

Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(i) Fair Value Measurement

The Group and the Company measure the marketable securities at fair value at the end of the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

(i) in the principal market for the assets or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and to the Company.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Fair Value Measurement (cont'd)

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. It comprises the cost of building automation equipment and parts and other direct cost in bringing the equipment to its present location.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

(k) Amount Owing From/To Contract Customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to contract customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if:-

(i) it has been incurred principally for the purpose of repurchasing it in the near term; or

(ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on financial liabilities at amortised cost is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(m) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented as previously reported under MFRS 117, Leases and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases (cont'd)

Current financial year

(i) Definition of lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assesses whether a contract conveys the right to control the use of an identified asset - this may be specified explicitly or implicitly.

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has his right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the customer has right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases (cont'd)

Current financial year (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

The Group recognises assets held under a finance leases in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases (cont'd)

Current financial year (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

Previous financial year

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated 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 life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company 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. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(o) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If the debtor fails to make payment relation to financial guarantee contracts when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation. As at the financial year-end date, the financial guarantees provided by the Company to banks are in connection with the banking facilities granted to subsidiary companies.

(p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Related Parties

A party is related to an entity if: -

(i) directly, or indirectly through one or more intermediaries, the party: -

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Related Parties (cont'd)

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(r) Revenue Recognition

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

(i) Construction contracts

The Group constructs residential properties under long-term contracts with customers who are property developers. The constructions are on the land owned by the customers. Revenue from construction of residential properties is recognised over time on percentage of completion method, i.e. based on the proportion of percentage of work performed to date relative to the total contract value. The directors consider that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15.

(ii) Property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue Recognition (cont'd)

(ii) Property development (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as in the attached layout plan in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to date, is entitled to continue to transfer to the customer the development units promised, and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

(iii) Project management services

Project management services are recognised for services rendered based on the stage of completion during pre and post contract for each project.

(s) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(t) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income Tax Expense (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(u) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(w) Earnings Per Share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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

(x) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(y) Operating Segments

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed business losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed business losses, unutilised capital allowances and other 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.

(e) Engineering Contracts

The Group recognises engineering contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of progress billing for work performed to date to the total project value.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(f) Write Down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Freehold land RM	Freehold buildings RM	Property development in progress RM	Fittings Motor vehicles RM	and equipment RM	Renovation RM	Total RM
Cost/Valuation							
At 1 July 2018							
Cost	-	-	-	78,652	3,954,011	842,312	4,874,975
Valuation	5,613,114	2,579,795	-	-	-	-	8,192,909
	5,613,114	2,579,795	-	78,652	3,954,011	842,312	13,067,884
Additions	-	-	1,852,942	-	72,745	14,093	1,939,780
Disposal	-	-	-	-	-	-	-
At 30 June 2019							
Cost	-	-	1,852,942	78,652	4,026,756	856,405	6,814,755
Valuation	5,613,114	2,579,795	-	-	-	-	8,192,909
	5,613,114	2,579,795	1,852,942	78,652	4,026,756	856,405	15,007,664
At 31 July 2019							
Cost	-	-	1,852,942	78,652	4,026,756	856,405	6,814,755
Valuation	5,613,114	2,579,795	-	-	-	-	8,192,909
	5,613,114	2,579,795	1,852,942	78,652	4,026,756	856,405	15,007,664
Additions	-	-	-	-	449,553	1,150	450,703
Transfer to investment property	-	-	(1,852,942)	-	-	-	(1,852,942)
Impairment	-	-	-	-	(880)	-	(880)
Disposal	-	-	-	-	-	-	-
At 30 June 2020							
Cost	-	-	-	78,652	4,475,429	857,555	5,411,636
Valuation	5,613,114	2,579,795	-	-	-	-	8,192,909
	5,613,114	2,579,795	-	78,652	4,475,429	857,555	13,604,545

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Freehold buildings RM	Property development in progress RM	Fittings Motor vehicles RM	and equipment RM	Renovation RM	Total RM
Accumulated depreciation							
At 1 July 2018							
Cost	-	-	-	35,091	3,269,970	503,337	3,808,398
Valuation	-	175,663	-	-	-	-	175,663
	-	175,663	-	35,091	3,269,970	503,337	3,984,061
Charge for the year							
Cost	-	-	-	12,761	238,727	27,446	278,934
Valuation	-	70,953	-	-	-	-	70,953
Write off	-	-	-	-	-	-	-
Foreign currency differences	-	-	-	-	104,834	(98,882)	5,953
At 30 June 2019							
Cost	-	-	-	47,852	3,613,531	431,902	4,093,285
Valuation	-	246,616	-	-	-	-	246,616
	-	246,616	-	47,852	3,613,531	431,902	4,339,901

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Freehold buildings RM	Property development in progress RM	Fittings Motor vehicles RM	and equipment RM	Renovation RM	Total RM
Accumulated depreciation							
At 1 July 2019							
Cost	-	-	-	47,852	3,613,531	431,902	4,093,285
Valuation	-	246,616	-	-	-	-	246,616
	-	246,616	-	47,852	3,613,531	431,902	4,339,901
Charge for the year							
Cost	-	-	-	12,761	249,485	27,446	289,692
Valuation	-	70,953	-	-	-	-	70,953
Write off	-	-	-	-	-	-	-
At 30 June 2020							
Cost	-	-	-	60,613	3,863,016	459,349	4,382,978
Valuation	-	317,569	-	-	-	-	317,569
	-	317,569	-	60,613	3,863,016	459,349	4,700,547
Net carrying amount 2020							
Cost	-	-	-	18,039	612,413	398,206	1,028,659
Valuation	5,613,114	2,262,226	-	-	-	-	7,875,340
	5,613,114	2,262,226	-	18,039	612,413	398,206	8,903,999
Net carrying amount 2019							
Cost	-	-	1,852,942	30,800	413,225	424,503	2,721,470
Valuation	5,613,114	2,333,179	-	-	-	-	7,946,293
	5,613,114	2,333,179	1,852,942	30,800	413,225	424,503	10,667,763

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The freehold land and freehold buildings of the Group have been pledged to a licensed bank as securities for banking facilities granted to the Group.

(b) The entire net carrying amount of motor vehicles of the Group were purchased previously under the finance lease contracts.

(c) The freehold land and freehold buildings of the Group were revalued in November 2016 based on valuation carried out by independent professional valuers using the comparison method.

If these freehold land and freehold buildings were measured using the cost model, the net carrying amount would be as follows:

	Group	
	2020 RM	**2019 RM**
Freehold land		
Cost	4,851,314	4,851,314
Freehold buildings		
Cost	2,124,481	2,124,481
Less: Accumulated depreciation	(1,126,659)	(1,051,721)
	997,822	1,072,760

6. INVESTMENT PROPERTIES

Group	**Freehold land RM**	**Freehold building RM**	**Leasehold buildings RM**	**Property development in progress**	**Total RM**
Valuation					
At 1 July 2019	290,000	121,600	16,186,569	-	16,598,169
Impairment	-	-	(15,802,903)	-	(15,802,903)
Trasfer from property, plant and equipment	-	-	-	1,852,942	1,852,942
Foreign exchange differences	-	-	(3,914)	-	(3,914)
At 30 June 2020	290,000	121,600	379,752	1,852,942	2,644,294
Accumulated depreciation					
At 1 July 2018	-	20,048	299,748	-	319,796
Charge for the year	-	2,299	3,332	-	5,631
At 30 June 2019	-	22,347	303,080	-	325,427
Charge for the period	-	2,299	3,332	-	5,631
At 30 June 2020	-	24,646	306,412	-	331,058
Net carrying amount					
At 30 June 2020	290,000	96,954	73,340	1,852,942	2,313,236
At 30 June 2019	290,000	99,253	76,672	-	465,925

In November 2016 the Group revalued all the investment properties based on valuation carried out by independent professional valuers using the open market value basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

6. INVESTMENT PROPERTIES (cont'd)

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

Group	Freehold land RM	Freehold building RM	Leasehold buildings RM	Property development in progress	Total RM
2020					
Cost	245,909	121,600	379,751	1,852,942	2,600,202
Less: Accumulated depreciation	-	(20,281)	(90,942)	-	(111,223)
	245,909	101,319	288,809	1,852,942	2,488,979
2019					
Cost	245,909	121,600	379,751	-	747,260
Less: Accumulated depreciation	-	(17,977)	(87,610)	-	(105,587)
	245,909	103,623	292,141	-	641,673

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2020 RM	2019 RM
Unquoted shares, at cost		
- In Malaysia	36,025,494	36,025,494
- Outside Malaysia	9,753,435	9,753,435
	45,778,929	45,778,929
Less:Accumulated impairment losses	(11,524,924)	(11,024,924)
Add: Provision of financial guarantees by the Company	329,434	329,434
	34,583,439	35,083,439
Movements on accumulated impairment losses:		
At 1 July	11,024,924	11,024,982
Addition	500,000	-
Reversal / write off **	-	(58)
At 30 June	11,524,924	11,024,924

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2020 %	2019 %	Principal activities
Metronic Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system, and sale of engineering equipment, e-project management of mechanical and electrical services, and supply of engineering system.
Metronic Integrated Sdn. Bhd. ("MISSB")	Malaysia	100	100	Currently dormant. Intended principal activities are maintenance of intelligent building management system and integrated security management system, dealing in fertiliser and intelligent healthcare instrument.
MGL Development Sdn Bhd (previously known as M One Country Development Sdn. Bhd. ("MOne")	Malaysia	100	100	Property development.
Metronic Smart Tech Sdn Bhd (previously known as Metronic Gaharu Sdn. Bhd).	Malaysia	100	100	Currently dormant. Intended principal activities are research development, production and marketing of building automation and security system products, modules and related parts.
Metronic Microsystem (Beijing) Company Limited*	People's Republic of China	100	100	Currently dormant.
Metronic Vietnam Company Limited*	Vietnam	100	100	Currently dormant
Anhui Lai'An Metronic Water Supply Company Limited*	People's Republic of China	100	100	Currently dormant.
Metronic Engineering Private Limited ("MEPL")*	India	89	89	Currently dormant.
M Two Country Development Sdn. Bhd.	Malaysia	100	82.5	Currently dormant.
Bonanza Partners. Sdn. Bhd	Malaysia	70	100	Currently dormant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

* Subsidiary companies not audited by Jamal, Amin & Partners and the financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

8. OTHER INVESTMENT

Group and Company	Shares RM	REIT RM	Total RM
2020			
Non-current			
Fair value through other comprehensive income	-	1,224,211	1,224,211
Fair value through profit or loss	2,766,430	-	2,766,430
	2,766,430	1,224,211	3,990,641
2019			
Non-current			
Fair value through other comprehensive income	-	1,450,350	1,450,350
Fair value through profit or loss	3,949,322	-	3,949,322
	3,949,322	1,450,350	5,399,672

Investment in quoted shares of the Group and of the Company are designated as fair value through profit or loss ("FVTPL") financial assets and are measured at fair value.

Investment in unquoted investment of the Group and of the Company are designated as fair value through other comprehensive income financial assets ("FVTOCI") are stated at fair value.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

9. DEFERRED TAX ASSETS

	Group 2020 RM	Group 2019 RM
At 1 July	3,555,609	4,170,769
Transfer (to) / from statements of profit or loss and other comprehensive income	-	(605,570)
Foreign currency translation differences	-	35
	3,555,609	3,565,234
Reclassified to assets classified as held for sale (Note 17)	-	(9,625)
At 30 June	3,555,609	3,555,609

Deferred tax assets have been recognised in respect of the following items:

	Group 2020 RM	Group 2019 RM
Excess of accumulated depreciation over corresponding capital allowances	(66,873)	(39,865)
Unutilised capital allowances	-	-
Unabsorbed business losses	16,693,115	3,595,474
	16,626,242	3,555,609

10. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM	Development expenditure RM	Total RM
At 1 July 2018	9,908,261	6,765,334	16,673,595
Additions	-	1,884	1,884
At 30 June 2019	9,908,261	6,767,218	16,675,479
Additions	-	481,042	481,042
Impairment	-	(6,792,260)	(6,792,260)
At 30 June 2020	9,908,261	456,000	10,364,261

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

11. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost net of impairment,		
Building automation equipment and parts	712,178	2,022,010
Reclassified to assets classified as held for sale (Note 17)	-	(651,277)
	712,178	1,370,733

12. TRADE RECEIVABLES

	Group 2020 RM	Group 2019 RM
Trade receivables	8,879,163	16,038,789
Retention sums on contracts *(Note 13)*	4,327,509	4,061,113
	13,206,672	20,099,902
Less: Accumulated impairment losses	(5,329,077)	(6,390,917)
	7,877,595	13,708,985
Reclassified to assets classified as held for sale *(Note 17)*	-	(1,044,484)
	7,877,595	12,664,501

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 120 days (2019: 60 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired):

	Group 2020 RM	Group 2019 RM
At 1 January	6,390,917	4,875,623
Additions	1,086,421	1,606,646
Written off	(2,148,261)	-
Foreign currency differences	-	(91,352)
At 30 June	5,329,077	6,390,917

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

13. AMOUNT OWING BY CONTRACT CUSTOMERS

	Group 2020 RM	Group 2019 RM
Contract costs incurred to date	129,698,010	116,304,910
Add: Attributable profits	20,160,027	31,292,251
	149,858,037	147,597,161
Less: Progress billings received and receivable	(145,623,583)	(141,693,734)
	4,234,454	5,903,427
Represented by:		
Amount owing by contract customers	4,234,454	5,903,427
Retention sums on contracts, included within trade receivables (Note 12)	4,327,509	4,061,113
Contract cost recognised as cost	11,079,233	16,440,749

14. OTHER RECEIVABLES AND DEPOSITS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Other receivables	7,444,227	7,484,319	418,413	115,527
Less: Accumulated impairment losses	(3,463,216)	(3,463,216)	(35,000)	(35,000)
	3,981,011	4,021,103	383,413	80,527
Deposits	1,297,618	136,218	1,011,400	100,048
Staff advance	150,000	150,000	150,000	150,000
	5,428,629	4,307,321	1,544,813	330,575
Reclassified to assets classified as held for sale *(Note 17)*	-	(19,697)	-	-
	5,428,629	4,287,624	1,544,813	330,575

Movements of the accumulated impairment losses (individually impaired):

	Group 2020 RM	Group 2019 RM
At 1 January	3,463,216	1,522,814
Additions	-	1,940,402
Reversals	-	-
Foreign currency differences	-	-
At 30 June	3,463,216	3,463,216

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

15. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
Amount owing by subsidiary companies		
- non-trade	21,602,905	21,521,381
Less: Accumulated impairment losses	(18,099,328)	(18,099,328)
	3,503,577	3,422,053
Amount owing to subsidiary companies		
- non-trade	(10,434,210)	(6,700,421)

The non-trade balances are unsecured, interest-free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2020 RM	2019 RM
At 1 January	18,099,328	18,099,328
Additions	-	-
Reversals	-	-
At 30 June	18,099,328	18,099,328

16. FIXED DEPOSITS

Group

The fixed deposits with financial and non financial institution earn effective interest at rates ranging from 2.15% to 3.8% (2019: 3.05% to 4.10%) per annum.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Institution - under lien	5,098,204	5,164,159	-	-
Non Financial Institution	63,120,819	55,028,610	56,537,723	48,704,791
At 30 June	68,219,023	60,192,769	56,537,723	48,704,791

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

17. ASSETS CLASSIFIED AS HELD FOR SALE

The results of MEPL, classified as assets held for sale are as follows:

	Group	
	2020 RM	**2019 RM**
Revenue (Note 24)	-	-
Cost of sales (Note 25)	-	-
Other income	-	-
Expenses	-	(93,542)
Finance costs (Note 26)	-	-
Loss before taxation from assets held for sale	-	(93,542)
Income tax expense	-	-
Loss after taxation from assets held for sale	-	(93,542)

Included in assets classified as held for sale in the Consolidated Statement of Financial Position as at 30 June 2020 and 2019 are:

	Group	
	2020 RM	**2019 RM**
Property, plant and equipment	-	803
Deferred tax assets *(Note 9)*	-	9,625
Inventories *(Note 11)*	-	651,277
Trade receivables *(Note 12)*	-	1,044,484
Other receivables *(Note 14)*	-	19,697
Fixed deposits	-	297,489
Cash and bank balances	-	256,551
Assets classified as held for sale	-	2,279,926
Trade payables *(Note 20)*	-	253,576
Other payables *(Note 21)*	-	886,778
Loans and borrowings	-	997,937
Liabilities associated with assets classified as held for sale	-	2,138,291

During the year, the management decided that MEPL does not meet criteria to classified as asset held for sales. Therefore, all the assets and liabilities under MEPL was reclassified to respective classes of assets

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

18. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 July	NA	NA	NA	NA
Issued and fully paid:				
At 1 July	1,132,515,493	962,737,128	128,573,351	89,877,524
Issued during the year :				
-Share consolidation	-	(641,826,458)	-	-
-Private placement	113,250,000	-	5,107,575	-
-Rights issue	-	641,821,340	-	22,010,526
-Warrant subscription/exercised	-	71,086,890	-	5,686,951
-Capitalisation of warrant reserve	-	-	-	2,910,408
-ESOS exercised	-	98,696,593	-	8,087,942
At 30 June	1,245,765,493	1,132,515,493	133,680,926	128,573,351

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

19. OTHER RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-distributable				
Other reserves:				
Revaluation reserve	5,669,118	5,669,118	-	-
Warrant reserve	16,797,466	16,797,466	16,797,466	16,797,466
Fair value reserve	(248,540)	-	(248,540)	-
Foreign currency translation reserve	(414,039)	(58,116)	-	-
	21,804,005	22,408,468	16,548,926	16,797,466

(a) Revaluation reserve

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are not distributable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

19. OTHER RESERVES (cont'd)

(b) Warrant reserve

The warrant was constituted under the Deed Poll dated 1 March 2019.

Salient features of the above warrants are as follows:

i. Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
ii. The close of business on the warrants is three (3) years from the date of issuance of the warrants: thereafter the outstanding warrants will cease to be valid for any purpose.
iii. The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.
iv. The warrant is quoted on the main market of Bursa Malaysia on 23 April 2019. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 16 April 2022 at an exercise price of RM0.08 payable in cash

The number of unexercised Warrants as at the end of the reporting period is 410,278,976.

(c) The foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

20. TRADE PAYABLES

	Group	
	2020	**2019**
	RM	**RM**
Trade payables	4,344,118	7,518,421
Reclassified to assets classified as held for sale (Note 17)	-	(253,576)
	4,344,118	7,264,845

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Other payables	11,233,875	9,796,759	1,272,862	1,099,021
Accruals	2,407,795	1,591,095	1,476,499	1,452,799
Provision for contingent liabilities	1,158,750	-	-	-
Provision for defect liabilities	4,846,715	4,553,290	-	-
	19,647,135	15,941,144	2,749,361	2,551,820
Reclassified to assets classified as held for sale *(Note 17)*	-	(886,778)	-	-
	19,647,135	15,054,366	2,749,361	2,551,820

22. LEASE LIABILITIES

Group	**Future instalments payable** **RM**	**Undue interest** **RM**	**Principal payable** **RM**
2020			
Shown under current liabilities			
Within 1 year	3,451	(27)	3,424
Shown under non-current liabilities			
Between 2 to 5 years	-	-	-
	3,451	(27)	3,424
2019			
Shown under current liabilities			
Within 1 year	17,707	(539)	17,168
Shown under non-current liabilities			
Between 2 to 5 years	-	-	-
	17,707	(539)	17,168

The finance lease liabilities of the Group bear interest at rates ranging from 2.61% to 2.85% (2019: 2.61% to 2.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

23. SHORT TERM BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Bank overdrafts	4,272,593	2,896,715	-	-
Bankers' acceptances	3,219,539	1,217,513	-	-
Margin financing	2,023,214	1,066,016	2,023,214	1,066,016
Loan and borrowing	978,574	997,937	-	-
	10,493,920	6,178,181	2,023,214	1,066,016
Reclassified to assets classified as held for sale *(Note 17)*	-	(997,937)	-	-
	10,493,920	5,180,244	2,023,214	1,066,016

The above bank borrowings are denominated in RM, granted by licensed banks and are secured against freehold land and buildings, leasehold buildings and fixed deposits disclosed in Notes 5 and 16. The borrowings bear effective interest rates ranging from 2.81% to 8.00% (2019: 2.81% to 8.00%) per annum

The margin financing granted by securities company is secured by quoted shares as disclosed in Note 8 and bear the interest of 9.5%. (2019: 9.5%) per annum.

24. REVENUE

Disaggregation of revenue from contract with customer: -

	Group	
	2020 RM	2019 RM
Contract work	12,889,350	19,634,435
Maintenance services	5,747,765	7,040,815
Sale of equipment	408,306	528,362
	19,045,421	27,203,612
Less: Revenue from assets classified as held for sale *(Note 17)*	-	-
Revenue from continuing operations	19,045,421	27,203,612

25. COST OF SALES

	Group	
	2020 RM	2019 RM
Contract costs *(Note 13)*	11,079,233	16,440,749
Maintenance services	1,417,510	1,545,246
Cost of equipment sold	381,202	322,469
	12,877,945	18,308,464
Less: Cost of sales from assets classified as held for sale *(Note 17)*	-	-
Cost of sales from continuing operations	12,877,945	18,308,464

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

26. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Bank overdraft interest	299,955	176,124	-	-
Bankers' acceptances interest	141,557	132,223	-	-
Finance lease liabilities interest	512	1,159	-	-
Share financing interest	242,858	197,870	242,858	197,870
	684,882	507,376	242,858	197,870
Less: Interest expenses for assets classified as held for sale (Note 17)	-	-	-	-
Finance costs from continuing operations	684,882	507,376	242,858	197,870

27. LOSS BEFORE TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation is stated *after charging:*				
Auditors' remuneration				
Statutory audits:				
- current year's	168,203	169,926	66,000	65,000
Depreciation of property, plant and equipment	361,505	349,887	-	-
Depreciation of investment properties	5,630	5,630	-	-
(Gain) / Loss on foreign exchange				
- realised	(3,602)	2,016	-	-
Net Loss on disposal of other investment quoted share	1,112,440	-	1,112,440	-
- amount owing by subcontractor				
- trade receivables	83,665	1,725,451	-	-
- other receivables	-	315,476	-	-
Impiarment loss on investment in subsidiaries	-	-	500,000	-
Impairment losses on fair value through profit or loss financial assets in:				
- quoted shares	1,608,337	3,307,541	1,608,337	3,307,541
Impairment of investment property	-	4,038,228	-	-
Impairment of development expenditure	6,792,260	-	-	-
Property, plant and equipment written off	119	5,953	-	-
Rental expenses	75,870	63,120	39,270	41,700
Staff costs (Note 29)	8,338,742	9,267,608	527,334	2,074,320
stated *after crediting:*				
Gain on foreign exchange				
- realised	3,602	(2,016)	-	-
Interest income	(2,158,953)	(677,540)	(1,890,641)	(293,523)
Reversals of impairment losses on:				
- trade receivables	-	-	-	-
Bad debt recovered	(242,340)	(580,629)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

28. INCOME TAX EXPENSE

	Group	
	2020 RM	2019 RM
Malaysian income tax:		
- current year's provision	-	-
- under provision in respect of prior year	-	-
Deferred tax:		
- relating to origination and reversal of temporary differences	-	605,570
- over provision in respect of prior year	-	-
	-	605,570

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There were no tax for the foreign subsidiary companies in China, India and Vietnam as they were in a tax loss position for the current financial period.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation from continuing operations	(17,683,050)	(14,201,934)	(3,715,981)	(7,261,976)
Income tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	(4,243,932)	(3,408,464)	(891,835)	(1,742,874)
• Adjustments for the				
• following tax effects:				
- expenses not deductible - for tax purposes	3,270,328	3,104,985	1,287,303	1,530,304
- income not subject to tax	-	(185,304)	-	(70,426)
- deferred tax assets not - recognised during the year	-	-	-	-
- unutilised/ (utilised) business loss	973,604	387,466	(395,468)	212,570
- other income subject to tax	-	101,317	-	70,426
- temporary differences - not recognised	-	-	-	-
	4,243,932	3,408,464	891,835	1,742,874
• Under provision of taxation • in respect of prior year	-	-	-	-
• Over provision of deferred tax • assets in respect of prior year	-	605,570	-	-
	-	605,570	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

28. INCOME TAX EXPENSE (cont'd)

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM	2019 RM
Excess of accumulated depreciation over corresponding capital allowances	(265,652)	(356,775)
Unutilised capital allowances	66,873	190,670
Unabsorbed business losses	16,693,115	14,981,143
	16,494,336	14,815,038

29. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and wages	6,575,177	7,545,161	415,210	504,642
Defined contribution plan	965,208	878,787	68,874	67,951
Other employee benefit expenses	798,357	93,166	43,250	751,633
Share based payment	-	750,094	-	750,094
	8,338,742	9,267,208	527,334	2,074,320

Remuneration to directors, who are also the key management personnel of the Group and of the Company which included in the staff cost above as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and wages	248,438	262,580	248,438	262,580
Defined contribution plan	35,154	93,613	35,154	93,613
Other employee benefit expenses	55,250	29,700	55,250	29,700
Directors fees	186,450	168,750	186,450	168,750
	525,292	554,643	525,292	554,643

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

30. LOSS PER SHARE

Basic loss per share

The basic loss per ordinary share as at 30 June 2019 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2020 RM	**2019 RM**
Loss attributable to owners of the Company (RM)	(17,683,050)	(14,807,504)
Loss from assets held for sale (RM)	-	(93,542)
(Less)/add: Non-controlling interests share of results (RM)	-	-
	-	(93,542)
Loss attributable to owners of the Company (RM)	(17,683,050)	(14,901,046)
Weighted average number of ordinary shares issued as at 30 June	1,215,979,234	826,504,930
Basic/diluted loss per share (sen)		
- from continuing operations	(1.45)	(1.79)
- from assets classified as held for sale	-	(0.20)
	(1.45)	(1.99)

* *negligible*

Diluted loss per share

The diluted loss per share is same as per the loss per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

31. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare and fertilisers.

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam, India, People's Republic of China and United Arab Emirates. The companies were previously involved in the system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment. However all overseas operations have ceased operation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

31. OPERATING SEGMENTS (cont'd)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

Group	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
2020					
Revenue					
Continuing operations					
Sales to external customers		19,045,421	-	-	19,045,421
Inter-segment revenue		-	-	-	-
Total revenue		19,045,421	-	-	19,045,421
Assets held for sale					
Sales to external customers		-	-	-	-
Inter-segment revenue		-	-	-	-
Total revenue		-	-	-	-
Group revenue	A				19,045,421
Results					
Segment results	D	(13,827,675)	(1,740,428)	(1,430,065)	(16,998,168)
Finance costs		(684,882)	-	-	(684,882)
(Loss)/profit before taxation					
- Continuing operations		(14,512,557)	(1,740,428)	(1,430,065)	(17,683,050)
- Assets classified as held for sale		-	-	-	-
Income tax expense		-	-	-	-
(Loss)/profit after taxation		(14,512,557)	(1,740,428)	(1,430,065)	(17,683,050)
Assets					
Segment assets	B	116,750,506	470,724	(616,354)	116,604,876
Liabilities					
Segment liabilities	C	(29,982,645)	(7,563,061)	3,057,109	(34,488,597)
Other segment information					
Depreciation of property, plant and equipment		360,645	-	-	360,645
Depreciation of investment properties		5,631	-	-	5,631

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

31. OPERATING SEGMENTS (cont'd)

Group	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
2019					
Revenue					
Continuing operations					
Sales to external customers		27,203,612	-	-	27,203,612
Inter-segment revenue		-	-	-	-
Total revenue		27,203,612	-	-	27,203,612
Assets held for sale					
Sales to external customers		-	-	-	-
Inter-segment revenue		-	-	-	-
Total revenue		-	-	-	-
Group revenue	A				27,203,612
Results					
Segment results	D	(9,070,961)	(4,530,055)	(93,542)	(13,694,558)
Finance costs		(507,376)	-	-	(507,376)
(Loss)/profit before taxation					
- Continuing operations		(9,578,337)	(4,530,055)	(93,542)	(14,201,934)
- Assets classified as held for sale		-	(93,542)	-	(93,542)
Income tax expense		(605,770)	-	-	(605,570)
(Loss)/profit after taxation		(10,184,107)	(4,623,597)	(93,542)	(14,901,046)
Assets					
Segment assets	B	124,733,041	2,498,016	(2,279,926)	124,951,131
Liabilities					
Segment liabilities	C	(19,639,174)	(7,877,449)	(2,138,291)	(29,654,914)
Other segment information					
Depreciation of property, plant and equipment		344,198	-	(5,689)	338,509
Depreciation of investment properties		5,630	-	-	5,630

The Group, based on the original composition comprises three main business segments as follows:

(i) Engineering - system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment.

(ii) Marketing and distribution of intelligent healthcare and fertilisers.

(iii) Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

31. OPERATING SEGMENTS (cont'd)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment.

Group	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
2020						
Revenue Continuing operations						
Sales to external customers		19,045,421	-	-	-	19,045,421
Inter-segment revenue		-	-	-	-	-
Total revenue		19,045,421	-	-	-	19,045,421
Assets held for sale						
Sales to external customers		-	-	-	-	-
Inter-segment revenue		-	-	-	-	-
Total revenue		-	-	-	-	-
Group revenue	A					19,045,421
Results						
Segment results	D	(14,525,045)	-	(2,973,123)	500,000	(16,998,168)
Finance costs		(442,024)	-	(242,858)	-	(684,882)
Profit/(loss) before taxation						
- Continuing operations		(14,967,069)	-	(3,215,981)	500,000	(17,683,050)
- Assets classified as held for sale		-	-	-	-	-
Income tax expense		-	-	-	-	-
Loss after taxation		(14,967,069)	-	(3,215,981)	500,000	(17,683,050)
Assets						
Segment assets	B	116,604,876	-	-	-	116,604,876
Liabilities						
Segment liabilities	C	(34,488,597)	-	-	-	(34,488,597)
Other segment information						
Depreciation of property, plant and equipment		361,505				361,505
Depreciation of investment properties		5,631	-	-	-	5,631

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

31. OPERATING SEGMENTS (cont'd)

Group	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
2019						
Revenue						
Continuing operations						
Sales to external customers		27,203,612	-	-	-	27,203,612
Inter-segment revenue		-	-	-	-	-
Total revenue		27,203,612	-	-	-	27,203,612
Assets held for sale						
Sales to external customers		-	-	-	-	-
Inter-segment revenue		-	-	-	-	-
Total revenue		-	-	-	-	-
Group revenue	A					27,203,612
Results						
Segment results	D	(13,601,016)	-	-	(93,542)	(13,694,558)
Finance costs		(507,376)	-	-	-	(507,376)
Profit/(loss) before taxation						
- Continuing operations		(14,108,392)	-	-	(93,542)	(14,201,934)
- Assets classified as held for sale		(93,542)	-	-	-	(93,542)
Income tax expense		(605,570)	-	-	-	(605,570)
Loss after taxation		(14,807,504)	-	-	(93,542)	(14,901,046)
Assets						
Segment assets	B	124,951,131	-	-	-	124,951,131
Liabilities						
Segment liabilities	C	(29,654,914)	-	-	-	(29,654,914)
Other segment information						
Depreciation of property, plant and equipment		344,198				344,198
Depreciation of investment properties		5,630	-	-	-	5,630

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

31. OPERATING SEGMENTS (cont'd)

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial period.

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment assets are eliminated on consolidation.

C Inter-segment liabilities are eliminated on consolidation.

D The adjustments relate to classification of assets classified as held for sale.

32. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

32. RELATED PARTY DISCLOSURES (cont'd)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Rental of premises paid to a subsidiary company	-	-	12,000	12,000

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Key management personnel compensation:				
Short term employee benefits	-	-	-	-
Key management personnel balances:				
Staff advance (receivable)	150,000	150,000	150,000	150,000
Advance received (payable)	250,000	-	250,000	-
Related entity :				
Capital commitment				
Contracted but not provided for	1,160,926	1,160,926	-	-

The related party is related by the Group has investment and has common key management personnel in the holding company of the entity.

The Group has purchase investment properties from the related entity and has capital commitment as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows: -

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets/(liabilities) of the Group and of the Company not denominated in RM were as follows: -

Group	**Australian Dollar (AUD) RM**	**Chinese Yuan Renmimbi (RMB) RM**	**Vietnamese Dong (VND) RM**	**Total RM**
2020				
Financial Assets				
Other investment	1,224,211	-	-	1,224,211
Trade receivables	-	-	66,859	66,859
Other receivables and deposits	-	-	3,847	3,847
Cash and bank balances	-	-	46,042	46,042
	1,224,211	-	116,748	1,340,959
Financial Liabilities				
Trade payables	-	-	3,927	3,927
Other payables and accruals	-	5,710,107	62,477	5,772,584
Short term borrowings	-	-	-	-
	-	5,710,107	66,404	5,776,511
Net currency exposure	1,224,211	(5,710,107)	50,344	(4,435,552)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(a) <u>Financial Risk Management Policies (cont'd)</u>

(i) Market Risk (cont'd)

(a) Foreign Currency Risk (cont'd)

Group	Australian Dollar (AUD) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
2019				
Financial Assets				
Other investment	1,450,350	-	-	1,450,350
Trade receivables	-	-	64,679	64,679
Other receivables and deposits	-	-	3,722	3,722
Cash and bank balances	-	-	44,540	44,540
	1,450,350	-	112,941	1,563,291
Financial Liabilities				
Trade payables	-	-	3,799	3,799
Other payables and accruals	-	5,661,425	52,573	5,713,998
Short term borrowings	-	-	-	-
	-	5,661,425	56,372	5,717,797
Net currency exposure	1,450,350	(5,661,425)	56,569	(4,154,506)

<u>Foreign Currency Risk Sensitivity Analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant: -

	2020 RM Increase/ (Decrease)	2019 RM Increase/ (Decrease)
Effects on profit after tax/equity		
Strengthened by 10%		
- RMB	356,784	566,142
- SAR	-	-
- VND	(5,645)	(5,657)
- AUD	108,745	119,572
Weakened by 10%		
- RMB	(356,784)	(566,142)
- SAR	-	-
- VND	5,645	5,657
- AUD	(108,575)	(119,572)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(b) Interest Rate Risk

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

The Group's and the Company's exposures to interest rate risk arise mainly from interest bearing borrowings and fixed deposits placement. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed into fixed deposits to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group	
	2020 RM Increase/ (Decrease)	**2019 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(118,484)	(124,639)
Decrease of 100 bp	118,484	124,639

(c) Equity Price Risk

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Securities. These instruments are classified as fair value through profit or loss financial assets. The Group and the Company do not have exposures to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM118,484 (2019: RM124,639). A 10% decrease in market price would have had equal but opposite effect on equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

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

	Group	
	2020	**2019**
	RM	**RM**
Not past due	791,719	5,482,517
Past due but not impaired:		
- less than 3 months	359,173	526,752
- 3 to 6 months	341,264	68,953
- more than 6 months	2,057,930	3,569,650
	2,758,367	4,165,355
Retention sums	4,327,509	4,061,113
Impaired	5,329,077	6,390,917
	13,206,672	20,099,902

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing Analysis (cont'd)

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 6 months, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period.

Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
2020						
Trade payables	-	4,100,673	4,100,673	4,100,673	-	-
Other payables and accruals	-	18,880,996	18,880,996	18,880,996	-	-
Finance lease liabilities	2.68 - 3.65	3,424	3,424	3,424	-	-
Short term borrowings	2.81 - 8.00	9,765,346	9,765,346	9,765,346	-	-
		32,750,439	32,750,439	32,750,439	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity and Cash Flow Risks (cont'd)

Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
2019						
Trade payables	-	7,264,845	7,264,845	7,264,845	-	-
Other payables and accruals	-	15,054,365	15,054,365	15,054,365	-	-
Finance lease liabilities	2.68 - 3.65	17,168	17,168	17,168	-	-
Short term borrowings	2.81 - 8.00	5,180,244	5,180,244	5,180,244	-	-
		27,516,622	27,516,622	27,516,622	-	-

Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2020				
Other payables and accruals	-	2,525,962	2,525,962	2,525,962
Amount owing to subsidiary companies	-	10,407,610	10,407,610	10,407,610
Short term borrowings	2.81 - 8.00	2,273,214	2,273,214	2,273,214
		15,206,786	15,206,786	15,206,786
2019				
Other payables and accruals	-	2,551,820	2,551,820	2,551,820
Amount owing to subsidiary companies	-	6,700,421	6,700,421	6,700,421
Short term borrowings	2.81 - 8.00	1,066,016	1,066,016	1,066,016
		10,318,257	10,318,257	10,318,257

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as finance lease liabilities, trade and other payables, accruals, amount owing to a director and short term borrowings less fixed deposits and cash and bank balances. Net debt for the Company is calculated as other payables and accruals plus amount owing to subsidiary companies and short term borrowings less fixed deposits and cash and cash equivalents.

The debt-to-equity ratios of the Group and of the Company as at the end of the financial period were as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	4,100,673	7,264,845	-	-
Other payables and accruals	18,880,996	15,054,366	2,525,962	2,551,820
Amount owing to subsidiary companies	-	-	10,407,610	6,700,421
Finance lease liabilities	3,424	17,168		
Short term borrowings	9,765,346	5,180,244	2,273,214	1,066,016
	32,750,439	27,516,623	15,206,786	10,318,257
Less: Fixed deposits	(68,219,023)	(60,192,769)	(56,537,723)	(48,704,791)
Cash and bank balances	(1,005,251)	(1,487,703)	(32,763)	(1,220,844)
Net debt	(36,473,835)	(34,163,849)	(41,363,700)	(39,607,378)
Total equity	95,296,217	95,296,217	83,843,059	83,843,059
Debt-to-equity ratio	**	**	**	**

** Not meaningfull as the Group and the Company are in net cash position

There were no changes in the Group's and the Company's approaches to capital management during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

2020 Financial assets	Group RM	Company RM
Fair value through other comprehensive income		
Other investment	1,224,211	1,224,211
Fair value through profit or loss		
Other investment	2,766,430	2,766,430
At amortised cost		
Trade receivables	6,804,302	-
Amount due from contract customer	4,305,801	-
Other receivables	3,507,887	1,544,813
Amount owing by subsidiary companies	-	3,503,577
Fixed deposit	68,219,023	56,537,723
Cash and bank balance	1,005,251	32,763
	83,842,264	61,618,876
Financial liabilities		
At amortised cost		
Trade payables	4,100,673	-
Other payables and deposit	18,880,996	2,749,361
Amount owing to subsidiary companies	-	10,434,210
Finance lease liability	3,424	-
Sort term borrowing	9,765,346	2,023,214
	32,750,439	15,206,785

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments (cont'd)

2019 Financial assets	Group RM	Company RM
Fair value through other comprehensive income		
Other investment	1,450,350	1,450,350
Fair value through profit or loss		
Other investment	3,949,322	3,949,322
At amortised cost		
Trade receivables	11,244,527	-
Amount due from contract customer	7,323,401	-
Other receivables	4,287,627	330,575
Amount owing by subsidiary companies	-	3,422,053
Fixed deposit	60,192,769	48,704,791
Cash and bank balance	1,487,703	1,220,844
	84,536,027	53,678,263
Financial liabilities		
At amortised cost		
Trade payables	7,264,845	-
Other payables and deposit	15,054,366	2,551,820
Amount owing to subsidiary companies	-	6,700,421
Finance lease liability	17,168	-
Sort term borrowing	5,180,244	1,066,016
	27,516,623	10,318,257

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short-term nature, except for:

(i) Quoted shares in fair value through profit or loss ("FVTPL") financial assets

Quoted shares in FVTPL financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in fair value through other comprehensive income (FVTOCI) financial assets

Unquoted shares in FVTOCI financial assets are carried at fair value assessed by management at the end of the reporting period. The management regularly reviews significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

33. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values of Financial Instruments (cont'd)

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 June 2019 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	RM	RM
Level 1		
Quoted shares	2,766,430	3,949,322
Level 3		
REIT	1,224,211	1,450,350

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2020

34. CONTINGENT LIABILITIES

(a) Corporate Guarantees

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(i) Secured:				
Performance and financial guarantees issued by the licensed banks to third parties	7,802,510	4,155,224	-	-
(ii) Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	35,800,000	35,800,000	25,800,000	25,800,000
Corporate guarantees given to performance for project granted to subsidiary companies	-	-	43,042,826	43,042,826

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

(b) There are no other contingent liabilities as disclosed in Note 38.

35. CAPITAL COMMITMENTS

	Group	
	2020 RM	2019 RM
Approved and contracted but not provided for	21,160,926	21,160,926

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 8 August 2019, the Company announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later.

b) On 6 September 2019, the Company announced that its wholly owned subsidiary, MESB, had received a Letter of Acceptance ("LOA") dated 29 August 2019 from Samsung C&T Corporation UEM Construction JV Sdn Bhd, formerly known as KL 118 Tower Sdn Bhd for a project BP03g: Audio Visual and Information Technology System for Cadangan Membina 1 Blok Bangunan Perdagangan Bercampur 118 Tingkat, Di Atas Lot 795, 796, 797, 799, 800 & Sebahagian Lot 746, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur for PNB Merderka Ventures Sdn. Bhd. for contract value of RM18,699,900.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

c) On 11 September 2019, the Company announced that MESB, received a Letter of Appointment ("LOA") dated 2 August 2019 from China Construction Yangtze River (Malaysia) Sdn Bhd (formerly known as China Construction Third Engineering Group (M) Sdn Bhd) (formerly known as CCC Construction Sdn Bhd) for Supply, Delivery, Installation, Testing and Commissioning of Extra Low Voltage System Works for Cadangan Pembangunan Bercampur 59 Tingkat Yang Mengandungi 1 Blok 616 Unit Pangsapuri 51 Tingkat Berserta 1 Tingkat Berserta 1 Tingkat Kemudahan, 1 Blok Menara Pejabat 24 Tingkat Berserta 1 Tingkat Kemudahan, 1 Blok Menara Pejabat 23 Tingkat, Sebuah Kelab Eksekutif Dua Tingkat, Di Atas 8 Tingkat Podium Yang Mengandungi 6 Tingkat Letak Kereta Podium Dan 2 Tingkat Ruang Perniagaan Di Atas 2 ½ Tingkat Tempat Letak Kereta Besmen Di Atas PT 26885 (Plot 7B2), Mukim Batu Daerah Kuala Lumpur Wilayah Persekutuan. The total contract amount was RM7,480,000.

d) On 15 October 2019, the Company announced the completion of Private Placement exercise following the listing and quotation of 113,250,000 placement shares on the Main Market of Bursa Securities.

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

a) On 7 September 2020, the company announced that MESB received a Letter of Intent ("LOI") from PNB Merdeka Ventures Sdn. Bhd. as nominated subcontractor ("NSC") for the Supply, Delivery, Installation, Testing and Commissioning of Audio Visual and Information Technology Works for Cadangan Membina 1 Blok Bangunan Podium Kompleks Membeli Belah 8 tingkat Di Atas Lot 795, 796, 797, 799, 800 & Sebahagian Lot 743, 746, 802, 803, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan ("Project"). The total contract amount was RM19,388,888.00. The company is expecting the Letter of Award to be issued by the Main Contractor soon.

b) On 27 September 2020, the company announced that MESB received a Letter of Intent ("LOI") from PNB Merdeka Ventures Sdn. Bhd. as nominated subcontractor ("NSC") . for the Supply, Deliver, Installation, Testing and Commissioning of the Audio-Visual System and Information Technology System for Cadangan Membina 1 Blok Bangunan Perdagangan Bercampur 118 Tingkat, Di Atas Lot 795, 796, 797, 799, 800 & Sebahagian Lot 746 Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan ("Project") for PNB Merdeka Ventures Sdn. Bhd. The total contract amount was RM21,888,800.00. The company is expecting the Letter of Award to be issued by the Main Contractor soon.

c) On 30 September 2020, Metronic Smart Tech Sdn. Bhd. ("MST") had entered into a collaborative project vide a Letter of Intent ("LOI") with JF Strategic Management Pte Ltd ("JFSM") to collaborate, participate and contribute to the development of the "Smart Factories" and "Space Optimisation", with gross project value of up to USD15,000,000 (equivalent to approximately RM62,250,000).

d) On 21 September 2020, the company incorporated new subsidiaries, Metronic Medicare Sdn Bhd. The nature of business for this new subsidiaries is mainly distributor of medical related products.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

38. MATERIAL LITIGATIONS

(a) The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("the Defendants") or collectively referred as "the Companies" have been served a writ of summon by Hew Chai Seng ('the Plaintiff") on 25th February 2014 for infringement of trademark.

On 16 December 2015, the Kuala Lumpur High Court Judge after full trial granted Judgement in favour of the Plaintiff and allowed the Plaintiff's claim with costs of RM 50,000 and for general damages to be assessed.

On 11 January 2016, the Company filed the appeal to Court of Appeal however the Appeal was dismissed. On 23 May 2017 the Companies filed Notice of Motion to seek leave to Appeal to Federal Court. The Notice of Motion was also dismissed.

On 10 April 2018, the Deputy Registrar of Kuala Lumpur High Court awarded general damages of RM1,677,040 to the Plaintiff together with the interest of 5% per annum on RM1,677,040 calculated from 25 February 2014 until full settlement and cost of proceeding of RM20,000 to the Plaintiff.

The Company subsequently on 15 April 2018 filed an appeal against the award and applied for stay of execution. On 5 July 2018, the Court approved the Company's application for stay of execution until the appeal is being heard by the High Court. The Court, based on hearing 4 April and 18 April 2019 had ordered as follows :

(i) The Judge has allowed partly the appeal whereby the Judge reduced the sum of damages granted by the Registrar to RM 1,158,750.00.
(ii) RM 10,000.00 costs to be paid subject to allocator.
(iii) Interest calculated at 5%.

The Company subsequently filed appeal to the Court of Appeal on 24 April 2019 and the application for stay of execution. The Court on 8 October 2019, granted stay subject to MGB/ MISSB deposit RM1,158,750 into solicitors joined account . The Court has fixed the appeal hearing on 29 September 2020 but subsequently fixed to another date on 8 April 2021.

(b) On 19 May 2016, Metronic Microsystem (Beijing) Co. Ltd ("MMBCL"), a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL's property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People's Republic of China ("Beijing Property"), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.41 million) ("Claim"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.5 million) and late payment charges of RMB1.44 million (approximately RM0.9 million).

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.4 million) payable to MMBCL. The outstanding rental however has yet to be paid.

Necessary documents had been submitted to court on 10 July 2019, pending the court's execution order for rental payment from tenant. The progress has been slow due to Covid 19 pandemic in China.

Note:- (1) Based on BNM's exchange rate of RMB1:RM0.6085 as at the LPD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) 30 JUNE 2020

38. MATERIAL LITIGATIONS (cont'd)

c) On 3 June 2019, the Company announced that it had initiated investigation on unauthorized transfer of office ownership for its property held by its wholly owned subsidiary, Metronic Microsystem (Beijing) Co. Ltd. had acquired 1 unit office in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre at a purchase consideration of approximately RM4.0 million. The current valuation price of the said property is at RM15.8 million.

The Board of Directors, in the announcement, informed that Mr Tan Ew Chew ("TEC") was advisor for the Company from 1 January 2013 to 16 May 2017 and Mr Tan Kian Hong ("TKH"), son of TEC, was director of MGB from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping ("Shouguang") in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

The Company also announced that on 3 June 2019, it had lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company from suffering a loss of more than RM15.7 million.

The case is now pending action from relevant authorities. No progress due to Movement Control Order (MCO) from the government.

(d) MGB announced that the Company had on 13.11.2019, received an originating summons ("OS") filed by the Mohd Johari Bin Abdul Raoff against the Company and its Directors, Employees and Shareholders, seeking declarations that the Company's shares issued pursuant to Employees Shares Option Scheme ("ESOS") in June 2019 and Private Placement around 15.10.2019 are null and void.

The Plaintiff had also filed applications to have discovery process ("Discovery Application") and the apply for injunction ("Injunction Application").

The OS and the Applications were called before the High Court at on 9.11.2019 and :-

i) The Plaintiff claims that he obtained the information forming the contents of the OS from his associates, namely Tan Sri Lee Kim Yew and Lagenda Perdana Sdn Bhd;

ii) It was highlighted by the solicitors of the Defendants to the Court that the Plaintiff was never a shareholder of the Company during the whole period when the ESOS and Private Placement were undertaken;

iii) The Plaintiff's solicitors confirmed that the Plaintiff had just became a shareholder of the Company in the end of October 2019, and bought the Company's share for the purpose of filing this OS.

iv) The Directors had offered that, the Company's Annual General Meeting ("AGM") scheduled to be held on 26.11.2019 shall be convened as per the Notice of AGM, and the AGM ("Notice") shall be adjourned to a date fixed by the Court after Agenda 1 of the Notice:- "To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon" is tabled. This offer had been recorded by the Court; and

v) The OS and the Applications are then fixed for case management to be held on 19 November 2019, before the High Court for the Plaintiff to decide whether to withdraw the OS and the Applications.

38. MATERIAL LITIGATIONS (cont'd)

Based on the case management held on 19 November 2019, there is also another application to intervene into the OS. As a result, the Court has fixed the application for hearing on 3 February 2020.

By way of consent that the AGM of the Company scheduled on 26.11.2019 be convened as scheduled, whereby apart from Agenda No. 1 of the Notice of AGM which shall be tabled, all other agendas are to be adjourned for voting at an adjourned AGM on a date to be fixed by the High Court after the full an final disposal of Enclosure 1.

Further to the hearing on 3 February 2020, the court had directed the defendant to file for strike out application by 21 February 2020. The next hearing is fixed on 1 April 2020.

The case has been withdrawn on 1 October 2020.

e) The Group, on 6 December 2019, announced that MESB was served with a winding- up petition on 4 December 2019 by Eric Boon Chuan Kit (Petitioner) through his solicitors.

The Petitioner claims that MESB was indebted to the Petitioner for a sum of RM178,000 based on the judgement given by Industrial Court at Kuala Lumpur in Case No. 4/4-544/18 on 29 January 2019 and for a sum of cost amounting to RM5,000 based on the judgement given by High Court at Kuala Lumpur on 1 August 2019.

MESB has paid the sum in favour of the Petitioner. Our lawyer is striking out the winding up process.

The amount claimed by the Petitioner is relatively immaterial to the value of the assets of MESB and will not in any way jeopardized its business operation.

The amount claimed has been fully settled.

f) MGB announced that the Company had been served with a suit at the Shah Alam High Court Civil by way of counterclaim by Tan Sri Lee Kim Yew whereby he claimed against the Company and its directors to seek the following reliefs :

i) A declaration that the affairs of the Company are conducted and the powers of the directors are being exercised in a manner oppressive to Tan Sri Lee.

ii) A declaration that certain shares alloted and issued on 13 June 2019,19 June 2019, and 15 October 2019 are void and if so, for the said shares to be cancelled.

iii) An order for the directors of the Company to pay Tan Sri Lee the sum of RM10,454,716.46.

iv) Damages to be assessed against the Company and its directors.

v) Interest, costs and such further reliefs deemed fit.

The Company will be vehemently resisting the said counterclaim. The next hearing has been fixed on 9 March 2020 for the striking out application.

The Company has filed an application to strike out Tan Sri Lee Kim Yew's counterclaim on 9 March 2020 and the application is now fixed for hearing on 5 October 2020.

The case has been withdrawn on 5 October 2020.

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 22 October 2020 by the Board of Directors.

LIST OF PROPERTIES
AS AT 30 JUNE 2020

Location	Description/ Existing use	Land area sq. ft	Built - up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2020 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Engineering Sdn Bhd No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah AlamSelangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	Friday, 17 November, 2000	19 years / Freehold	8,038	Friday, 5 October, 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	245	Friday, 28 August, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	Friday, 23 February, 2001	18 years / Leasehold for 99 years expiring on 4 December 2095	289	Saturday, 20 February, 1993
No: 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	single storey terrace house	2,131.25 (198 square metres)	2,691	N / A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	101	Thursday, 20 September, 2012

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2020

Total Issued Share : 1,245,765,493 Ordinary Shares
Types of Shares : Ordinary Share
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	1,100	32,916	0.0026
100 to 1,000	395	221,636	0.0178
1,001 to 10,000	1,753	9,789,406	0.7858
10,001 to 100,000	2,149	88,173,268	7.0778
100,001 to less than 5% of issued number of shares	624	558,016,133	44.7930
5% and above of issued number of shares	5	589,532,134	47.3229
Total	**6,026**	**1,245,765,493**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	Percentage of Shares Held (%)	No. of Shares	Percentage of Shares Held (%)
1.	Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
2.	Hoo Wai Keong	-	-	-	-
3.	Dato' Kua Khai Shyuan	333,333	0.0268	-	-
4.	Khor Ben Jin	-	-	-	-
5.	Muhammad Faliq Bin Mohd Redzuan	-	-	-	-
6.	Ong Tee Kein	-	-	-	-

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	Percentage of Shares Held (%)	No. of Shares	Percentage of Shares Held (%)
1.	Dato' Sri Pang Chow Huat	109,243,658	8.769	9,973,332^	0.801
2.	Cita Realiti Sdn Bhd	356,290,785	28.600	-	-
3.	M N C Wireless Berhad	62,342,475	5.004	-	-
4.	Sanichi Technology Berhad	127,238,100	10.214	-	-

^ *Deemed interested by virtue of the shares held by his spouse, Datin Chen Choon Lee.*

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2020 (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2020)

	Name	No. of Shares	Percentage of Shareholdings (%)
1.	CITA REALITI SDN BHD	233,700,000	18.7595
2.	SANICHI TECHNOLOGY BERHAD	127,203,100	10.2108
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CITA REALITI SDN BHD	98,005,000	7.8671
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	66,181,559	5.3125
5.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR M N C WIRELESS BERHAD	64,442,475	5.1729
6.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAJUL KHALIL BIN MOHAMMAD (SMT)	46,228,000	3.7108
7.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOR HOW CHRISTOPHER	31,339,941	2.5157
8.	TA NOMINEES (TEMPATAN) SDN BHD (268290H) PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	28,210,141	2.2645
9.	PANG CHOW HUAT	17,851,958	1.4330
10.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CITA REALITI SDN BHD	15,000,000	1.2041
11.	CHUNG KIN CHUAN	12,667,000	1.0168
12.	OOI CHIENG SIM	11,500,000	0.9231
13.	PDZ HOLDINGS BHD.	11,000,000	0.8830
14.	DATUK CHIAU BENG TEIK	10,500,000	0.8429
15.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK (PNG)	10,500,000	0.8429
16.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIM CHOY (SJ10)	9,625,000	0.7726
17.	MTOUCHE TECHNOLOGY BERHAD	9,500,000	0.7626
18.	GAN SIEW LIAT	9,000,000	0.7224
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN CHOON LEE	8,666,666	0.6957
20.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	8,133,333	0.6529
21.	YAP KIM CHOY	7,500,000	0.6020
22.	SU HOW GIONG	6,708,900	0.5385
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO JIEN SHIUNG (7008499)	6,500,000	0.5218
24.	TAN HOON HEOK	6,300,000	0.5057
25.	LEONG SHANG MING	6,000,000	0.4816
26.	TAN LI SIN	5,500,000	0.4415
27.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO JIEN SHIUNG (MGN-HJS0001M)	5,000,000	0.4014
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ABDULLAH NAWAWI BIN MOHAMED (6000034)	4,462,000	0.3582
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)	4,000,000	0.3211
30.	WONG YA WEN	4,000,000	0.3211

ANALYSIS OF WARRANT HOLDINGS
AS AT 30 SEPTEMBER 2020

No. of Outstanding Warrants : 410,278,976 Warrants
Number of Warrant Holders : 1,372

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrants Holders	No. of Warrants Held	Percentage of Warrants (%)
Less than 100	67	4,510	0.0011
100 to 1,000	56	29,764	0.0073
1,001 to 10,000	242	1,677,987	0.4090
10,001 to 100,000	641	30,781,245	7.5025
100,001 to less than 5% of issued number of shares	363	284,706,870	69.3935
5% and above of issued number of shares	3	93,078,600	22.6867
Total	**1,372**	**410,278,976**	**100.0000**

DIRECTORS' WARRANT HOLDINGS
AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

Based on the Register of Directors' Warrant Holdings as at 30 September 2020, none of the Directors have any interest/holdings in the Warrants.

THIRTY LARGEST WARRANT HOLDERS
(BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2020)

	Names	No. of Warrants Held	Percentage Warrants of (%)
1.	CITA REALITI SDN BHD	46,700,000	11.3825
2.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK HUI (SJ10)	23,800,000	5.8009
3.	ONG YEE LUNG	22,578,600	5.5032
4.	TAN HOON HEOK	13,187,500	3.2143
5.	LEONG SHANG MING	12,500,000	3.0467
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEE YUEN SANG (MY2105)	10,500,000	2.5592
7.	PANG CHOW HUAT	10,000,000	2.4374
8.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOR HOW CHRISTOPHER	9,000,000	2.1936
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	8,000,000	1.9499
10.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO JIEN SHIUNG (MGN-HJS0001M)	7,500,000	1.8280
11.	GAN SIEW LIAT	6,500,000	1.5843
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	5,500,000	1.3406
13.	HO JIEN SHIUNG	5,000,000	1.2187
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEU ING DEE (E-KKU/BFT)	5,000,000	1.2187
15.	NALACHAKRAVARTHY ODHAYAKUMAR	4,603,000	1.1219

ANALYSIS OF WARRANT HOLDINGS AS AT 30 SEPTEMBER 2020 (CONT'D)

THIRTY LARGEST WARRANT HOLDERS (CONT'D) (BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2020)

	Names	No. of Warrants Held	Percentage Warrants of (%)
16.	PAK LIEW MEI	4,500,000	1.0968
17.	LUM YIN MUI	4,020,000	0.9798
18.	SYED MOHD AZUDIN BIN SYED IDRUS	4,000,000	0.9749
19.	GAN KENG MENG	3,500,000	0.8531
20.	ZULL BIN MOHAMAD	3,034,600	0.7396
21.	PHANG SUN WAH	3,000,000	0.7312
22.	TANG CHOCK TSANN	3,000,000	0.7312
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDUL RAZAK FAIZ BIN SULAIMAN	3,000,000	0.7312
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ING KIONG	2,500,000	0.6093
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WANG @ NG CHIANG CHIN	2,265,000	0.5521
26.	HABI BURAHMAN BIN HARIS	2,243,500	0.5468
27.	LIM JIN JUN	2,000,000	0.4875
28.	ABD HAZIS BIN OMAR	2,000,000	0.4875
29.	TAN WAH KIONG	2,000,000	0.4875
30.	TAN WAH KIONG	2,000,000	0.4875

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting ("17th AGM") of the Company will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor on Friday, 27 November 2020 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS	**Please refer to**
1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon.	**Explanatory Note to Ordinary Business**
2. To re-elect Ms Doris Wong Sing Ee who retires pursuant to Article 79 of the Company's Articles of Association and who being eligible, has offered herself for re-election.	**Ordinary Resolution 1**
3. To approve the payment of Directors' fees of RM186,450 for the financial year ended 30 June 2020.	**Ordinary Resolution 2**
4. To approve the payment of Directors' benefits of RM51,270 for the financial year ended 30 June 2020.	**Ordinary Resolution 3**
5. To re-appoint Messrs Jamal, Amin & Partners as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.	**Ordinary Resolution 4**
6. To transact any other business of which due notice shall have been given.	

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
VIMALRAJ A/L SHANMUGAM (MAICSA 7068140)
Company Secretaries

Kuala Lumpur
Date: 31 October 2020

NOTES:

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 17th AGM in person at the Broadcast Venue on the day of the meeting.

2. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.

4. 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.

7. To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 November 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 17th AGM.

9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements if Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.

<u>Explanatory Notes to Ordinary Business:</u>

<u>Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2020</u>
This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 ("Act") does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

METRONIC

Metronic Global Berhad

METRONIC GLOBAL BERHAD
[Registration No. 200301029648 (632068-V)]
(Incorporated in Malaysia)

CDS Account No.	- -
No. of Shares Held	

FORM OF PROXY

I / We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No. / Passport No. / Company Registration No. ______________________________)

of ____
(FULL ADDRESS)

(Contact No. ____________________ and Email Address ____________________)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint

Name of Proxy (1)	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Contact No.		**Email Address**

and/or failing him/her

Name of Proxy (2)	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Contact No.		**Email Address**

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting ("17th AGM") of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor on Friday, 27 November 2020 at 10.30 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTIONS	**FOR**	**AGAINST**
1	To re-elect Ms Doris Wong Sing Ee who retires pursuant to Article 79 of the Company's Articles of Association		
2	To approve the payment of Directors' fees of RM186,450 for the financial year ended 30 June 2020		
3	To approve the payment of Directors' benefits of RM51,270 for the financial year ended 30 June 2020		
4	To re-appoint Messrs Jamal, Amin & Partners as Auditors of the Company		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ……………… day of …………..……………….. 2020

____
Signature(s) of member(s)

NOTES:

1. *Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 17th AGM in person at the Broadcast Venue on the day of the meeting.*
2. *A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
3. *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.*
4. *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.*
5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*
7. *To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 November 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 17th AGM.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements if Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.*

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AFFIX

The Share Registrar
METRONIC GLOBAL BERHAD [200301029648 (632068-V)]
Suite 10.02, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here

Metronic Global Berhad
200301029648 (632068-V)

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